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# REDD+ ACADEMY

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# ABOUT US

## UN-REDD

The UN-REDD Programme is the United Nations collaborative initiative on Reducing Emissions from Deforestation and forest Degradation (REDD) in developing countries. The Programme was launched in 2008 and builds on the convening role and technical expertise of the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP).

The UN-REDD Programme supports nationally-led REDD+ processes and promotes the informed and meaningful involvement of all stakeholders, including Indigenous Peoples and other forest-dependent communities, in national and international REDD+ implementation.

## REDD+ACADEMY

The REDD+ Academy is a coordinated REDD+ capacity development initiative led by the UN-REDD Programme and the UNEP Environmental Education and Training Unit, which seeks to match the scale of the global climate change mitigation challenge and enable systematic, focused capacity development to deliver REDD+ on the ground.

The REDD+ Academy is a comprehensive response to capacity building needs identified by the countries receiving support from the UN-REDD Programme. The main aim of the REDD+ Academy is to empower potential "REDD+ champions" with the requisite knowledge and skills to promote the implementation of national REDD+ activities.

## UNITAR

The United Nations Institute for Training and Research (UNITAR) is a principal training arm of the United Nations, working in every region of the world. We empower individuals, governments and organizations through knowledge and learning to effectively overcome contemporary global challenges.

Our training targets two key groups of beneficiaries: the delegates to the United Nations and others who develop intergovernmental agreements establishing global norms, policies, and programmes, and the key national change agents who turn the global agreements into action at the national level.

**METTE L. WILKIE**

DIRECTOR,
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Dear Learner,

Welcome to the second edition of the REDD+ Academy Learning Journals. The journals provide you with state of the art knowledge on REDD+ planning and implementation, developed by some of the world's leading experts at the UN-REDD Programme.

The journals have been designed to accompany you in your learning journey and equip you with the necessary knowledge to understand the various components of REDD+, from the basics to the finer points of setting reference levels, monitoring, allocation of incentives and stakeholder engagement.

With deforestation and forest degradation being the third largest source of greenhouse gas emissions globally, action to reduce deforestation and to rebuild forests globally is vital. By realizing social and economic benefits, REDD+ is also fundamental to delivering on the Sustainable Development Agenda.

Following the adoption of the Paris Agreement, the focus of many developing countries is now firmly on REDD+ implementation. I encourage you to take the REDD+ Academy online course, and apply your knowledge to make REDD+ a national and a global success!

Mette L. Wilkie

# HOW TO USE THIS LEARNING JOURNAL

Please write on this journal, answer the questions, use the notes pages.

Complete the exercises.
They are fun...

Check your progress on the content page.

Don’t read all at once.

Always bring it to your training session.

Download this publication at http://bit.ly/REDD_Academy and use the online version to access all hyperlinks in the text

# CONTENTS

## 1 CLIMATE CHANGE AND THE ROLE OF FORESTS



## 2 UNDERSTANDING REDD+ AND THE UNFCCC



## 3 DRIVERS OF DEFORESTATION AND FOREST DEGRADATION



## CASE STUDIES



## ACTIVITIES


## NATIONAL STRATEGIES OR ACTION PLANS

- ☐ Why a NS/AP?
- ☐ Developing a NS/AP
- ☐ Cross-cutting issues troughout the NS/AP development and implementation process


## NATIONAL FOREST MONITORING SYSTEMS FOR REDD+

- ☐ What are NFMS?
- ☐ Why is NFMS necessary?
- ☐ Implementing NFMS
- ☐ Reporting on greenhouse gas emissions and removals


## FOREST REFERENCE [EMISSION] LEVELS FOR REDD+

- ☐ What is a FREL/FRL?
- ☐ Why develop a FREL/FRL?
- ☐ What activities should be included in the FREL/FRL?
- ☐ How does the FREL/FRL relate to other elements of REDD+?
- ☐ Guidance from the UNFCCC on the FREL/FRLs
- ☐ Combining the elements to construct a FREL/FRL?
- ☐ Submitting a FREL/FRL?

**ECUADOR & MEXICO:**
REDD+ NS/AP in the wider development and legal framework

**ETHIOPIA's:** FRL Submission to the UNFCCC

**BRAZIL's:** FRL Submission to the UNFCCC

- ☐ **Exercise 7**
  Elements of a NS/AP
- ☐ **Exercise 8**
  Main steps to develop a NS/AP

- ☐ **Exercise 9**
  Multiple choices
- ☐ **Exercise 10**
  Multiple choices

- ☐ **Exercise 9**
  Reasons to develop FREL/FRLs
- ☐ **Exercise 10**
  Elements of REDD+

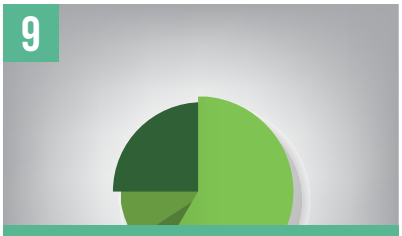
# CONTENTS

## 7 POLICIES AND MEASURES FOR REDD+ IMPLEMENTATION

- What 'Policies and measures' (PAMs) are
- PAMs under the UNFCCC
- PAMs for the implementation of REDD+ activities
- Analytical work to support PAMs identification and design
- Designing and implementing nationally-approporiate REDD+ PAMs
- Monitoring for PAMs

## 8 REDD+ SAFEGUARDS UNDER THE UNFCCC

- REDD+ safeguards
- Benefits and risks of REDD+ implementation
- UNFCCC REDD+ safeguards requirements
- Other REDD+ -relevant safeguards initiatives
- Country approaches to safeguards
- Safeguard information systems
- Summaries of safeguards information
- UN-REDD safeguards tools



## 9 REDD+ FINANCE

- What is REDD+ finance?
- Financing REDD+ readiness
- REDD+ finance as part of PAMs
- Designing and managing a REDD+ financial plan
- Financing the implementation of PAMs
- Accessing results-based REDD+ finance

## CASE STUDIES

**BRAZIL: Reducing deforestation AND sustaining growth?**

**Examples of different aspects of REDD+ safeguards in a variety of countries: DRC, MEXICO, INDONESIA, TANZANIA, COSTA RICA, MALAYSIA, ECUADOR and BRAZIL.**

**INDIA's Fiscal transfer formula**

## ACTIVITIES

**Exercise 13**
Choose the correct answer

**Exercise 14**
Link REDD+ activities with drivers and with PAMs

- **Exercise 15**
  Safeguard-related requirements
- **Exercise 16**
  Benefits and risks of REDD+ PAMs

10

## APPROACHES FOR THE ALLOCATION OF INCENTIVES

- ☐ What is an Incentive Allocation System (IAS)?
- ☐ Characteristics of an IAS for REDD+
- ☐ Design of an IAS

11

## STAKEHOLDER ENGAGEMENT IN REDD+

- ☐ Who or what is a stakeholder
- ☐ What is the basis for stakeholder engagement in REDD+?
- ☐ Stakeholder engagement and REDD+ implementation phases
- ☐ Tools for stakeholder engagement
- ☐ Free, prior and informed consent
- ☐ Dealing with grievances
- ☐ Engaging with the private sector

12

## GOOD GOVERNANCE

- ☐ Governance and the UNFCCC
- ☐ Governance factors underlying drivers and barriers to "plus" activities
- ☐ Good governance in REDD+ national strategies and PAMs
- ☐ Strengthening governance to implement NS/AP and PAMs
- ☐ Accountability and monitoring for PAMs
- ☐ Safeguards
- ☐ Managing REDD+ funds in a transparent, equitable and accountable manner
- ☐ Annex 1: Tools and approaches

**DRC:Logging concessions and the allocation of incentives**

**NEPAL's: Community forestry**

**VIET NAM: Stakeholders' preferences studied to design a system for allocation of REDD+ incentives**

**PANAMA: Active Listening Process – Women's Channel**

**COTE D'IVOIRE: Engaging stakeholders early**

**PAPUA NEW GUINEA: Developing national guidelines on FPIC for REDD+ implementation**

- ☐ **Exercise 20**
  True or False
- ☐ **Exercise 21**
  Crossword - Characteristics of an IAS
- ☐ **Exercise 22**
  Put the steps in order - REDD+ consultation process
- ☐ **Exercise 23**
  Fill in the blanks
- ☐ **Exercise 24**
  Link good governance components to REDD+ safeguards
- ☐ **Exercise 25**
  Unscramble the key principles of good governance

1

# Climate Change and the Role of Forests

This module shows evidence that the climate is changing and the clear link with human activity. It then presents the role of forests in climate regulation.

**The module includes sections about:**

- Evidence of human-induced climate change and factors influencing climate
- The regulatory role of forests
- How human activity impacts the climate-related functions of forests

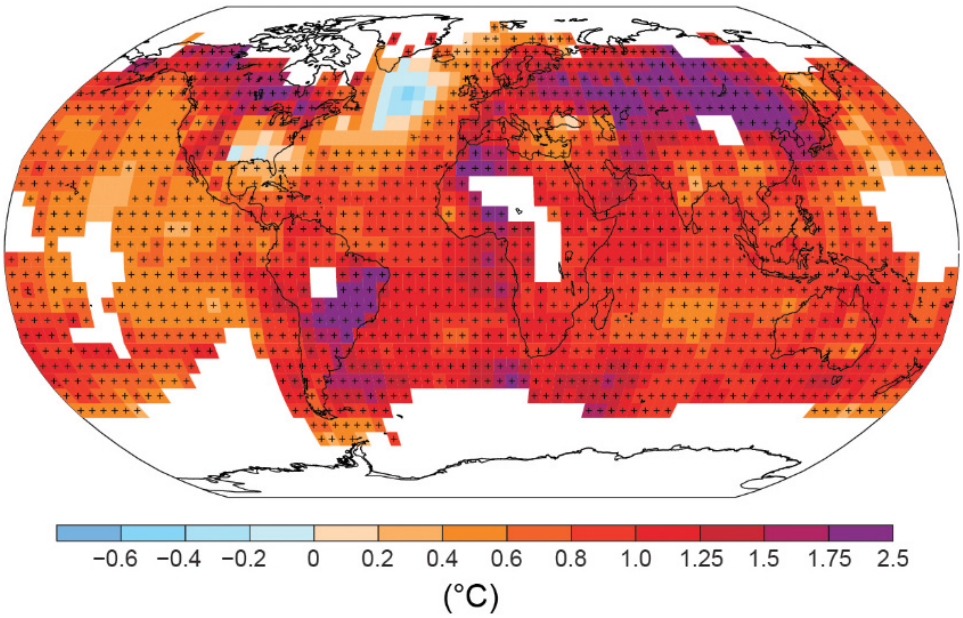
**What do you already know about this topic?**

# 1. CLIMATE CHANGE AND THE ROLE OF FORESTS

## INTRODUCTION

There is increasing evidence from around the world that the Earth's climate is changing and that human activity is the primary cause. As the Intergovernmental Panel on Climate Change (IPCC) notes in its Fifth Assessment (IPCC, 2013): "It is extremely likely that human influence has been the dominant cause of the observed warming since the mid-20th century". These changes are most obviously seen in increasing average temperatures and rising sea levels. Figure 1.1 shows the estimated change in average annual temperature around the world between 1901 and 2012, using combined land and ocean surface temperature. Apart from a few light blue areas which represent falling average temperatures, most of the world has experienced an increase in average temperatures represented by the orange/red and purple areas. In white areas there were insufficient data to map. The global average temperature increase over the 1880 to 2012 period was 0.85°C.

**Figure 1.1 Map of the observed surface temperature change from 1901 to 2012 derived from temperature trends determined by linear regression from one dataset[1]**




Source: IPCC (2013)

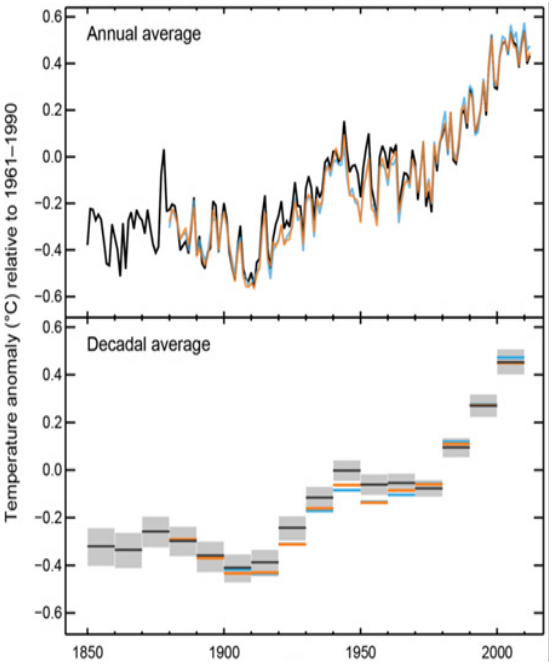
**REFLECTION POINT**

Have average temperatures in your region increased or decreased?

Figure 1.2 shows how temperatures varied between 1850 and 2010, in comparison to the average temperature of 1961-1990. The graph shows, for example, that in 1850 the average temperature was 0.4°C degrees cooler than the average temperature between 1961 and 1990. The top graph presents averages for individual years, while the bottom one shows the average for decades.

1 Trends have been calculated where data availability permits a robust estimate (i.e., only for grid boxes with greater than 70 per cent complete records and more than 20 per cent data availability in the first and last 10 per cent of the time period). Other areas are white. grid boxes where the trend is significant at the 10 per cent level are indicated by a +

**Figure 1.2 Observed global mean combined land and ocean surface temperature anomalies**

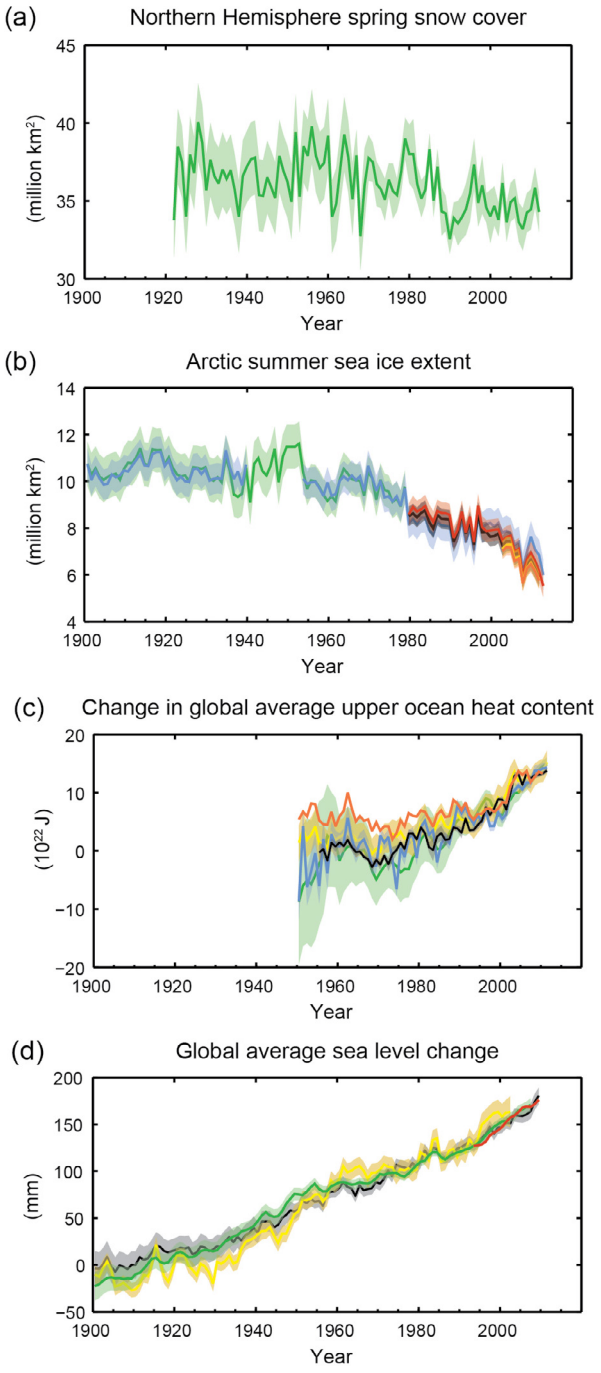



Source: IPCC (2013)

Figure 1.2 clearly shows that over this period average temperatures have been increasing, and that the three last decades have been the hottest, each successively warmer than any preceding decade since 1850.

The rise in surface temperature is not the only evidence of a changing climate: Figure 1.3 illustrates change measured in several other ways.

**Figure 1.3 Multiple observed indicators of a changing global climate**




Source: IPCC (2013)

Figure 1.3(b) shows that northern hemisphere snow cover and Arctic summer ice are falling, particularly since 1960. The melting snow and ice ends up in the oceans, which contributes to higher average sea levels (around 15 cm already over the observed period). Meanwhile, global upper water layers have warmed since 1950, when measurements started. Rising global temperatures have been accompanied by other changes in climate, including rainfall, resulting in more floods, droughts, and heat waves (EPA, n.d.).

According to the IPCC (2014) such climate change can result in the alteration of ecosystems, disruption of food production and water supply, damage to infrastructure and settlements, morbidity and mortality, all of which can have serious implications for biodiversity as well as human well-being and livelihoods. People who are socially, economically, culturally, politically, institutionally, or otherwise marginalized within societies are often especially vulnerable to and disproportionately affected by changes in climate and ecosystem services. For example, this tends to be the case for women in many societies. Given their roles in communities and households, they are often heavily dependent on, but have unequal access to land, water and other natural resources (including forests). They also often experience unequal rights and limited mobility and decision-making power (UN Women, 2015).

**REFLECTION POINT**

Have you already noticed impacts of climate change? (e.g. changes in the timing of the seasons and species movements, or in the frequency of extreme events).

What changes or events within your country have been attributed to climate change?

Are you aware of the predicted threats from a warming planet to your country or region?

# WHAT IS CAUSING CLIMATE CHANGE?

As mentioned previously, humans are the most likely cause of recent changes in the earth's climate, but the climate system is complex, and is influenced by several natural effects such as variations in solar radiation, the natural greenhouse effect, naturally occurring aerosols, water currents, etc.

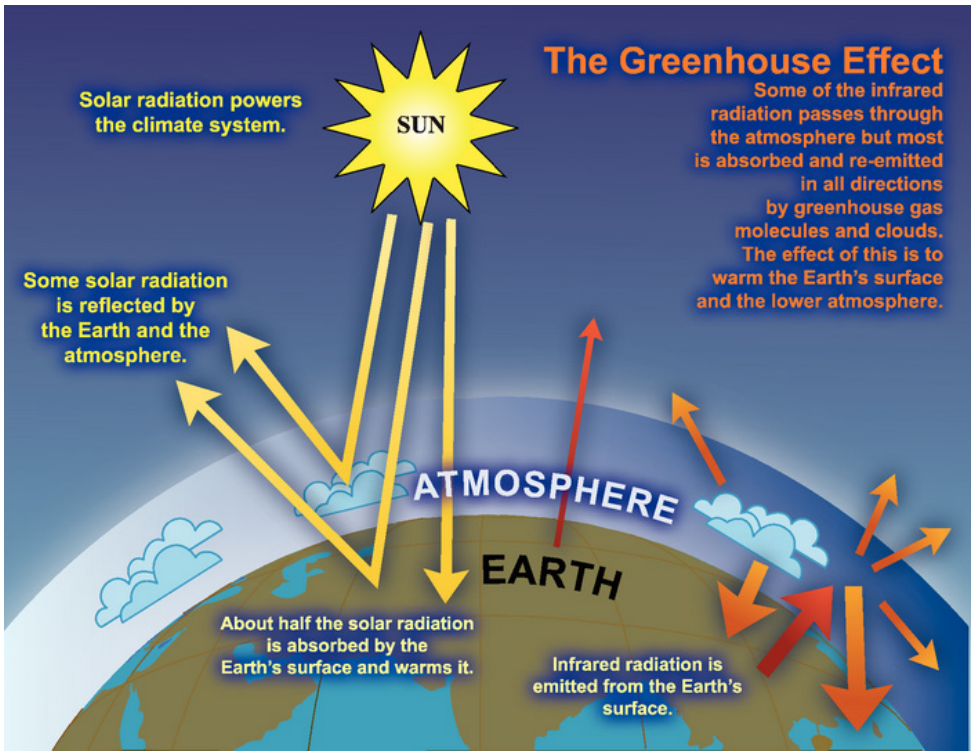
## The Greenhouse Effect

The IPCC (2007) has provided a clear description of how the greenhouse effect resulting from Earth's climate system warms the planet, and how it is modified by human activities:

*"The Sun powers Earth's climate, radiating energy at very short wavelengths, predominately in the visible or near-visible (e.g., ultraviolet) part of the spectrum. Roughly one-third of the solar energy that reaches the top of Earth's atmosphere is reflected directly back to space. The remaining two-thirds is absorbed by the surface and, to a lesser extent, by the atmosphere. To balance the absorbed incoming energy, the Earth must, on average, radiate the same amount of energy back to space. Because the Earth is much colder than the Sun, it radiates at much longer wavelengths, primarily in the infrared part of the spectrum (see Figure 1.4). Much of this thermal radiation emitted by the land and ocean is absorbed by the atmosphere, including clouds, and reradiated back to Earth. This is called the greenhouse effect. The glass walls in a greenhouse reduce airflow and increase the temperature of the air inside. Analogously, but through a different physical process, the Earth's greenhouse effect warms the surface of the planet. Without the natural greenhouse effect, the average temperature at Earth's surface would be below the freezing point of water. Thus, Earth's natural greenhouse effect makes life as we know it possible. However, human activities, primarily the burning of fossil fuels and clearing of forests, have greatly intensified the natural greenhouse effect, causing global warming.*

*The two most abundant gases in the atmosphere, nitrogen (comprising 78% of the dry atmosphere) and oxygen (comprising 21%), exert almost no greenhouse effect. Instead, the greenhouse effect comes from molecules that are more complex and much less common. Water vapour is the most important greenhouse gas, and carbon dioxide ($CO_2$) is the second-most important one. Methane ($CH_4$), nitrous oxide ($N_2O$), ozone ($O_3$) and several other gases present in the atmosphere in small amounts also contribute to the greenhouse effect. In the humid equatorial regions, where there is so much water vapour in the air that the greenhouse effect is very large, adding a small additional amount of $CO_2$ or water vapour has only a small direct impact on downward infrared radiation. However, in the cold, dry polar regions, the effect of a small increase in $CO_2$ or water vapour is much greater. The same is true for the cold, dry upper atmosphere where a small increase in water vapour has a greater influence on the greenhouse effect than the same change in water vapour would have near the surface".*

**Figure 1.4 The greenhouse effect**




Source: IPCC (2007)

**REFLECTION POINT**

Are the following statements true or false?

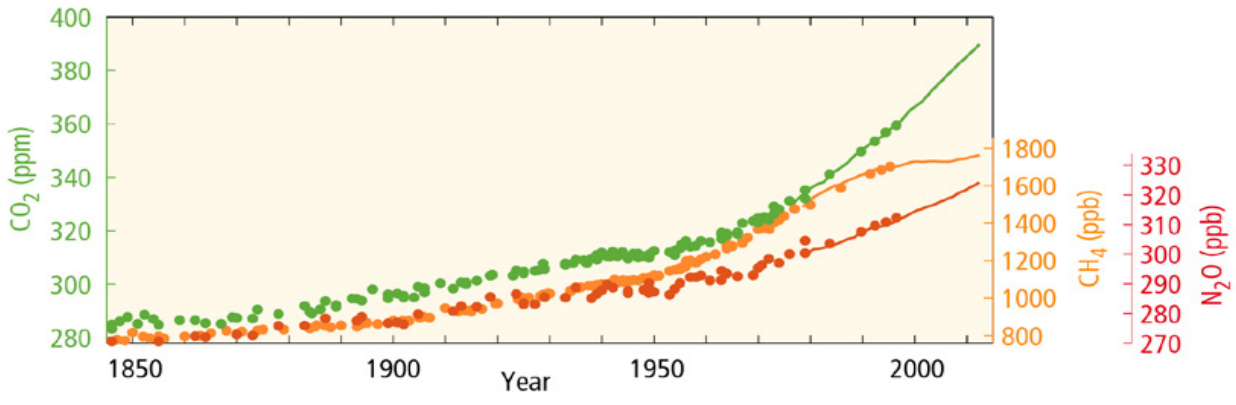
Without the greenhouse effect the planet would be too cold to support human life.

Climate change is a result of the increase in the concentration of greenhouse gases, mostly from anthropogenic sources, such as the burning of fossil fuels, agriculture and deforestation.

There is broad scientific consensus that the primary cause of recent (and future) climate change is anthropogenic (i.e. human-induced), resulting from the emission of GHGs to the atmosphere.

The observed warming of the climate system is unequivocal, and the largest contribution comes from the increase in the atmospheric concentration of $CO_2$, largely as a result of burning fossil fuels, cement production and land-use changes. The IPCC states it clearly: it is extremely likely (95 per cent certainty) that human influence has been the dominant cause of the observed warming since the mid-20th century. Figure 1.5 shows how the concentration of atmospheric $CO_2$, $CH_4$ and $N_2O$ have increased in the recent past.

**Figure 1.5 Globally averaged greenhouse gas concentrations**




Source: IPCC (2013)

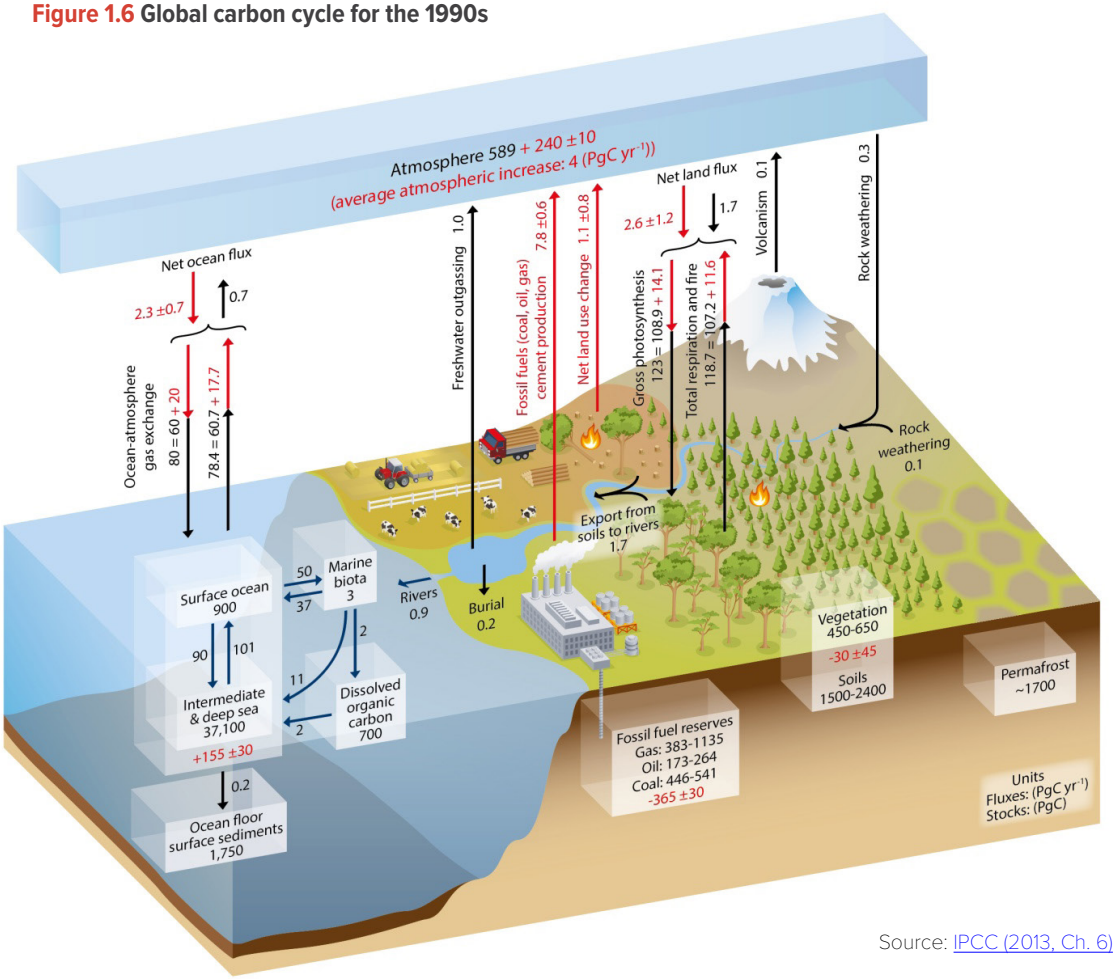
# HOW DOES CLIMATE CHANGE LINK TO THE CARBON CYCLE AND FORESTS?

Carbon can be found in various forms and locations. These include living organisms (including trees and other plants), fossil fuels (coal, oil and gas) and $CO_2$ in the atmosphere. The absolute quantity held in a given form at a particular point in time is called a stock, and changes in these stocks are referred to as fluxes. Carbon flows between stocks through a number of processes collectively known as the 'carbon cycle'. The fluxes include natural processes such as plant growth and respiration, and human interventions such as the burning of fossil fuels and the destruction of forests. Figure 1.6 below illustrates the global carbon cycle with its stocks and flows, which are shown in two ways:

- How they were before large-scale human intervention (roughly before 1750 – black figures and arrows)
- How they were changed by human intervention since the industrial revolution (red figures and arrows)

Before 1750, the fluxes were generally in equilibrium, the amount going into and out of each stock being about the same. Human actions, such as the burning of fossil fuels, cement production and land use change are creating disequilibrium, through increasing emissions. These bigger fluxes from 'sources' (stocks from which carbon is being released to the atmosphere) are compensated partly by bigger fluxes into 'sinks' (through processes or mechanisms that remove carbon dioxide from the atmosphere), particularly the ocean and land sinks (this will be revisited later).

**Figure 1.6 Global carbon cycle for the 1990s**



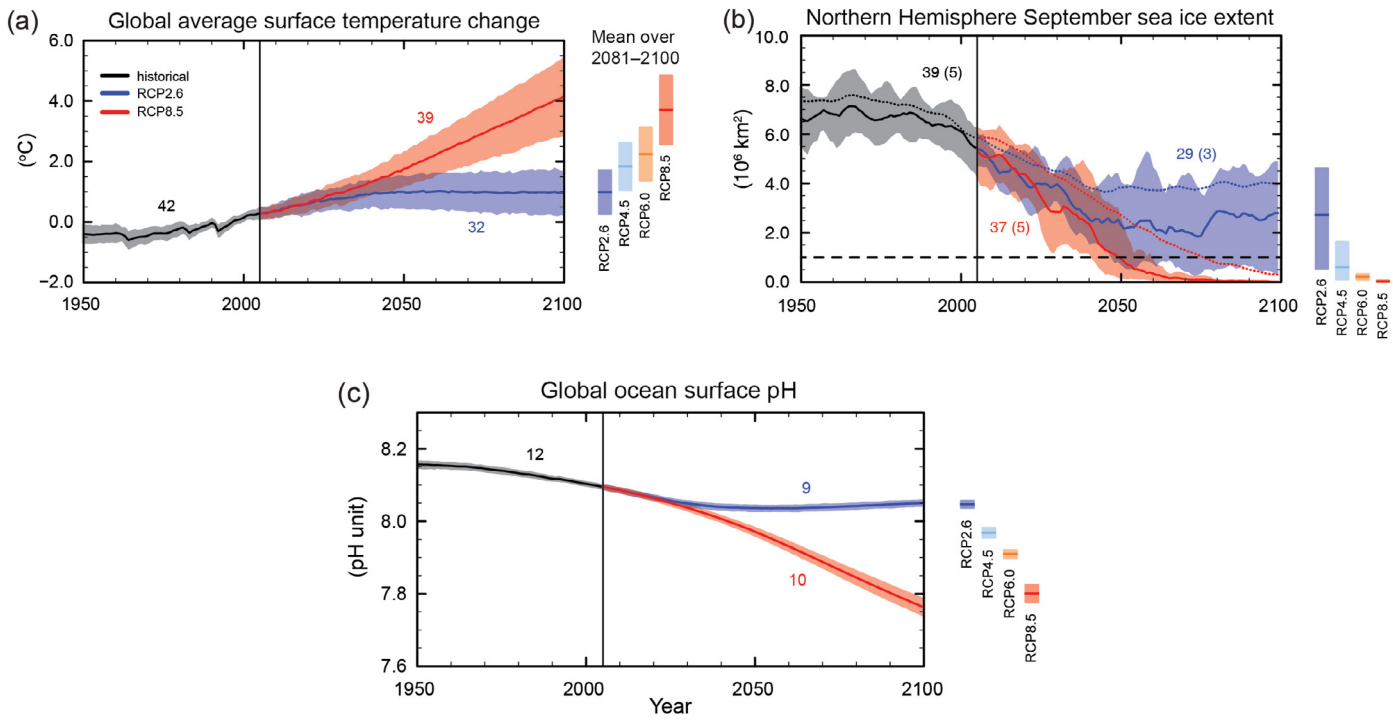

Source: IPCC (2013, Ch. 6)

The carbon cycle means that vegetation (including forests), soils, oceans and the atmosphere are connected, and it is important to consider the role vegetation and changes in vegetation cover play in controlling overall greenhouse gas emissions and hence climate change. Overall, the IPCC (2013) estimates that net $CO_2$ emissions from land-use change represent about 10 per cent of total anthropogenic emissions).'Net emissions' means that absorption by recovering and new forests is taken into account.

## Expected changes in the future

Several scenarios have been developed to provide an idea of what the future climate could look like, and to provide a basis for working out the practical implications of climate change. The scientific community has produced Representative Concentration Pathways (RCPs), which are projections based on emission scenarios which describe several ways in which emissions could fluctuate up to 2100. RCP 8.5 presents a continuous growth of emissions, RCP 2.6 presents a scenario of sharp emission reductions and RCPs 6 and 4.5 present intermediate situations. These projections are useful for informing decisions related to future climate. The projections for change in temperature are shown in Figure 1.7. These changes will strongly affect the environment and human societies around the world, with the most severe impacts on developing countries and those who face inequalities and social exclusion on the basis of age, class, gender, ethnicity and/or disability. Such marginalized groups will have significantly reduced abilities and resources to cope with and respond to climate change impacts, which in turn could further deepen existing inequalities and undermine their health, education and overall livelihoods.

**Figure 1.7 Simulated surface temperature time series from 1950 to 2100**




Source: IPCC (2013)

Figure 1.7 shows that unless important action is taken to reduce emissions, there will be drastic changes in the climate and in variables such as ocean acidity which will strongly affect the environment, human welfare and livelihoods.

Current international agreements have set a goal that the rise in average global temperature should not go higher than 2°C above pre-industrial levels, and if possible, limit to 1.5°C. We are already about half way to the upper limit with 1°C of warming from pre-industrial levels (Met Office, 2015). The link between emissions since the 1850s and temperature increases means that emissions need to be capped at a certain level of cumulative emissions (the level that corresponds to the 2°C increase). If emission rates stay at the current levels, the remaining budget 'quota' would be used up in about 30 years.

In other words, unless strong mitigation actions are urgently adopted, the limit of a 2°C temperature rise will quickly be passed and a much more uncertain climate future awaits. In the landmark Paris Agreement under the United Nations Convention on Climate Change (UNFCCC), representatives from 195 countries and regional organisations have agreed to avoid dangerous climate change.

**REFLECTION POINT**

What does 'RCP' stand for? Why are RCPs so important?

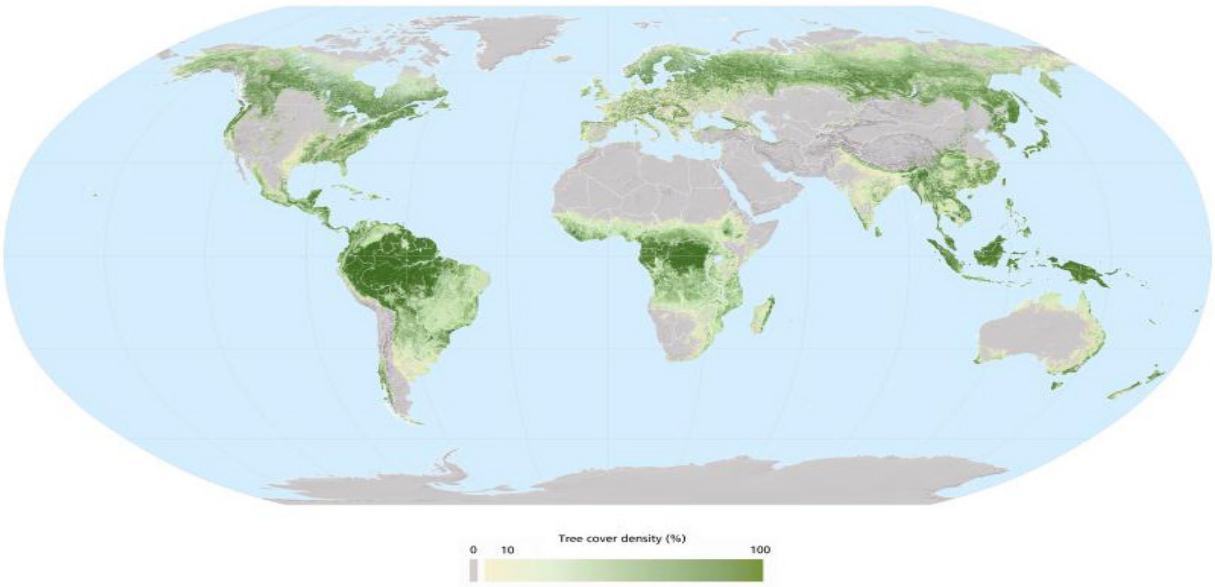
## THE EXTENT OF FORESTS AND FOREST CARBON STOCKS

Globally, forests cover about 4 billion ha or 31 per cent of the world's land surface (compared to a pre-industrial area of 5.9 billion ha). Most forests occur in the tropics and in large areas of the northern hemisphere in Canada, the US, Europe, Siberia and China, as shown in Figure 1.8. A recent global survey has estimated that there are 3.04 trillion trees with a diameter of more than 10 cm at breast height, or the equivalent of 420 trees for every person on the planet (Crowther et al., 2015).

The different forest (and other) biomes contain varying amounts of carbon, as presented in Figure 1.9. At a global scale, tropical forests contain the largest carbon stock (547.8 million tons in tropical and subtropical forests). There are also differences within tropical areas, with mangrove forests and swamp forests containing particularly high levels of biomass[2] in their vegetation cover and soils.

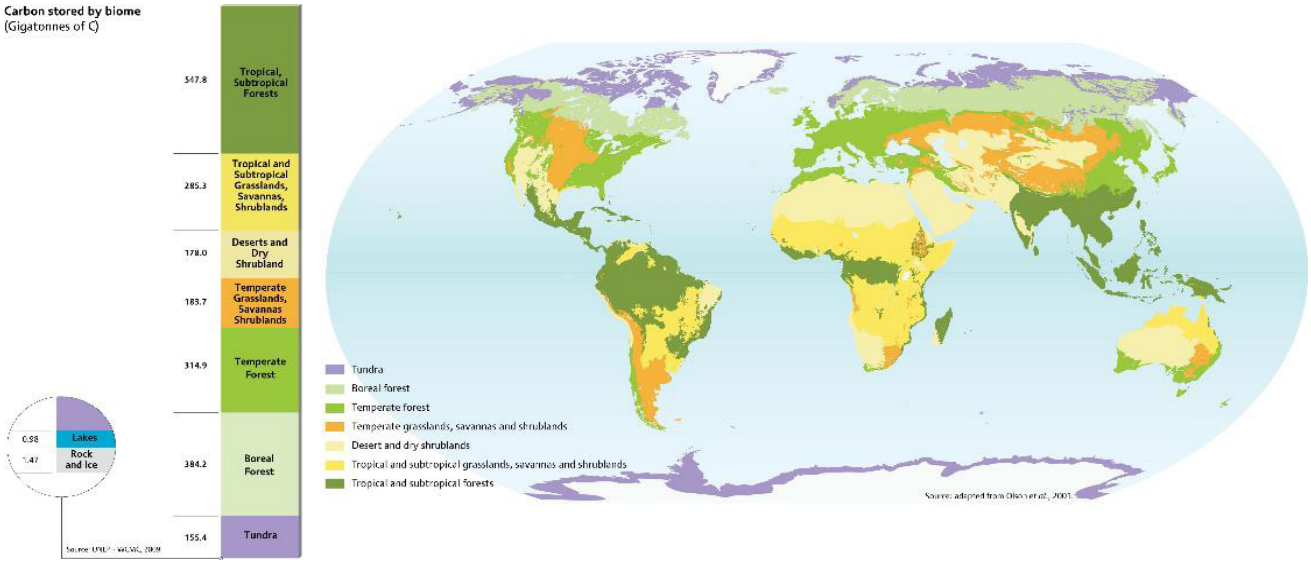
2 Biomass is the total mass of living organisms in a given area or volume; dead plant material can be included as dead biomass. The quantity of carbon contained in biomass varies slightly between vegetation types but on average, a ton of biomass equates to half a ton of carbon.

**Figure 1.8 Forest cover in 2010**




Source: FAO (2010)

**Figure 1.9 Carbon storage by ecosystem**




Source: Trumper et al. (2009)

Forests also provide subsistence and income for more than 1.6 billion people, including approximately 60 million indigenous people. Those who rely on forests for their livelihoods are among the poorest people on the planet, and they are disproportionately female (UN-REDD Programme, 2011).

How much forest is there and where is it situated? Are there different types of forested ecosystems (e.g. mangroves, swamp-forests)? Do any local communities or indigenous people live within these forested ecosystems?

## Emissions from forest carbon stocks

As forests contain substantial stores of carbon, their degradation and or conversion to other land cover causes the release of some of the carbon stored within them. Forest degradation can be defined as human activities that reduce the carbon stocks and other ecosystem functions of a forest, but that fall short of deforestation, for example selective logging. The level of emissions depends on the amount of carbon originally stored in the forest, the extent to which the vegetation cover and soil structure is damaged or destroyed, as well as what happens to the land afterwards. Particularly high emissions will result if the vegetation is completely destroyed and then the area is burned afterwards, as is carried out during slash and burn agriculture in some parts of the developing world.

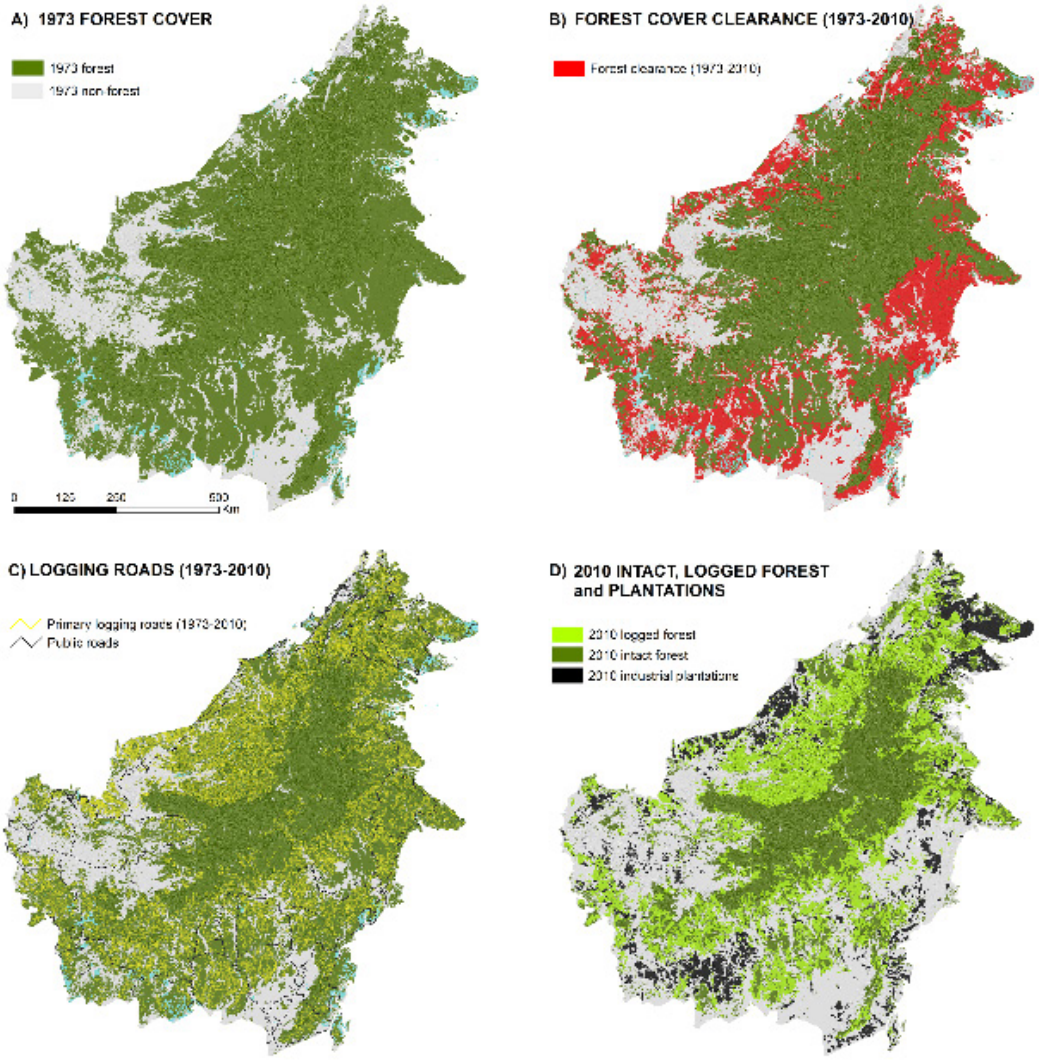
The extent of forest destruction is very high in some areas. For example, a recently published study on deforestation in Borneo shows that deforestation has reduced the once high forest cover on Borneo (75.7 per cent) by one third, as shown in Figure 1.10.

**REFLECTION POINT**

Referring to figure 1.9, what different ecosystem types are there in your country?

How much forest is there and where is it situated? Are there different types of forested ecosystems (e.g. mangroves, swamp-forests)? Do any local communities or indigenous people live within these forested ecosystems?

**Figure 1.10 Evolution of forest cover on Borneo Island**



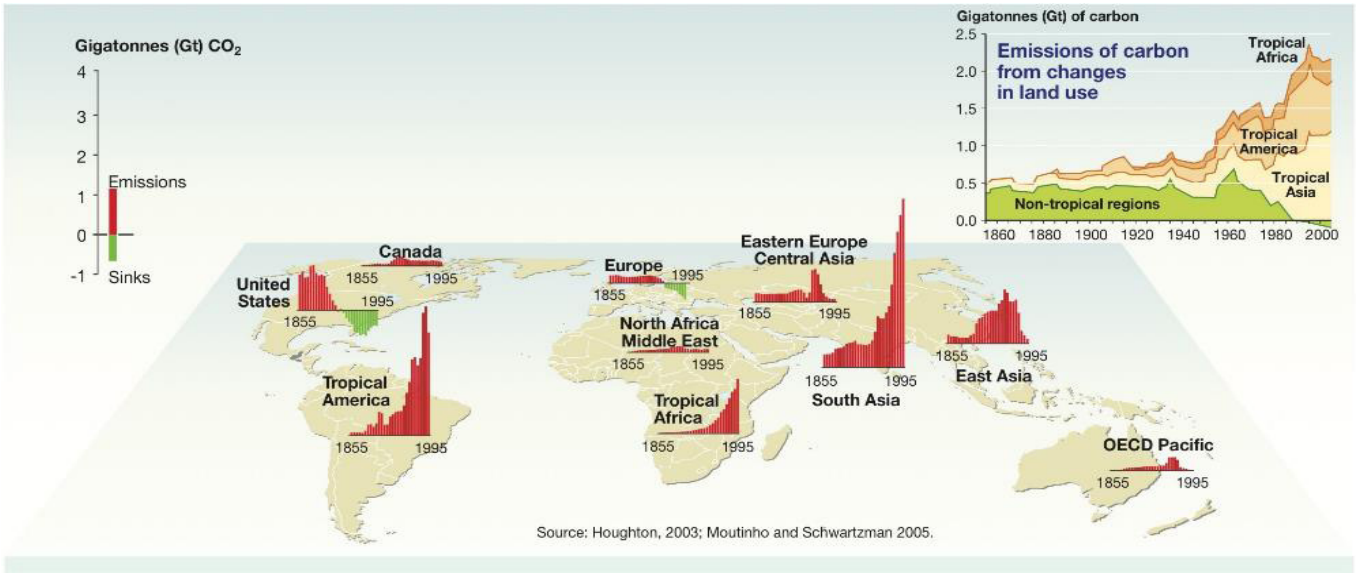

Source: Gaveau et al. (2014)

Historically, deforestation occurred largely in the US, Europe and Eastern Europe. Today, the highest deforestation rates are observed in tropical rain forest regions. Figure 1.11 also shows that the US and Europe have reversed the trend and are now increasing their forest cover. This highlights an important issue, that although the destruction of forests causes the release of carbon dioxide, their restoration can act as a sink for atmospheric carbon. As mentioned previously, the net contribution of land-use change to global emissions is about 10 per cent of the total (0.9 gigatons of carbon ($GtC^3$) per year), which is the contribution calculated by combining both emissions due to deforestation and the sequestration of carbon due to forest recovery. The gross emissions from deforestation and degradation are larger than the net emissions (about 2.8 ± 0.5 GtC/ yr for the 2000s (IPCC, 2013) because of the significant regrowth that compensates for the gross emissions.

There are several causes of deforestation and forest degradation, which are addressed more in depth in ***Module 3: Drivers of Deforestation and Forest Degradation.***

3 1 petagram (Pg) = 1 gigaton (Gt). Carbon has less mass than $CO_2$, such that 1 GtC is equal to 3.66 $GtCO_2$.

**Figure 1.11 Historical Forest Carbon Balance 1855-1995**




Source: GRID-Arendal (2015)

## CARBON SEQUESTRATION POTENTIAL OF FORESTS

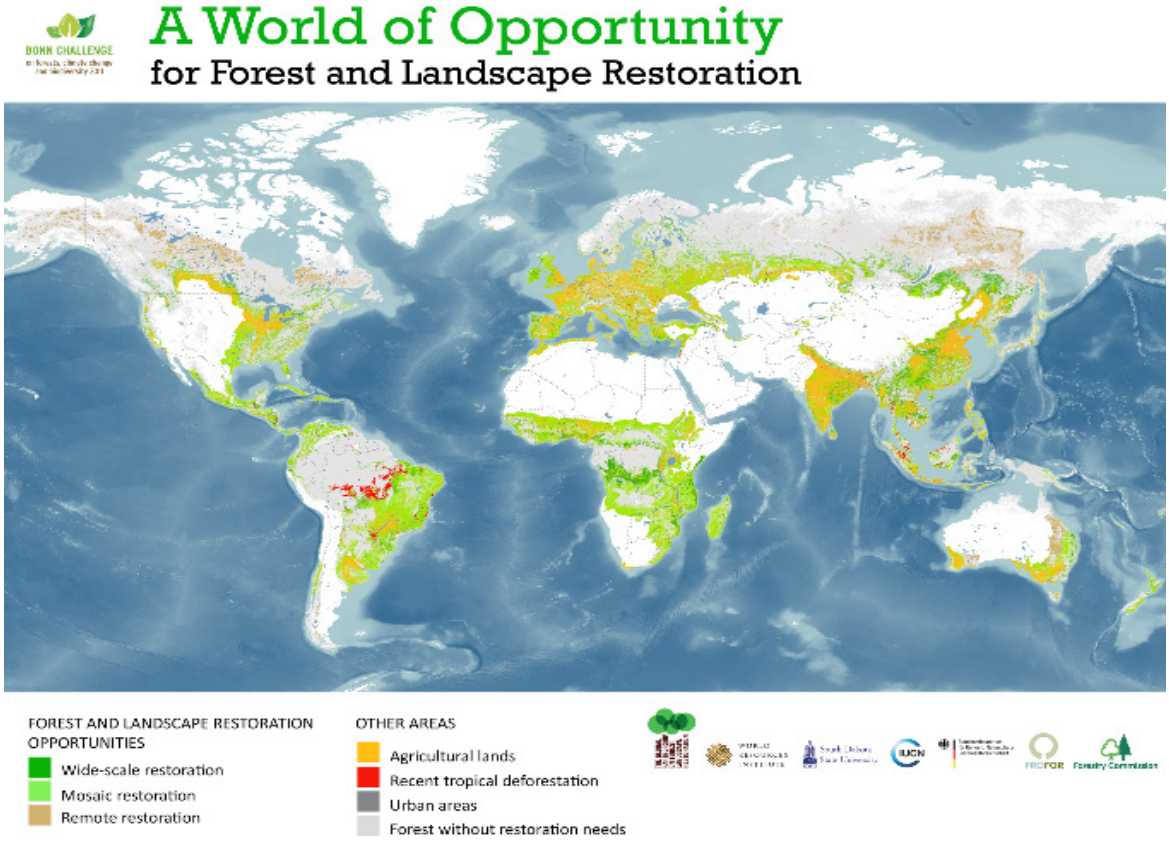
Forests are not only potential sources of carbon emissions to the atmosphere; they can also act as carbon sinks, sequestering carbon. Forests sequester carbon both as they grow when they are being restored and as part of the terrestrial carbon sink.

More than 2 billion haworldwide may offer opportunities for restoration. In areas that were deforested but are not currently densely populated or cultivated it may be possible to undertake some form of restoration, ranging from complete reforestation of closed canopy cover to more mosaic restoration that includes restored forest areas interspersed with other land uses including agroforestry, small scale agriculture and settlements. Such restoration sequesters carbon, with the level of sequestration depending on the extent of recovery of plant biomass and soil carbon. This potential is illustrated in Figure 1.12.

**REFLECTION POINT**

Why is it so important to understand the link between deforestation and climate and forest degradation and climate in addressing climate change issues?

**Figure 1.12** Forest and landscape restoration opportunities




Source: WRI (2015)

The observed increases in atmospheric $CO_2$ are lower than would be expected if anthropogenic emissions were considered alone, due to the combined action of natural land and ocean sinks which removed an average 55 per cent of the total anthropogenic emissions every year during the period 1958–2011 (IPCC, 2013). The increased storage of carbon in terrestrial ecosystems not affected by land use change is partially caused by enhanced photosynthesis at higher $CO_2$ levels, and it means that intact forests are helping to act as a buffer against anthropogenic $CO_2$ emissions.

## Forests and climate change mitigation

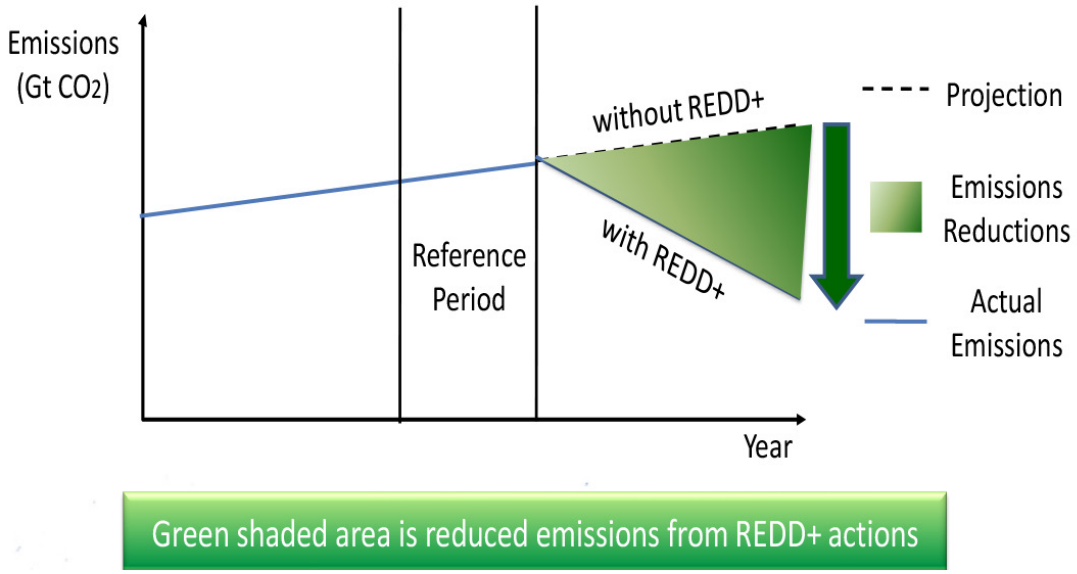
The links between forests and the carbon cycle mean that actions that affect the forest sector can have a large impact on greenhouse gas emissions and so on climate change. The total amount of $CO_2$ entering the atmosphere can be reduced by decreasing emissions from both deforestation and forest degradation. Maintaining standing forests can preserve their role as a terrestrial carbon sink and restoring forests can increase the sequestration of carbon thereby decreasing the overall levels of $CO_2$ in the atmosphere. If all deforestation and forest degradation were

halted, and the whole area suitable for 'wide-scale restoration' restored, emissions could be reduced by an estimated 9 gigatons of $CO_2$ per year by 2030 (Table 6.1 in Miles & Sonwa 2015). How much of this potential is realized depends on national goals and policies, economic factors, and socio-cultural and institutional barriers that slow the speed of change.

Recognizing the potential role of forests in contributing to climate change mitigation, the UNFCCC developed REDD+, which includes reducing emissions from deforestation and forest degradation, the conservation of forest carbon stocks, sustainable management of forests, and enhancement of forest carbon stocks. ***Module 2*** presents the basics of REDD+ and the UNFCCC.

REDD+ is thus a potentially important way to reduce total GHG emissions and thus mitigate climate change as illustrated by Figure 1.13.

**Figure 1.13 REDD = Reducing emissions from deforestation and forest degradation**




Source: UN-REDD Programme

## EXERCISE 1

**Match each term to one of the five definitions below:**

Deforestation

Conservation of forest carbon stocks

Enhancement of forest carbon stocks

Forest degradation

Sustainable management of forests

is the human-induced loss of carbon stocks within forest land that remains forest land

is the total conversion from forest land to non-forested land

is any effort to conserve forests

is bringing the rate of extraction in line with the rate of natural growth to ensure near-zero net emissions time

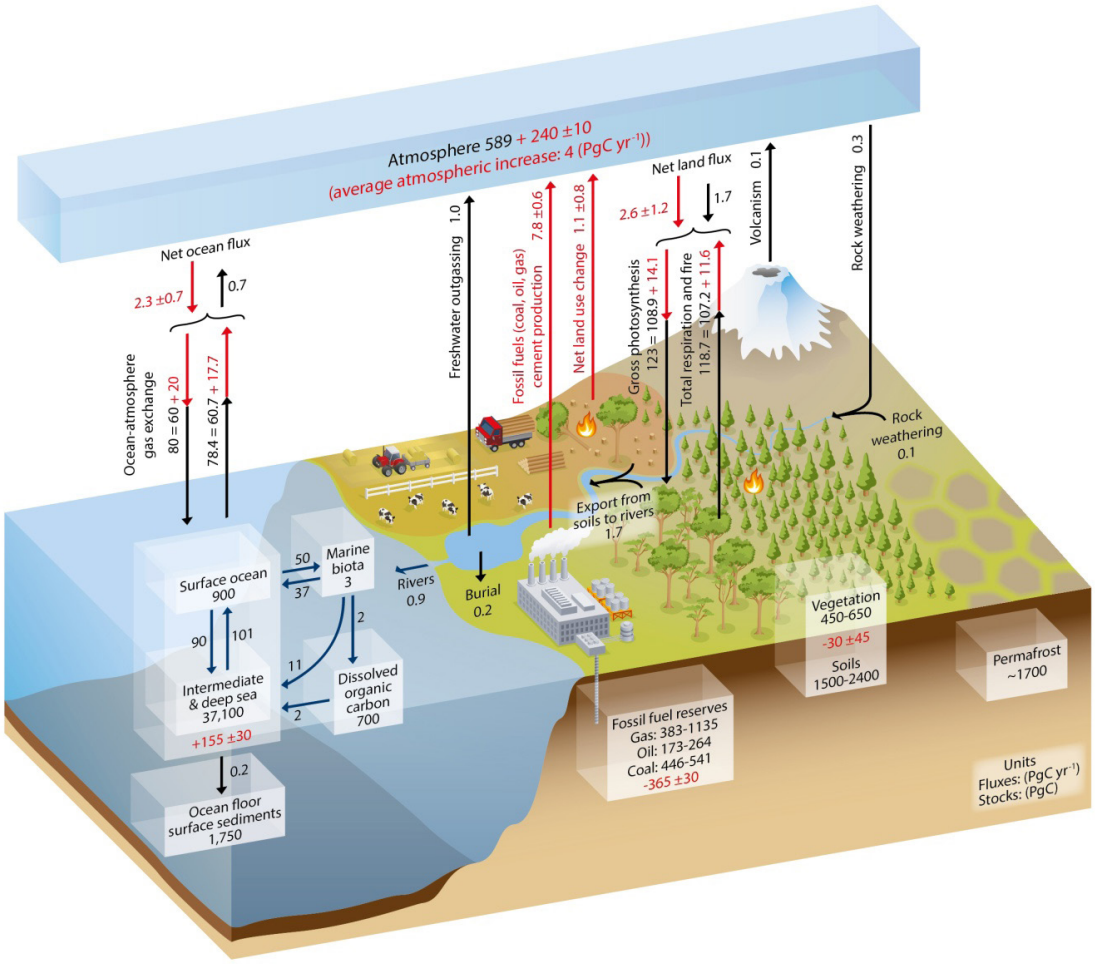
is (i) non-forest land becoming forest land and (ii) the enhancement of forest carbon stocks in forest land remaining forest land

# EXERCISE 2

**The figure below shows IPCC estimates of the fluxes in the carbon cycle expressed in petagrams of carbon per year (1 petagram (Pg) = 1 gigaton (Gt)). Carbon alone has less mass than CO2, such that 1 GtC is equal to 3.66 GtCO2.**

List the quantity of carbon associated with the following fluxes:

- Net land use change
- Fossil fuels (coal, oil, gas) and cement production
- Freshwater outgassing




Source: IPCC (2013, Ch. 6)

## KEY MESSAGES OF THIS CHAPTER

- There is increasing evidence from around the world that the Earth's climate is changing and the IPCC has noted that "it is extremely likely that we are the dominant cause of warming since the mid-20th century;"
- The carbon cycle involves vegetation (including forests), soils, oceans and the atmosphere, and it is important to consider the role vegetation and changes in vegetation cover play in controlling overall greenhouse gas emissions and hence climate change;
- As forests contain substantial stores of carbon, their degradation and/or conversion to other land cover causes the release of some of the carbon stored within them; conversely, their restoration can absorb atmospheric carbon;
- The UNFCCC has developed REDD+ with the goal of reducing emissions from deforestation and/or forest degradation, while supporting the conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks, recognizing the potential role of forests in contributing to climate change mitigation.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES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2

# Understanding REDD+ and the UNFCCC

This module presents the basics of REDD+ under the UNFCCC

**The module includes sections about:**

- What REDD+ is and how it has been negotiated at the global level
- REDD+ implementation at the national level and related challenges
- International initiatives to support REDD+ implementation at the national level

**What do you already know about this topic?**

# 2. UNDERSTANDING REDD+ AND THE UNFCCC

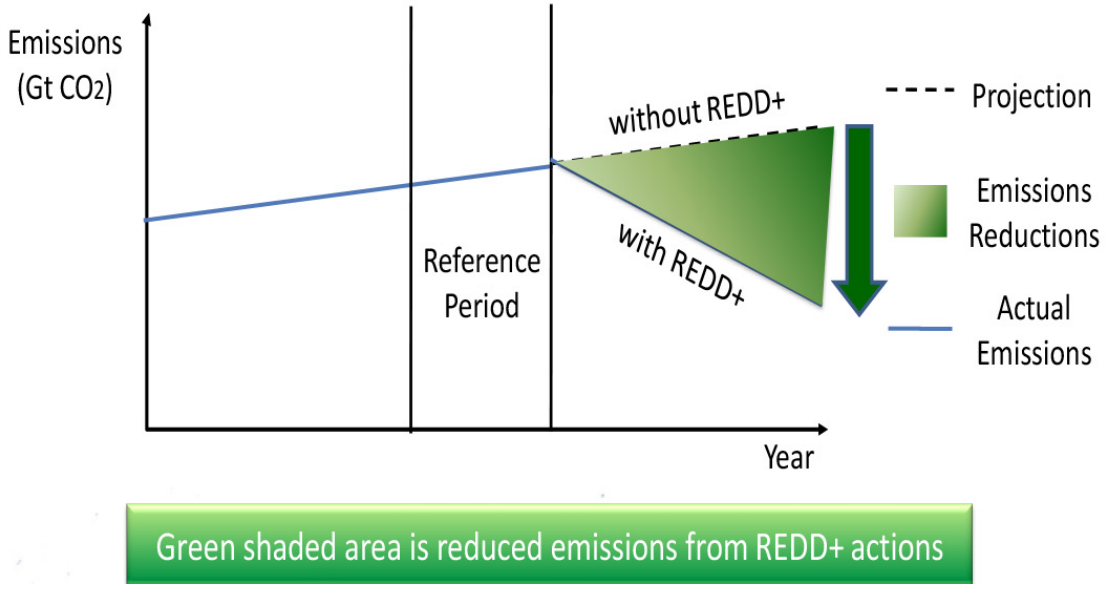
## INTRODUCTION

This module presents the basics of REDD+ and the United Nations Framework Convention on Climate Change (UNFCCC).

## WHAT IS REDD+?

As discussed in ***Module 1: Climate Change and the Role of Forests***, the forestry sector offers significant potential for the mitigation of greenhouse gas (GHG) emissions. To capture that potential, the Parties to the UNFCCC, beginning in 2005, developed the approach known as Reducing Emissions from Deforestation and Forest Degradation in Developing Countries, or REDD. This subsequently evolved to become REDD+, a forest-based climate change mitigation approach that aims to provide positive incentives for developing countries to reduce emissions from deforestation and forest degradation, to sustainably manage their forests and to conserve and enhance forest carbon stocks. Figure 2.1 demonstrates the potential benefits of REDD+ implementation in terms of emissions reductions. REDD+ also has the potential to enhance other forest-related ecosystem services.

**Figure 2.1 REDD+ and GHG emissions**




Source: UN-REDD Programme

# EMERGENCE OF REDD+ AT THE GLOBAL LEVEL

## The UNFCCC

Anthropogenic climate change is a consequence of large volumes of GHGs being released into the atmosphere as a result of human activities such as the burning of fossil fuels and land-use change, including the destruction of forests. GHGs act to trap energy from the sun as heat, and this in turn affects the global climate system. The main anthropogenic GHGs and drivers of climate change are carbon dioxide ($CO_2$) and methane ($CH_4$).

Rising concern about the effects of these emissions on the climate led to the negotiation of the UNFCCC, which entered into force in 1994. It was one of three international conventions adopted in 1992 at the 'Earth Summit' to help set the planet on a more sustainable course. The ultimate objective of the UNFCCC is to stabilize GHG concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.

All institutions involved in the international climate change negotiations under the UNFCCC are supported by a Secretariat based in Bonn, Germany. The Conference of the Parties (COP), comprised of country Parties, serves as the main forum to negotiate agreements to reduce human contributions to climate change and facilitate adaptation to the impacts of climate change. As of October 2015, the UNFCCC has 196 country Parties. Under the UNFCCC, developed countries are known as 'Annex I Parties' while developing countries are known as 'non-Annex I Parties' (UNFCCC, n.d. a).

In 1997, Parties to the UNFCCC adopted the Kyoto Protocol (KP), a landmark agreement to set internationally binding emission reduction targets, with the main burden falling on developed countries due to their emissions during more than 150 years of industrial activity.

The international community took another major step toward the goals of the UNFCCC in 2015 with the adoption of the Paris Agreement on climate change at the 21st Conference of Parties (COP21) in the French capital. The agreement established the goal to "*hold the increase in global average temperature to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit temperature increase to 1.5 degrees Celsius*" (UNFCCC, 2016).

The agreement recognized the important role of removals by sinks, including forests, in achieving this goal:

***"Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, ... and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century."***

The Paris outcomes also recognized the role of forests and REDD+ specifically. This is covered in more detail below.

## Forests and the UNFCCC

From the outset, the UNFCCC recognized the role of forests in climate change mitigation. Because trees and other plants are made up largely of carbon, it is released into the atmosphere as $CO_2$ as a result of forest degradation or clearance. Conversely, healthy forests absorb ('sequester') $CO_2$ from the atmosphere when growing, and store it while standing. Thus, forests and other terrestrial ecosystems can slow the build-up of GHGs in the atmosphere by sequestering $CO_2$ and accumulating carbon in vegetation and soils.

Specifically, Article 4 of the Convention commits Parties to promote the sustainable management, conservation and enhancement of sinks and reservoirs of GHGs, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems.

However, tropical deforestation was mostly excluded from the scope of the Kyoto Protocol's Clean Development Mechanism (CDM), which provides Certified Emission Reduction units which may be bought and sold in emissions trading schemes.

In the period 2005-2010, the idea of establishing a global process to reduce emissions from deforestation and forest degradation in developing countries emerged and gained traction in the deliberations under the UNFCCC.

## REDD+

The introduction of REDD to the UNFCCC agenda occurred at COP11, Montreal, in 2005 and led to a two-year process under the UNFCCC's Subsidiary Body for Scientific and Technological Advice (SBSTA), including several technical workshops on the issue (UNFCCC, n.d. b). As a result of the negotiations and decisions that followed, REDD evolved to become REDD+ as part of the Bali Action Plan at COP13 in 2007[1], a forest-based climate change mitigation approach that aims to incentivize developing countries to reduce emissions from deforestation and forest degradation, conserve forest carbon stocks, sustainably manage forests and enhance forest carbon stocks. A second decision (2/CP.13) adopted in Bali provided some early methodological guidance for REDD+.

The Bali discussions represented a shift in approach under the UNFCCC from one where only developed, Annex I countries undertake mitigation actions to one where all Parties do so, laying the foundations for non-Annex I Parties to implement Nationally Appropriate Mitigation Actions (NAMAs), that should be Measured, Reported and Verified (MRV).

Since 2007, successive COPs have established guidance, rules and modalities to steer the implementation of REDD+, notably in Copenhagen in 2009 and in Cancun in 2010.

During the COP15 in Copenhagen (2009), several principles and methodological guidelines were defined through the adoption of decision 4/CP.15:

At COP16 in Cancun (2010) Parties adopted the so called 'Cancun Agreements' (Decision 1/CP.16) and also agreed the scope of REDD+ as comprising five activities:

- Reducing emissions from deforestation;
- Reducing emissions from forest degradation;
- Conservation of forest carbon stocks;
- Sustainable management of forests;
- Enhancement of forest carbon stocks.

The agreed scope gave developing countries freedom to decide which activities to implement "in accordance with their respective capabilities and national circumstances."

In Cancun, the COP requested the SBSTA to work on methodological issues, including modalities for forest reference levels and national forest monitoring systems (Decision 1/CP.16, Appendix II).

The so-called Cancun Agreements included another important milestone in the UNFCCC with the adoption of seven safeguards that should be promoted and supported when undertaking REDD+ activities (Decision 1/CP.16, Appendix I). Further progress was made at COP17 in Durban (2011), particularly on safeguards and forest reference levels.

At COP19 in Warsaw in2013, most of the REDD+ work programme was finalised, pending further negotiation on safeguard information systems, methodological issues related to non-carbon benefits of REDD+, and the joint mitigation and adaptation approach to forests. The seven REDD+-related decisions adopted at COP19 are referred to as the 'Warsaw Framework for REDD+'. The Warsaw Framework includes a decision on enhancing coordination of support for the implementation of activities, including institutional arrangements. A first REDD+ decision on aspects related to finance for results-based actions was also adopted.

Three REDD+ decisions were adopted by Parties at COP21 in Paris in December 2015. These pertain to (i) safeguards, (ii) alternative policy approaches, such as joint mitigation and adaptation (JMA) for the integral and sustainable management of forests and (iii) non-carbon benefits. With the adoption of these decisions, the negotiations on REDD+ methodological issues and guidance were closed.

Taken together, all these decisions constitute a 'REDD+ rulebook', providing the guidance and process for developing countries to have the results of their REDD+ activities recognised for results-based payments (RBPs) or results-based financing (RBF).

The role of forests in the mitigation of climate change is strongly recognized in the Paris outcomes, mainly through Article 5 of the Paris Agreement but also through other supporting,

1 The text of this decision (1/CP.13) and others relevant to REDD+ are gathered in the 'Decision booklet REDD+' (UNFCCC, 2014). Decisions taken at COP21 in 2015 that are relevant to REDD+ (decisions 16-18) are available on the UNFCCC website.

complementary elements, particularly a provision recognizing the importance of RBPs / RBFs for REDD+.

Within Article 5, Parties are called upon to adhere to previous REDD+ related COP decisions. These include the Warsaw Framework for REDD+ that outlines key UNFCCC requirements for developing countries to be eligible to receive RBPS / RBF for REDD+ activities.

The inclusion of REDD+ in the agreement, especially at the level of a dedicated article, cements REDD+ as a core element of the global climate regime going forward, and strongly reinforces the centrality of the Warsaw Framework and broader 'REDD+ rulebook'.

## WHAT ARE THE FIVE REDD+ ACTIVITIES AND WHAT DO THEY MEAN?

The Cancun Agreements set out the five REDD+ activities[2], which are considered the 'scope' of REDD+:

- Reduction of emissions from deforestation;
- Reduction of emissions from forest degradation;
- Conservation of forest carbon stocks;
- Sustainable management of forests;
- Enhancement of forest carbon stocks.

The REDD+ activities have not been further defined in the decision texts, which allows for flexibility of implementation by developing country Parties. While this provides an opportunity for countries to define a national interpretation of these activities, it may also be difficult to frame what the activities may consist of in practice in their national contexts. The UN-REDD Programme does not offer a definition of these activities. Rather, it supports countries to understand the nature, implications and potential relevance (or not) of applying the five activities in a specific country context.

Emissions from deforestation occur when forests are cleared for a variety of purposes, such as using the land for agriculture, or for building infrastructure such as roads. Reducing emissions from deforestation is an effort to mitigate GHG emissions resulting from the human-induced long-term or permanent conversion of land use from forest to other non-forest uses.

Emissions from forest degradation occur when human disturbances, such as logging or fuelwood gathering, directly reduce the carbon stock of a forest without changing the land use (i.e. it remains a forest).

'Enhancement' is generally understood to include afforestation and reforestation, and forest rehabilitation/restoration. Of the REDD+ activities, conservation is the only one without precedent under the UNFCCC. To date there is no experience with forest carbon stock conservation under the Convention, leaving this activity largely open to interpretation by countries. Conservation activities may be defined by certain countries as the preservation of existing carbon stocks, which in itself may not generate emissions or removals. Some countries may however argue that conservation activities increase removals, in their national circumstances.

Other useful definitions of land use, land-use change and forestry activities can be found within the UNFCCC context. Articles 3.3 and 3.4 of the KP require Annex I Parties to include afforestation, reforestation, deforestation, and forest management for GHG accounting purposes. Under Article 12 of the KP's CDM,[3] only afforestation and reforestation are eligible project activities in non-Annex I countries to meet KP Parties' emissions reductions commitments.Table 2.2 General explanations of the five REDD+ activities and practical examples.1 offers a general explanation of the five REDD+ activities, adapted from a resource offered by the Global Observation for Forest Cover and Land Dynamics (GOFC/GOLD, 2016). The UNFCCC cites versions of this resource on its REDD+ Web Platform, which can offer a useful starting point for countries engaging with REDD+.

2 Paragraph 70 of Decision 1/CP.16

3 The CDM allows a country with an emission-reduction or emission-limitation commitment under the KP (Annex B Party) to implement an emission-reduction project in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, each equivalent to one ton of $CO_2$, which can be counted towards meeting Kyoto targets (see the UNFCCC webpage on CDM for more information).

**Table 2.2 General explanations of the five REDD+ activities and practical examples.**

| Activity | Explanation | Examples |
|---|---|---|
| **Reducing emissions from deforestation** | Deforestation is the conversion from forest land to non-forested land[4] | Reduce the rate of forest loss due to industrial agriculture |
| **Reducing emissions from forest degradation** | Degradation is the human-induced loss of carbon stocks within forest land that remains forest land[5] | Reduce the rate and/or intensity of forest degradation due to unsustainable logging or fire |
| **Conservation of forest carbon stocks** | Refers to any effort to conserve forests | Strengthen and/or expand the protected area network<br>Establish long-term commitments to forest conservation by signing conditional payment agreements with stakeholders[6] |
| **Sustainable management of forests** | Generally refers to bringing the rate of extraction in line with the rate of natural growth or increment to ensure near-zero net emissions over time | Increase area of forest land under sustainable management |
| **Enhancement of forest carbon stocks** | Refers to (1) non-forest land becoming forest land and (2) the enhancement of forest carbon stocks in forest land remaining forest land (e.g. in the case of recovering degraded forests) | Increase area under reforestation and afforestation<br>Allow degraded forests to regenerate<br>Increase area of degraded forest under enrichment planting |

## WHAT ARE THE REQUIRED ELEMENTS FOR REDD+?

The Cancun Agreements (paragraph 71) request countries to have the following four elements in place for REDD+ implementation and to access RBPs/RBF (see Figure 2.3):

- A National Strategy (NS) or Action Plan (AP) (see ***Module 4***);
- A robust and transparent National Forest Monitoring System (NFMS) for the monitoring and reporting of the five REDD+ activities, including for measurement, reporting and verification of results (see ***Module 5***);
- A national (or subnational as interim) Forest Reference Emission Level (FREL) and/or Forest Reference Level (FRL) (see ***Module 6***);
- A Safeguard Information System (SIS) (see ***Module 8***).

**REFLECTION POINT**

How do you think these activities could translate in your region or country?

4. This is the definition in decision 16/CMP.1
5. The IPCC (2003) presents five different potential definitions for degradation along with their pros and cons. It also suggests the following characterization of degradation: "A direct, human-induced, long-term loss (persisting for X years or more) or at least Y% of forest carbon stocks [and forest values] since time T and not qualifying as deforestation".
6. REDD+ stakeholders could include government agencies, private sector entities, civil society organizations, and women, men and youth from forest-dependent communities, indigenous peoples and smallholders. See also Module 11: Stakeholder Engagement in REDD+.

**Figure 2.3 Overview of the four elements and where the respective methodological guidance (also known as rules and modalities) can be found in the UNFCCC decisions.**


## IMPLEMENTATION OF REDD+ ACTIVITIES AT THE NATIONAL LEVEL

The phasing of REDD+ implementation, as stipulated in the Cancun Agreements (paragraphs 73-74), can facilitate an iterative approach:

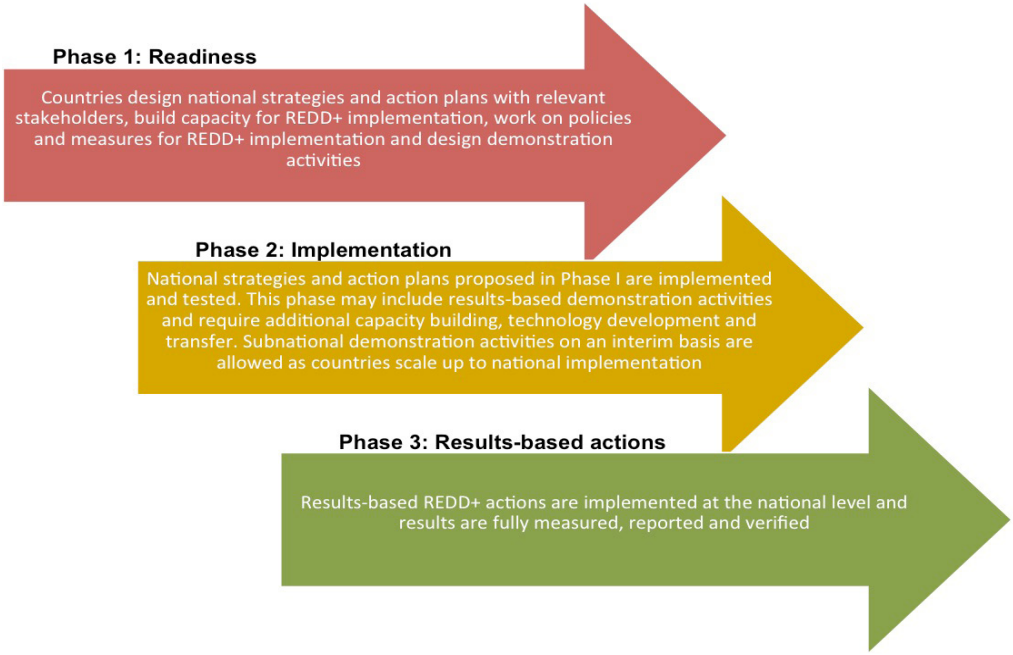
***"the activities undertaken by Parties [...] should be implemented in phases, beginning with the development of national strategies or action plans, policies and measures, and capacity-building, followed by the implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results-based demonstration activities, and evolving into results-based actions that should be fully measured, reported and verified".*** [7]

The phased approach recognized that: *"the implementation of the [REDD+] activities ... including the choice of a starting phase as referred to in paragraph 73 above, depends on the specific national circumstances, capacities and capabilities of each developing country Party and the level of support received".*

This approach can be reasonably assumed to reflect UNFCCC countries' convergence around the need for a flexible, learning-by-doing approach to REDD+ implementation, which is important given that REDD+ is a relatively new climate change mitigation approach. While the phases are defined flexibly enough to allow for country-level interpretation, the UN-REDD Programme deems them to be non-discrete and that there will be some overlap between them – particularly in terms of continuous capacity development. As the boundaries between the phases are not clearly demarcated and may overlap, it is expected that REDD+ countries will move fluidly through these phases. The phased approach to REDD+ implementation is illustrated in Figure 2.4.

7 Color-coding is added to paragraph 73 for interpretation to distinguish between the three phases.

**Figure 2.4 Description of the three phases of REDD+ implementation based on decision 1/CP.16.**




As of late 2016, most UN-REDD partner countries are in the REDD+ readiness phase, or phase 1. REDD+ readiness relates to the efforts a country is undertaking to develop the capacities needed to implement REDD+. REDD+ readiness support is currently being provided to developing countries through bilateral and multilateral initiatives.

The two main multilateral readiness initiatives are the UN-REDD Programme and the FCPF of the World Bank. They are actively coordinating their efforts in assisting countries in their readiness efforts. This has led to the harmonization of the Readiness Preparation Proposal (R-PP) format, a framework document which sets out a clear plan, budget and schedule for a country to achieve REDD+ readiness.

The second phase of REDD+ implementation foresees 'demonstration activities'. An annex to a decision adopted during the Bali COP in 2007 contains indicative guidance for undertaking and evaluating a range of demonstration activities.

This guidance is listed below:

1. *Demonstration activities should be undertaken with the approval of the host Party.*
2. *Estimates of reductions or increases of emissions should be results based, demonstrable, transparent and verifiable, and estimated consistently over time.*
3. *The use of the methodologies described in paragraph 6[8] of this decision is encouraged as a basis for estimating and monitoring emissions.*
4. *Emission reductions from national demonstration activities should be assessed on the basis of national emissions from deforestation and forest degradation.*
5. *Subnational demonstration activities should be assessed within the boundary used for the demonstration, and assessed for associated displacement of emissions.*
6. *Reductions in emissions or increases*

8 "Encourages the use of the most recent reporting guidelines as a basis for reporting greenhouse gas emissions from deforestation, noting also that Parties not included in Annex I to the Convention are encouraged to apply the Good Practice Guidance for Land Use, Land-Use Change and Forestry".

*resulting from the demonstration activity should be based on historical emissions, taking into account national circumstances.*

7. *Subnational[9] approaches, where applied, should constitute a step towards the development of national approaches, reference levels and estimates.*
8. *Demonstration activities should be consistent with sustainable forest management, noting, inter alia, the relevant provisions of the United Nations Forum on Forests, the United Nations Convention to Combat Desertification and the Convention on Biological Diversity.*
9. *Experiences in implementing activities should be reported and made available via the Web platform.*
10. *Reporting on demonstration activities should include a description of the activities and their effectiveness, and may include other information.*
11. *Independent expert review is encouraged.*

Table 2.5 shows where some countries stand in the phased implementation of REDD+. The examples illustrate the diversity of REDD+ implementation modalities. Although these do not necessarily follow the UNFCCC process, it is important to be aware of this diversity when thinking about the REDD+ phases. As of mid-2016, no country can be characterised as Phase 3 (full implementation).

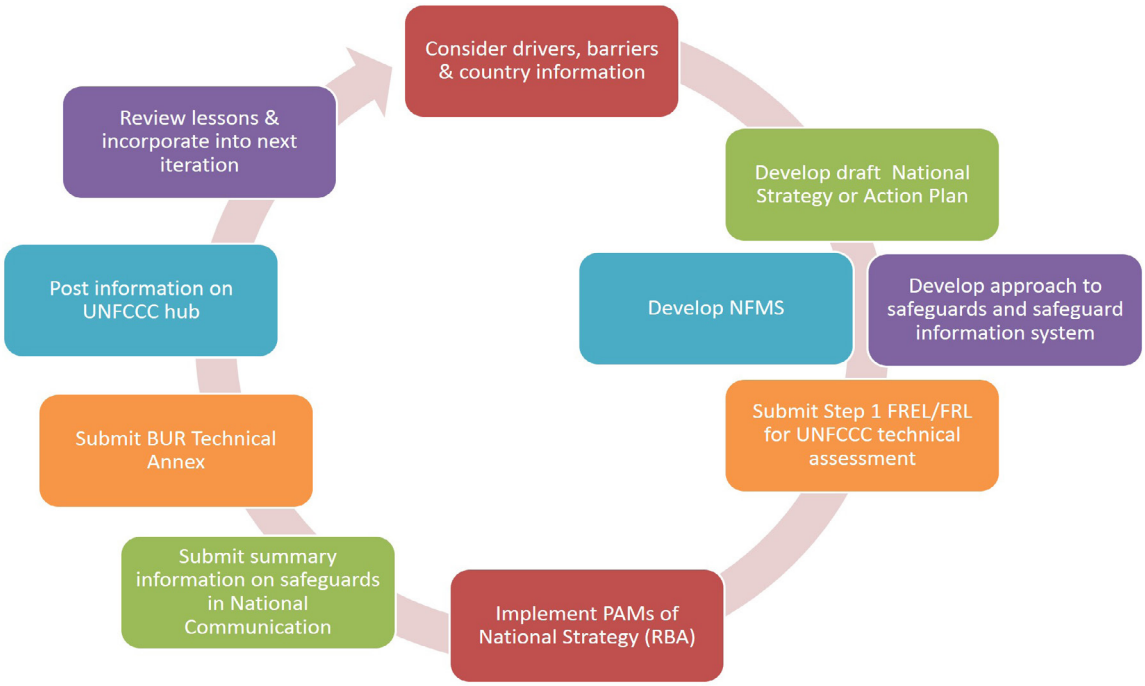
9 "Activities carried out within the national boundary" (a distinction between sub-national and jurisdictional is made later in this document).

**Table 2.5 Examples of support for REDD+ implementation through REDD+ phases**

| Phases | Phase 1: Readiness | Phase 2: Implementation |
|---|---|---|
| **Country/ Action** | - 64 UN-REDD Programme partner countries, of which 26 have established National Programmes<br>- 47 Forest Carbon Partnership Facility (FCPF) countries | - 23 countries in Forest Investment Programme (FIP)<br>- Viet Nam: Phase 2 supported by the UN-REDD Programme<br>- 12 countries have signed FCPF Carbon Fund Emission Reduction Payment Agreements<br>- Ecuador: REDD+ Early Movers and Green Climate Fund<br>- Costa Rica: FCPF Carbon Fund Emission Reduction Programme<br>- Guyana REDD+ Investment Fund<br>- Brazil: Amazon Fund (sub-national level) |

During the UNFCCC negotiations, countries collectively agreed on the importance of having an iterative, flexible and learning-by-doing approach to REDD+ implementation. In practice, the three-phase implementation shown in Figure 2.4 is too simplified and there is consensus that the three phases can overlap and intertwine. A more realistic picture of the process is shown in Figure 2.6.

**Figure 2.6 The iterative process of REDD+ implementation**




Source: UN-REDD Programme

The following modules will present in more depth most of the elements found in this diagram:

- Module 3: Drivers of deforestation and forest degradation
- Module 4: National Strategies or Action Plans
- Module 5: National Forest Monitoring Systems for REDD+
- Module 6: Forest Reference [Emission] Levels
- Module 7: Policies and Measures for REDD+ Implementation
- Module 8: REDD+ Safeguards under the UNFCCC

**REFLECTION POINT**

How will your country interpret the 'flexibility of implementation'?

## Benefits of implementing REDD+ activities at the national level

In addition to contributing to global GHG emissions mitigation, the integration of REDD+ activities at the national level can provide several benefits:

- Support to design and implementation of Policies and Measures (PAMs) in the forestry and other sectors that have an impact on REDD+ efforts;
- RBPs per ton of carbon emissions reduced or removed;
- International recognition for mitigation results;
- Multiple other benefits: biodiversity conservation, poverty alleviation, catalysing a green economy that integrates multiple sectors (e.g. forestry, agriculture, energy, finance).

### Challenges in implementing REDD+ activities at the national level

A number of technical concerns have hindered early action on REDD+ in developing countries:

- **Permanence**: how to ensure that reductions in emissions from deforestation, forest degradation, sustainable management of forests, conservation and enhancements of forest carbon stocks are not eventually reversed by other actions;
- **Displacement**: how to ensure that actions are not reversed by increases in deforestation or forest degradation activities elsewhere;
- **Finance**: ensuring meaningful sources of finance and adequate private sector engagement
- **Conflicting interests**: powerful political and economic interests may favour continued deforestation and degradation;
- **Institutional arrangements**: implementation must be coordinated across various government levels and agencies – e.g. ministries of environment and forest should successfully coordinate with ministries of finance and planning;
- **Benefit sharing**: if benefits are to be distributed, effectiveness, efficiency and equity need to be balanced; tenure insecurity and safeguards must be genuinely addressed for all stakeholder groups, including those more marginalised, such as women, youth, indigenous people, etc.; and transparent institutions must be put in place
- **Technical complexity**: measuring emissions from forestry and establishing reference levels can be difficult.

Recognizing these challenges, the international community has tried to provide guidance on these issues. One such response was the definition of safeguards, which are further detailed in ***Module 8***. Additionally, multilateral initiatives have been created in order to help countries address these challenges.

## MULTILATERAL REDD+ INITIATIVES

Several multilateral initiatives support countries in getting ready for REDD+ and starting to implement REDD+ policies and measures. The following section will describe a few of them, namely:

- UN-REDD Programme
- Forest Carbon Partnership Facility
- Forest Investment Program
- Other initiatives

### UN-REDD Programme

The UN-REDD Programme was launched in 2008 and builds on the convening role and technical expertise of the UN Development Programme (UNDP), UN Environment, and the UN Food and Agriculture Organization (FAO).

The Programme offers two kinds of support:

1. Direct National Support

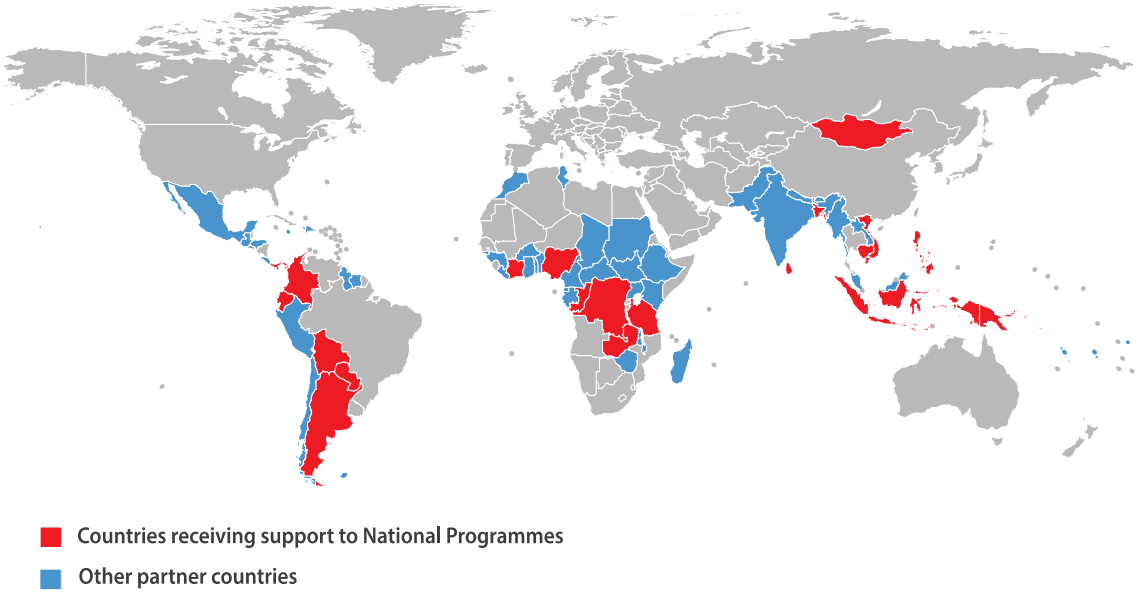
- Comprehensive REDD+ readiness support through National Programmes to selected partner countries to articulate a national approach to REDD+ implementation;
- Targeted support and technical advice to all partner countries on issues such as safeguards, benefit sharing, MRV, governance, etc.;
- Strong focus on country ownership and promotion of full, effective and gender-responsive stakeholder engagement processes including with Indigenous Peoples, forest-dependent communities and civil society.

2. Support to National Actions

- Development of tools, methodologies and guidelines;
- Knowledge sharing and South-South collaboration;
- Building of awareness of and support for REDD+ at national and international levels;
- Secretariat services.

Figure 2.7 presents the 64 countries that were partners to the UN-REDD Programme as of October 2016

**Figure 2.7 UN-REDD Programme partner countries as of October 2016**




Source: UN-REDD Programme

## Forest Carbon Partnership Facility (FCPF)

Established in 2008, the World Bank's FCPF is a global partnership focused on REDD+. FCPF's Readiness Fund provides support for capacity building and preparedness for REDD+ activities.

REDD+ preparedness activities include:

- adopting national REDD+ strategies
- developing reference emission levels (RELs)
- designing MRV systems
- setting up REDD+ national management arrangements (including environmental and social safeguards)

Moreover, FCPF's Carbon Fund (operational since May 2011) is designed to pilot performance-based payments for emission reductions from REDD+ activities.

The FCPF and the UN-REDD Programme have developed a harmonized standard template for national programs. The Readiness Preparation Proposal (R-PP) includes a number of conditions, addresses standard policy and governance issues, and is subject to review and monitoring.

## Forest Investment Program (FIP)

The FIP supports developing countries' efforts to reduce emissions from deforestation and forest degradation and promote sustainable forest management and enhancement of forest carbon stocks. The program began with activities in eight pilot countries: Brazil, Burkina Faso, Democratic Republic of Congo, Ghana, Indonesia, Lao PDR, Mexico and Peru. Another 15 countries joined in 2015.

The FIP aims to enhance the importance of the REDD+ agenda by linking relevant mitigation and adaptation initiatives and providing additional motivation for comprehensive engagement and dialogue on the issue across multiple stakeholder groups. Channelled through the multilateral development banks as grants and near-zero interest credits, FIP financing addresses mainly:

- Promoting forest mitigation efforts, including protection of forest ecosystem services
- Providing support outside the forest sector to reduce pressure on forests
- Helping countries strengthen institutional capacity, forest governance, and forest-related knowledge
- Mainstreaming climate resilience

considerations and contributing to biodiversity conservation, protection of the rights of indigenous peoples and local communities, and poverty reduction through rural livelihoods enhancements

To extend its reach beyond national investment plans and encourage more private sector participation, funds are also being awarded on a competitive basis for private sector projects in pilot countries. A 2013 call for proposals resulted in four project endorsements totalling US$31.3 million in Brazil, Ghana, and Mexico.

### Other REDD+ Initiatives

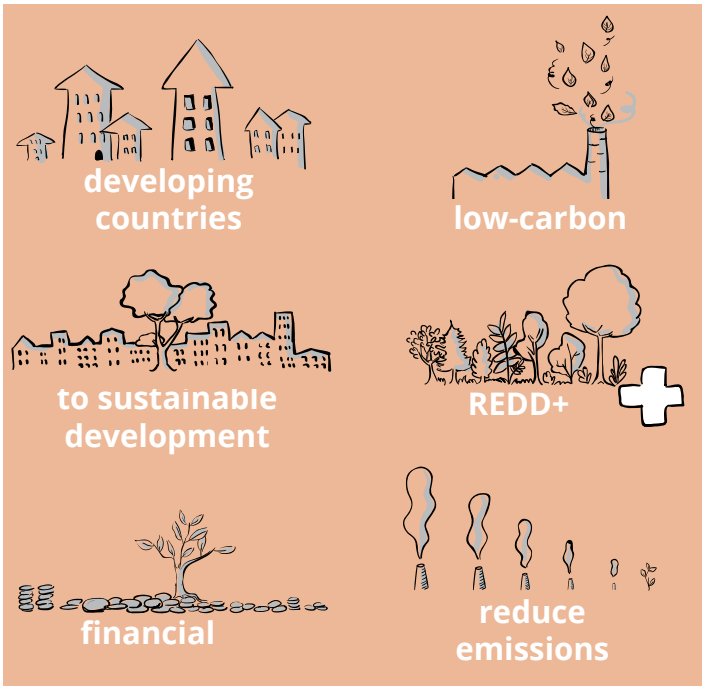
- European Union's FLEGT and REDD Facilities
- Germany's REDD Early Movers Programme
- USAID's Forest Carbon, Markets and Communities (FCMC) project

## EXERCISE 3

**Fill in the blanks using the following words**

| | | |
|---|---|---|
| developing countries | low-carbon | financial |
| to sustainable development | REDD+ | reduce emissions |

REDD+ is an effort to create a _____value for the carbon stored in forests, offering positive incentives for _____ _____to _____ _____from forested lands and invest in _____ paths _____ _____with developed countries' adequate and predictable support.



## EXERCISE 4

**Look at the graph below and label it correctly, using the following terms:**

Emissions

Reference period

Year

Projection

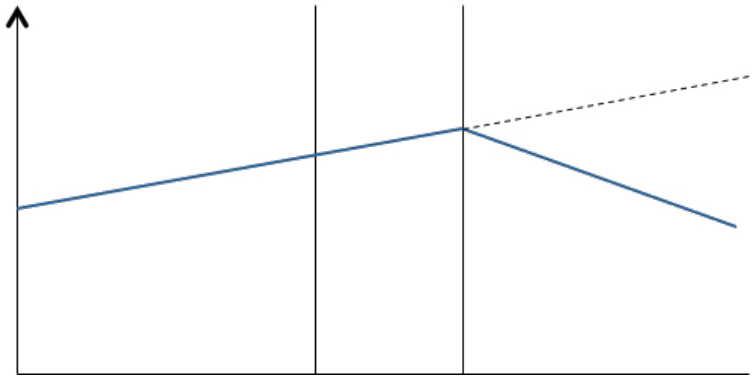
Without REDD

With REDD

Actual emissions

I. What is represented by the triangle?

II. Describe what the graph shows.



## KEY MESSAGES OF THIS CHAPTER

- REDD+ is an innovative initiative that aims at tipping the economic balance in favour of sustainable management of forests;
- Under the UNFCCC, REDD+ is understood to comprise reduced deforestation and degradation, forest carbon stock enhancement, sustainable management of forests and forest carbon stock conservation;
- During the UNFCCC negotiations, countries collectively agreed on the importance of having an iterative, flexible and learning-by-doing approach to REDD+ implementation;
- Several multilateral initiatives support countries in getting ready for REDD+ and starting to implement REDD+ Policies and Measures.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

3

# Drivers of Deforestation and Forest Degradation

This module presents the main drivers of deforestation and forest degradation (from here on referred to as DDFD) and proposes a framework to analyse them.

**The module contains sections on:**

- What DDFD are
- Trends that will affect future deforestation and forest degradation
- Barriers to the 'plus' activities
- Analysing drivers and barriers
- Prioritising drivers and barriers

**What do you already know about this topic?**

# 3. DRIVERS OF DEFORESTATION AND FOREST DEGRADATION

## WHAT ARE DRIVERS OF DEFORESTATION AND FOREST DEGRADATION?

Before exploring the concept of drivers, it is important to understand what is meant by the processes of deforestation and forest degradation. Deforestation is the process of converting forest land to another land use (as per the six land-use categories identified by the Intergovernmental Panel on Climate Change (IPCC): forest land, cropland, grassland, settlement, wetland and other land). In other words, the primary use of the land ceases to be forest and becomes one of the other land-use categories. Forest degradation is the process of losing carbon stock from forest land – i.e. the land use remains forest, but the amount of carbon stock in the forest is reduced.

'Drivers' are actions and processes that result in deforestation and forest degradation. Understanding the DDFD is particularly important for the development of policies and measures (PAMs) that will be detailed in national REDD+ strategies and/or action plans (NS/APs) (see ***Module 7: Policies and Measures for REDD+ Implementation*** and ***Module 4: National Strategies or Action Plans***).

### UNFCCC decisions related to DDFD

Several decisions made by the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) refer to DDFD. In these decisions, developing countries are encouraged to identify DDFD (decision 4/CP.15), to address these in their national strategies or action plans (decision 1/CP.16), and to ensure that the responses to drivers are adapted to national circumstances (decision 15/CP.19). Excerpts from these three decisions can be found below[1].

Paragraph 1 of decision 4/CP.15:

> *"Requests* developing country Parties, on the basis of work conducted on the methodological issues set out in decision 2/CP.13, paragraphs 7 and 11, to take the following guidance into account for activities relating to decision 2/CP.13, and without prejudging any further relevant decisions of the Conference of the Parties, in particular those relating to measurement and reporting:
>
> (a) To identify drivers of deforestation and forest degradation resulting in emissions and also the means to address these; … "

Paragraph 72 of decision 1/CP.16:

> *"Also requests developing country Parties, when developing and implementing their national strategies or action plans, to address, inter alia, drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations and the safeguards identified in paragraph 2 of annex I to this decision, ensuring the full and effective participation of relevant stakeholders, inter alia, indigenous peoples and local communities;"*

Warsaw Framework decision on drivers (decision 15/CP.19):

> *" … Also noting that livelihoods may be dependent on activities related to drivers of deforestation and forest degradation and that addressing these drivers may have an economic cost and implications for domestic resources,*
>
> *1. Reaffirms the importance of addressing drivers of deforestation and forest degradation in the context of the development and implementation of national strategies and action plans by developing country Parties, as referred to in decision 1/CP.16, paragraphs 72 and 76;*
>
> *2. Recognizes that drivers of deforestation and forest degradation have many causes, and that actions to address these drivers are unique to countries' national circumstances, capacities and capabilities …"*

1 The UNFCCC has gathered the full text of all COP decisions relevant to REDD+ in the 'Decision booklet REDD+' (UNFCCC, 2014).

## Direct and indirect drivers

Drivers can be separated into:

- **'Direct drivers'** (also called 'proximate causes') i.e. human activities or immediate actions that directly impact forest cover and lead to the loss of forest carbon;
- **'Indirect drivers'** (also called 'underlying causes' or 'driving forces') i.e. the complex interactions of social, economic, political, cultural and technological processes that bring about direct drivers.

Examples of DDFD are set out in Table 3.1.

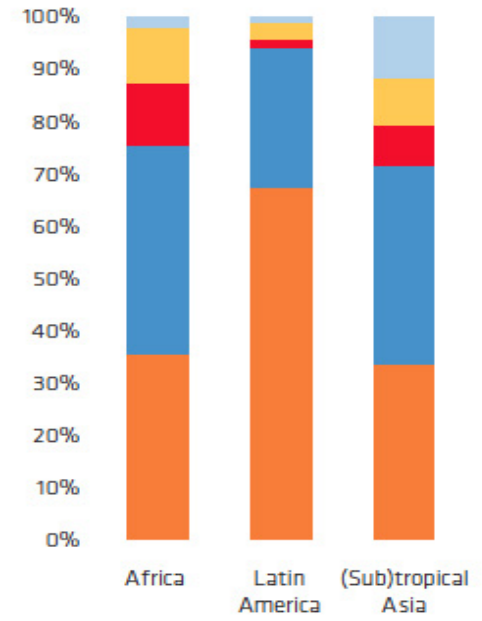
**Table 3.1 Examples of DDFD**

| Direct drivers | Indirect drivers |
|---|---|
| • Deforestation: subsistence and commercial agriculture, surface mining, infrastructure development and urban expansion<br>• Forest degradation: legal and illegal timber extraction (logging), forest fires, livestock grazing in forests, fuelwood collection and charcoal production | • At the international level: e.g. market behaviour (supply and demand), fluctuation in commodity prices, fluctuation in currency exchange rates<br>• At the national level: e.g. population growth, behaviour of domestic markets (particularly for agricultural goods), national policies that favour non-forest land uses, poor governance, fiscal incentives and subsidies (e.g. government subsidies for production of certain agricultural crops)<br>• At the local level: e.g. poverty, food insecurity, changes in household behaviour<br>• Many REDD+ readiness plans identify weak governance and institutions, poor cross-sectoral coordination, weak law enforcement and poverty as critical indirect drivers. |

### Differences in drivers between regions

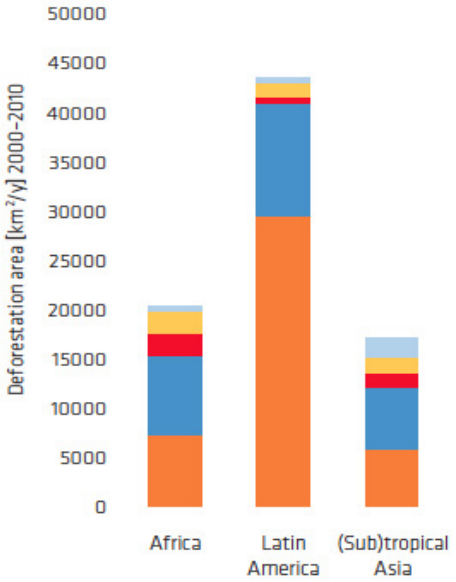
Figures 3.1 and 3.2 present estimates of the importance of different direct drivers for deforestation in Africa, Latin America and (sub)tropical Asia, from 2000-2010. Figure 3.1 presents the relative importance of each driver, based on national-level rankings weighted by rates of forest area change per country, while Figure 3.2 presents the same data as a sum of the area of forest loss for which each driver has been responsible according to the national rankings.

**Figure 3.1 Relative importance of drivers of deforestation per region (2000-2010)**



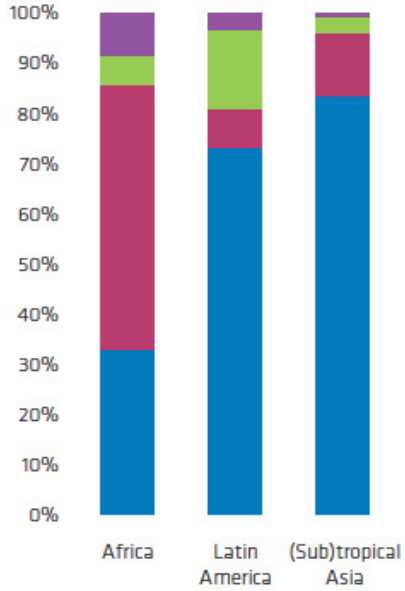

Source: *Kissinger et al.* (2012)

**Figure 3.2 Total areas estimated to be affected by drivers of deforestation (2000-2010)**

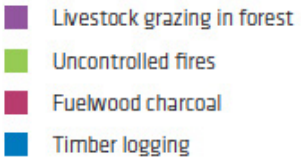



Source: *Kissinger et al.* (2012)


**Figure 3.3 Relative importance of drivers of forest degradation**




Source: *Kissinger et al.* (2012)




As the graphs show, agriculture (commercial and subsistence) is estimated to drive about 80 per cent of deforestation worldwide. Large-scale commercial agriculture is seen as the biggest driver in Latin America, accounting for two-thirds of total deforestation, while in Africa and (sub) tropical Asia commercial agriculture is regarded as the driver for one-third of total deforestation. Subsistence agriculture accounts for a similar proportion in each region.

The relative importance of key direct drivers of forest degradation is depicted in Figure 3.3, based on the same approach.

**REFLECTION POINT**

Which of the drivers mentioned in Table 3.1, direct and indirect, do you think would be the most difficult to address, generally or in your own country? Make a list.

The graph in Figure 3.3 shows that in Latin America and (sub)tropical Asia, timber extraction is considered to be the cause for more than 70 per cent of total forest degradation, while in Africa, the most important drivers are fuelwood collection and charcoal production.

Indirect drivers can be harder to identify, but are crucial for understanding what drives various actors to clear or degrade forests. Based on a review of 31 national REDD+ readiness roadmaps, countries identified weak forest sector governance and institutions, including conflicting policies beyond the forest sector, and illegal activity (related to weak enforcement) as critical underlying drivers of deforestation and degradation (93 per cent of countries). Population growth is the next most commonly reported underlying driver (51 per cent), followed by poverty (48 per cent) and insecure tenure (48 per cent). Meanwhile, 41 per cent of countries explicitly mention international and market forces, particularly commodity markets, prices, and foreign direct investment as key underlying drivers. Notably, some countries that reference agricultural export commodities as direct drivers

of deforestation do not make the linkage to international and market forces as underlying drivers (*Kissinger et al.* 2012).

# TRENDS THAT WILL AFFECT FUTURE DEFORESTATION AND FOREST DEGRADATION

Drivers will change over time, as well as over space, and will be influenced by a number of factors from the local to the global level. Therefore, rather than seeing the analysis of DDFD as a 'one-off' study, it should be seen as an iterative process, to be repeated over time as circumstances evolve. Also, while initial studies can be carried out building on existing knowledge and information (as described below), the understanding of direct and indirect drivers should be deepened over time as required. Some of the global trends that can lead to changes in DDFD are related to the following:

## Global population

Global population is projected to rise from around 7.3 billion individuals in 2015 to 8.5 billion in 2030, driven by the increases forecast for Asia (+530 million) and Africa (+493 million). World population is expected to continue to increase throughout this century, albeit at a slowing rate, reaching an estimated 11.2 billion by 2100 (UN DESA, 2015). With an increase in the number of people will come increased demand for food, energy and infrastructure, which is likely to place increasing pressure on forests.

## Agricultural commodities

Driven by rising population and incomes in developing countries, global food production is expected to increase by 60 per cent between 2005/2007 and 2050. Over the same period, cereal production is predicted to rise by 46 per cent, meat production by 76 per cent, sugar cane/beet output by 75 per cent and oil crops by 89 per cent (Alexandratos and Bruinsma, 2012). Rising demand for biofuels is a significant factor in the increased output of both vegetable oil and sugar cane. While increased productivity on existing cropland will account for some of the production increase, agriculture will continue to be a major driver of forest loss.

## Wood products

It is expected that global annual forest plantation production capacity will rise to 1.8 billion $m^3$ by 2020 to meet growing demand for wood products, e.g. for furniture and construction. The increase is likely to come primarily from tropical developing countries. By 2020, Brazil, China and Russia are likely to dominate the market for the international trade of wood products (FAO, 2007). Finally, even though import controls in the European Union and the United States are beginning to reduce imports of illegally logged wood products, it is thought that global and domestic trade in illegal wood will increase in general, unless many countries can improve their law enforcement capacities in the forestry sector.

## Fuelwood and charcoal

The number of people relying on traditional biomass such as fuelwood for energy is predicted to decrease globally by 175 million between 2008 and 2030. Still, consumption of wood-based energy in sub-Saharan Africa is expected to remain stable or increase, leading to up to 4,000 premature deaths per day in addition to significant GHG emissions (IBRD and World Bank, 2011). Demand for charcoal (another traditional fuel) is likely to increase due to increased urbanization.

## Fiscal Policies and Incentives – a closer look

Fiscal policies and incentives (the ways in which governments use taxes and government revenue to incentivize or penalize certain actions or behaviours) are particularly important indirect drivers of forest conversion because they influence land-use behaviour in some of the sectors that encroach on forests (especially agriculture). They can have an impact at different stages in commodity supply chains, ranging from land access to production, downstream processing and manufacturing. They also include domestic and international demand-side measures such as market-price support or fuel blending mandates[2]. Such measures are currently applied to stimulate production of crops such as oil palm, sugar cane and soy, and

2 More information on fuel blending mandates, including current updates on fuel blending mandates by country, can be found at the following address: http://globalrfa.org/biofuels-map/. Note that this covers CURRENT mandates, not percentage increases over time.

can have a globally significant impact on forests. The 2016 New Climate Economy Report notes that many countries subsidise key agricultural inputs, such as irrigation water and fertiliser, in order to boost productivity. Evidence suggests ill-designed subsidies can lead to waste of financial resources and environmental damage. Table 3.2 provides a list of types of fiscal incentives, as well as examples, demonstrating the complexity of the topic.

**Table 3.2 Types of fiscal incentives**

| Type | Examples |
|---|---|
| Grants and other direct payments | Transfers to companies or producers to cover specific costs; payments or vouchers to consumers to cover a portion of costs<br>*E.g. Cooking oil subsidies, subsidised land, subsidies for fertiliser or other inputs (planting materials, herbicides), rural development grants* |
| Tax concessions | Tax exemptions, credits or deferrals<br>*E.g. Income tax deduction, lower foreign taxes, accelerated depreciation and amortization, loss-carry forward provisions, Value-Added Tax exemptions, biofuel import and stamp duty relief, tax holidays* |
| In-kind subsidies | Non-monetary benefits that confer a benefit on the recipient<br>*E.g. Privileged or streamlined land access and permitting, publicly-funded research* |
| Cross-subsidies | Market transfer or price discrimination between different products or activities within the scope of one unit<br>*E.g. Cross-funding electricity and irrigation use within a public utility* |
| Credit subsidies and government guarantees | Below-market interest loans, underwriting risk and loan guarantees, incentives promoting foreign investment<br>*E.g. Loss compensation, concessionary interest rates* |
| Hybrid subsidies | Instruments utilizing the tax system to lower the costs of private investment<br>*E.g. Tax-free bonds, tax increment financing* |
| Derivative subsidies | Subsidies to counter the distortions caused by other subsidies upstream, such as higher input prices for downstream manufacturers or consumers<br>*E.g. Compensatory or countervailing support, subsidy clusters* |
| Procurement | Preferential public purchasing, special financing arrangements<br>*E.g. Public procurement commitments seeking to support domestic producers* |
| Market price support (in the producer country) | Deficiency payments or artificial price support to cover the gap between target price for a good and actual market price<br>*E.g. Fuel blending mandates* |

Source: *McFarland et al.* (2015)

**REFLECTION POINT**

Think about the drivers of forest loss or degradation, direct or indirect, in your country in the past. Which drivers do you think will still be important in the future? Do you expect there to be new ones? Make a list.

# BARRIERS TO THE 'PLUS' ACTIVITIES

Depending on a country's situation, the success of REDD+ may hinge not only on tackling the drivers of deforestation and forest degradation, but also on addressing barriers to the 'plus' activities of REDD+: forest conservation, enhancement of forest carbon stocks and sustainable management of forests. The term 'barriers' here refers to the various obstacles that can hinder the implementation of these activities. The barriers will often be similar in nature to the direct and indirect drivers of deforestation and forest degradation, and may significantly overlap with them. However, they may also be linked to different elements of the legal framework and/or associated with different institutional actors and agents.

For example, in the Democratic Republic of Congo (DRC) the current regulatory framework on land tenure may be considered both a driver of deforestation and a barrier to the enhancement of forest carbon stocks. Indeed, on the one hand the relevant law recognizes forest clearing as a way to demonstrate economic use of the land, which in turn facilitates the process of entitlement. The law thus provides an incentive for deforestation for those wishing to obtain legal rights towards a unit of land. On the other hand, the inadequacy of the legal framework to provide tenure security inhibits reforestation.

Examples of possible barriers are given below:

i. Enhancement of forest carbon stocks:
   a. Inside forests: repeated and uncontrolled use of fire to clear grassland for agriculture which prevents natural or assisted regeneration of forests; dependence on fuelwood with demand exceeding regeneration capacity; legal or fiscal frameworks that do not support the sustainable management of forest resources.
   b. Outside forests: tenure insecurity, fiscal frameworks that promote the marketing of timber products, legal frameworks restricting access to forest products, social complexities and traditions (e.g. unwillingness to change land use or out-migration leading to labour shortages).

ii. Conservation of forest carbon stocks: population dynamics, lack of alternatives to certain land uses and/or uses of forest resources, weak law enforcement, fiscal and regulatory framework leading to inefficient land use.

iii. Sustainable management of forest carbon stocks: barriers may include those mentioned for the two activities above, as well as the cost of low impact logging and/or certification measures, and the lack of tools, training and technical capacities for sustainable forest management among government staff and/or forestry companies.

# THE IMPORTANCE OF ANALYSING DRIVERS AND BARRIERS

## Why analyse drivers and barriers?

In order to reduce emissions from forests and enhance carbon storage, it is important to identify, understand and address the most important drivers and barriers. Without a solid analysis of the drivers and a consensus on which are the most important, the capacity to achieve tangible REDD+ results and to access results-based payments is compromised. Countries aiming to focus their PAMs and NS/AP on the 'plus' activities also need to analyse barriers to the enhancement and conservation of carbon stocks and sustainable management of forests.

A robust and comprehensive analysis of drivers and barriers, and a consensus on the key issues to be addressed across all national stakeholders[3] can potentially contribute to a country's efforts to:

- Agree at the national level on a vision for REDD+;
- Formulate a NS/AP with clear priorities;
- Justify the selection of particular REDD+ activities;
- Inform the design of PAMs to address priority drivers and efficiently achieve GHG emission reductions;

3 Stakeholders could be relevant government agencies, private sector entities, CSOs, and women, men and youth from forest-dependent communities, indigenous peoples and smallholders.

- Effectively engage key stakeholders, especially in the non-forest sectors, which are in many countries the main agents of DDFD;
- Link information on drivers to safeguards processes (e.g. in order to assess the potential socio-economic benefits and risks that could result from different PAMs);
- Define priorities for forest monitoring and MRV; and
- Gain information on national circumstances for adjusting forest reference (emission) levels (see ***Module 6. Forest Reference [Emission] Levels***).

## HOW TO ANALYSE DRIVERS AND BARRIERS

A DDFD analysis might present the first opportunity to engage with different sectoral actors (e.g. various ministries, civil society, and private sector) and to foster an inclusive dialogue with the goal of reaching a national consensus.

As mentioned above, the analysis should not be treated as a 'one-off' study, but should be an iterative process that builds on existing and new knowledge and information. Further analytical work, especially after new issues have arisen, should provide additional insights on particular issues. This analytical process may start with an overall analysis of drivers and barriers based on the existing and often prolific literature, which may allow building an overall picture of the issues across the country. It should lead as far as possible to a formal consensus over the main direct and related indirect drivers, as well as barriers, across all stakeholders.

While the primary direct drivers are often known, there may not be consensus about their importance, and further understanding may need to be built. The indirect drivers are usually less obvious and understood, yet have a strong influence on decision-making by different stakeholders (e.g. rising or falling commodity prices).

Analysing the interactions between the indirect and direct drivers may require a range of approaches, e.g. statistical analysis and modelling using economic and demographic indicators, as well as socio-economic analyses, studies of market dynamics and commodity production/consumption patterns, etc.

An analysis of drivers and barriers might include:

- Collecting national and local data, which is often not easily available and scattered among different sources, sectors and ministries;
- Linking forest area changes to specific activities and land-use changes (remote sensing analysis);
- Evaluation of spatial context and location, and other features (e.g. roads, settlements) to help with interpretation;
- Local and regional knowledge (e.g. experts, representatives of civil society, women and men from indigenous groups and local communities, etc.) and ground observations;
- Analysis of the various economic activities responsible for deforestation in order to identify a set of current economic incentives and disincentives and barriers to change;
- Analysis of the social dimension of deforestation: traditions, cultural factors, individual and collective behaviours underpinning deforestation and degradation;
- Analysis of policy and governance issues (global, national).

Analysing drivers and barriers will ultimately help design **effective**, **efficient** and **equitable** policies and measures. Well-informed PAMs design requires an understanding of the economic, social and gender-specific interactions at work behind the observed drivers, as well as a proper assessment of the social and economic costs and benefits of the drivers for the various stakeholder groups. For instance, subsistence agriculture has limited economic benefits but critical social and welfare implications. Conversely, commercial and mechanized agriculture can have large economic benefits (employment, profits that drive national economic development, etc.), but in some cases more limited welfare potential.

The initial analysis of drivers may be followed by a set of studies targeting specific issues that appear to be of particular relevance, such as trends linked to a particular agricultural commodity, barriers to the expansion of forest plantations, or governance issues. These studies will be an opportunity to deepen the

**REFLECTION POINT**

There are considerable benefits from analysing drivers and barriers. What problems do you think might arise if they are not analysed effectively?

understanding of particularly complex issues, and to start the identification of potential entry points and PAMs to address them. In reaching out to specific key stakeholders (e.g. relevant line ministries at the central and subnational level, businesses or research and education institutions), the process of analysing drivers and barriers can help to build the case for REDD+ for them and with them. This will be key in ensuring the appropriation and validation of the PAMs and overall national strategy by those stakeholders, and help secure their necessary active participation in implementation.

In the process of analysing drivers and barriers, particularly at the local level, it is helpful to consider the gender-differentiated use and knowledge of forests. Both women and men are key stakeholders whose unique but often differentiated knowledge, skills, and experience are vital to understanding the mechanisms behind the drivers, and both of their perspectives should be actively and meaningfully taken into account. Understanding the varying roles men and women play can enable a more accurate analysis of the problem, who is driving deforestation, where and how, and also help to identify potential solutions. For example, women are often the primary users of forests, whose practices can include traditional agroforestry systems, gathering wild plants for food and medicinal purposes, collecting non-timber forest products and forest patrolling. Thus, their use and knowledge of the forest can help to identify drivers of forest degradation and deforestation. However, given the social, economic and cultural inequalities and legal impediments women often face, they (as well as other marginalized groups, such as youth, poor, disabled, etc.) are often excluded from discussions and their knowledge and perspectives are not considered.

### Identifying the agents of deforestation

Given that a key objective of analysing drivers is the development of appropriate PAMs, it is important to understand what actors or stakeholders – referred to from here on as 'agents' – are driving deforestation and forest degradation. In this way, PAMs can be designed with specific agents in mind and, for example, incentives and/or disincentives structured accordingly. The agents of direct drivers are often quite clear, such as smallholders (clearing forest for subsistence agriculture) or the owners and employees of a logging company. The agents of indirect drivers are often less readily identifiable and may be multiple, for example involving national-level government policy makers, provincial government officials, law enforcement officers, multinational companies and consumers around the world.

**REFLECTION POINT**

Why is it so important to consider the social costs and benefits of actions that affect forests when analysing drivers and barriers?

## HOW TO PRIORITIZE DRIVERS AND BARRIERS

Analysing the drivers and barriers should not only serve to identify them but also to compare them according to their importance for REDD+. The most tractable approach for prioritisation is to compare and rank the land uses representing the direct drivers of deforestation or forest degradation (or the land uses that compete with the 'plus' activities in the case of barriers), and subsequently identify the underlying causes that are linked to the prioritised direct drivers or barriers. There are several criteria that can be used to rank the different factors. The choice of criteria is critical to ensure that the analysis provides the right kind of information for the overall objectives and strategies pursued. For example, a straightforward cost-benefit analysis for each land use may be appropriate if the main aim is to ensure that REDD+ makes an efficient contribution to the national economy. However, where there are potential socio-economic impacts on vulnerable groups that should be considered, an analysis of livelihood alternatives may need to be added.

Four indicators can be particularly useful when comparing the direct drivers of deforestation and forest degradation:

- The amount deforested or degraded for a unit of measurement associated with a particular driver, such as a unit of a particular agricultural output (e.g. palm oil) per hectare of deforestation;

- The benefits (social/economic/environmental) for a unit of measurement related to a particular driver (e.g. benefits per ha of forest cleared for cultivation of a certain type of crop);
- The costs (social/economic/environmental) for a unit of measurement related to a particular driver; and
- Availability of REDD-compatible alternatives to obtain the benefits associated with the driver in question.

These indicators need to be assessed over the lifetime of the productive systems created by the drivers to account for their short-term and long-term impacts, as well as benefits and costs. Comparing these indicators across the different drivers will help highlight the drivers that should be prioritized by PAMs. In the case of the costs and benefits, the approach for measuring them might be different for each driver. It is therefore common to 'normalize' them by reporting their value over a defined period of time. This value is often calculated in monetary terms but other metrics can be used instead, such as an overall livelihood index, or an ecosystem performance indicator. The aim of normalization is to provide a common scale to measure and compare drivers that are intrinsically different in nature and impact, and ultimately help decision-makers select areas of intervention. For example:

- One hectare of oil palm plantation in Indonesia has an estimated financial opportunity cost of US$6,000 over its 30-year lifetime.
- However, the same hectare of oil palm plantation has associated costs and risks pertaining to the destruction of local ecosystems that provide critical environmental services: food, raw material, access to water, and pest and disease control; the difficulty being the accurate measurement of these services.
- One hectare of low-productivity subsistence crops is valued as the cost of equivalent produce that would have to be bought at a local market minus the cost of production. Possible costs and risks derived from the activity are the depletion of soil nutrients, increased prevalence of uncontrolled fires, and potentially shrinking underground aquifers.

Numbers obtained from this normalization exercise will represent the value derived from each land use. Negative values represent a net cost, and positive values represent a net gain. The normalized monetary value, if analysed in isolation, might not reflect other social dimensions that comprise the land uses' total value. This is why drivers should in principle not only be compared on the basis of their economic costs and benefits but also include their social costs and benefits. These normalized 'true' prices for the outputs obtained from different drivers or competing land uses can then be compared, and drivers can be prioritized according to the overall value (economic, social, environmental) they create or destroy.

Other indicators should reflect social and cultural acceptability of addressing drivers, the enabling environment that can support or be a barrier to change, governance and institutional factors, and others. These considerations can be based on the analysis of the indirect drivers linked to each direct driver, and of those barriers that are not related to competition with other land uses (such as weaknesses in the legal framework). As an example, it might be important to include in any analysis of drivers the possible influence of illegality, non-compliance and corruption to understand how these factors might interfere with PAMs and limit their effectiveness. In some cases, addressing a particular driver might be considered so costly or difficult (taking into account the effort that would be needed to overcome constraints in institutional capacity or the resistance of powerful stakeholder groups) that it is considered preferable to focus on other drivers or barriers first.

## Common pitfalls in analysing drivers

There are some frequently encountered challenges to analysing DDFD. Fine-grained analyses of the mechanisms at play might be too expensive to be carried out for each driver, or data might be missing for some drivers. The implications of information gaps for the selection of PAMs should therefore be explicit. On the one hand, a lack of data might justify increased efforts to collect data on drivers that have been identified as prioritized areas of intervention in an initial scoping. On the other hand, where 'no regrets options' exist to address a data-deficient driver (i.e. options that are expected to serve multiple benefits and carry low risk) a government may choose to initiate early action even in the absence of conclusive evidence on the importance of this driver relative to others.

Coordination between ministries, and between government and non-government actors/agents, should be promoted in order to minimize the risk of focusing too much on forest-based drivers and missing key non-forest (e.g. agricultural) drivers. This is particularly important in contexts where the largest pressures on forests come from outside the forestry sector (e.g. mining expansion or conversion to agricultural use).

Other common pitfalls include:

- Analysing historical trends only without looking at potential future scenarios;
- Omitting an analysis of indirect drivers;
- Reductionist approaches that neglect non-forestry sectors and their plans for the future;
- Not separating the drivers of deforestation from the drivers of forest degradation, as they are usually not the same;
- Not fully understanding or assessing the agents involved; and
- Being fixated on particular solutions (e.g. community forestry) before a drivers and barriers analysis even starts.

## Next steps

Once the analysis of drivers and barriers has been completed, it can inform, among other sources of information, the following:

- The national vision for REDD+;
- The formulation of the NS/AP and its priorities, or the refinement or modification of existing plans or strategies (see ***Module 4: National Strategies or Action Plans***;
- Agreement on and development of PAMs to address the key drivers (see ***Module 7: Policies and Measures for REDD+ Implementation***).

As mentioned above, since new issues are bound to arise, such as changes in commodity prices and exchange rates (which can have significant impact), or modifications to incentive systems and/or laws and regulations, any drivers analysis must undergo a reality check from time to time.

# CASE STUDIES

## NEPAL

### Methods

This study adopted a political ecology perspective to analyse the drivers of deforestation and forest degradation, and to emphasize the underlying political and socio-cultural causes beyond the proximate drivers. Multiple data collection, analysis and validation methods were used including desk review, expert consultations, interviews, field visits and focus group discussions, and regional and national validation workshops. The approach included a highly collaborative process involving the concerned actors and stakeholders.

The study built on previous work in the Readiness Preparation Proposal that had led to the initial identification of priority drivers in Nepal.

### Results

Following the consultations and analyses, 4 priority proximate drivers and 11 priority underlying causes were identified. These are:

| Priority proximate drivers | Priority underlying causes |
|---|---|
| Illegal logging<br>Fuelwood consumption<br>Encroachment<br>Road construction | Increased demand for forest land and products<br>High dependency on forests<br>Lack of a deliberative and inclusive forest policy process<br>Poor transparency and corruption<br>Weak law enforcement<br>Weak land tenure<br>Prolonged political transition and instability<br>Social differentiation and inequality<br>Population growth<br>Migration, pressure on resources and related conflicts<br>Limited access to improved technology |

The underlying causes were further categorized into economic, social, governance-related, socio-political, demographic and technological factors. The study found that most of the underlying causes are relevant to all of the four proximate drivers. For example, the lack of a deliberative and inclusive forest policy process leads to weak engagement with stakeholders in relation to each driver. There is little support among local populations for attempts to enforce legal requirements on the different uses of the forest, and sustainable practices are being ignored due to a low sense of ownership. Limited access to improved technologies is another example of a factor that increases pressure on the forest from all four proximate drivers, as wider application of technologies with lower environmental impacts could help to reduce the size of the forest areas affected by timber and fuelwood extraction, road construction and subsistence agriculture around illegal settlements.

The study further found that complex interactions and feedback mechanisms exist between and amongst some of the drivers and underlying causes. Also, the scope, intensity and impacts of drivers and causes vary across Nepal, with some causes being more prevalent in some regions than others.

For the most part, forest degradation in Nepal takes place as a precursor to deforestation. Forest degradation generally starts when a few selected trees are illegally logged by timber smugglers, often protected by powerful elites and having close ties with political parties or other power centres. Subsequently, in many cases, land mafias encourage and facilitate landless people to take refuge in such lands. The settlers are then encouraged to harvest and to uproot the remaining trees, and they gradually start cultivating agricultural crops. Eventually the land mafia and the political parties assist the settlers to obtain full land titles, again usually involving the bribery of officials on the frequently formed land reform commissions. This completes the process of conversion of forest to non-forest land.

# CROSS RIVER STATE, NIGERIA

## Methods

This study employed remote sensing and social surveys within an interdisciplinary framework. The remote sensing methods were used to measure the rate of forest area change as well as to identify the locations where deforestation took place. Change analysis based on satellite imagery was conducted for the two periods from 2000 to 2007 and from 2007 to 2014, respectively. Additional data points from previous deforestation studies were used to develop a trend analysis over a 38-year period (1976-2014). Social survey methods were then used to ascertain the drivers of deforestation and forest degradation at the hotspot locations. Focus group sessions were conducted in each of the communities located near one of the hotspots in order to obtain information on direct drivers. Survey participants were also invited to provide recommendations on ways to mitigate the loss and degradation of forest. Information on the indirect drivers linked to the identified direct drivers was collected from secondary sources.

## Results: direct/proximate drivers of deforestation and forest degradation

**Subsistence agriculture:** subsistence cultivation of crops including cassava, yams and plantain is essential for livelihoods in Cross River State, particularly in the rural areas. Shifting cultivation is widely practiced and is the major process leading to deforestation, while while permanent cultivation drives forest degradation.

**Commercial agriculture:** commercial agriculture by smallholders as well as large-scale operations is a major source of deforestation in the state. For example, the analysis of satellite images revealed a deforestation hot spot in Awi, Akamkpa local government area, where 1,408 hectares of forest land were converted to large-scale plantation. Prevailing cash crops include cocoa, plantain, oil palm, pineapple, and to some extent rice.

**Fuelwood consumption:** fuelwood extraction is mainly a cause of forest degradation. All the communities visited during the focus group sessions rely on dead wood collected from forests as the primary source of energy for cooking, preservation and processing agricultural produce such as cassava flour. The fuelwood is collected mostly in proximity to the community, leading to the removal of nutrients and negative impacts on forest growth.

**Logging and timber extraction:** logging and timber extraction in the state is a contentious issue, and a moratorium on timber harvesting has been in place since 2010. As a result, fear of prosecution made it a major challenge to quantify the extent of timber extraction in the communities visited. However, two visits to timber markets provided a clearer picture of the traded volume of wood and related revenues. The investigation revealed that trade from these two markets has declined considerably. However, the market vendors argued that forest degradation has in fact increased due to corruption and the proliferation of illegal timber harvesting and trade.

**Infrastructural development:** one of the aims of development policies in the state is to attract foreign direct investment. The associated expansion of road infrastructure has significant implications for deforestation, as previously remote patches of forest become more vulnerable to logging. Examples of forest loss resulting from construction of a road and a power plant project were identified in the study.

## Results: indirect drivers of deforestation and forest degradation

**Economic considerations:** in Cross River State, the key economic driver affecting deforestation is overall market growth (in particular for forest products) and the associated intensified pressures on natural resources. For example, according to the focus group results, about 80 per cent of households in the communities derived as much as 70 per cent of their income from the sale of non-timber forest products. The situation is further aggravated by the state's dependence on agriculture and agro-based industries as one of its mainstays for internally generated revenue.

The agricultural investment opportunities promoted in the state include large-scale cultivation of oil palm, cassava, cocoa and rice, as well as modernized production of poultry and cattle as well as fisheries. The dependence on agriculture and agro-based industry is further driven by the 2012 supreme court judgment ceding the ownership of 76 offshore oil wells to Akwa Ibom State, which led to a loss of revenue for Cross River State.

**Demographic factors:** according to census data, Cross River State has experienced a population increase of over 50 per cent between 1991 and 2006. With an annual growth rate of 3 per cent, the population is projected to surpasssurpass 5.2 million by 2025. This will increase the pressure to clear forest areas for farmland and infrastructure, and logging is expected to increase in line with wood demand.

**Policy and institutional factors:** government policies relating to forest management and the institutions set up to implement such policies can serve as indirect drivers of deforestation and forest degradation. A case in point is the anti-deforestation task force in Cross River State, which was set up in 2008 and mandated to assist the State Forestry Commission in its legal functions, such as arresting those engaged in illegal forest exploitation or those who trespass into the forest reserves and plantations. Participants in the focus groups alleged that corrupt practices by some members of the task force promote continued illegal logging. The liberalized state government policy on plantation will also continue to encourage the conversion of forest land to cropland. International policy promoting biofuels could lead to conversion pressure in the future. Other drivers of deforestation linked to policy and institutional factors include declining capacity of the State Forestry Commission, such as lack of vehicles for enforcement, training and extension; and land tenure uncertainties.

**Technological factors:** lack of appropriate technology for the sustainable management of forests and/or croplands can indirectly cause deforestation and forest degradation. One of the direct drivers of deforestation in Cross River State is the slash-and-burn method used by subsistence farmers for farmland expansion. This can be discouraged by the availability of organic fertilizers and sustainable agro-forestry practices. However, the availability of high technology farming methods can also pose a risk when it supports the establishment of large-scale plantations.

**Socio-cultural factors:** the majority of forest communities visited in the state do not have access to sources of livelihood other than forest exploitation. In all studied communities, land ownership is driven by local cultural practices, such as the tradition that land becomes the property of a farmer if it has been farmed for a certain period of time, or if he is the first person to convert it from virgin forest to farmland. These traditions provide an incentive for farmers to clear more land.

**Urbanization:** The reasons for migration to urban areas are manifold, and include the loss or degradation of farmland and pastures due to development, pollution, land grabs, or conflict, alongside hopes for a better life in the city. Urbanization in Nigeria is characterized by city slums with serious environmental consequences, including the clearance of forest for housing, roads, industries, and market areas. Projections based on 1991 figures show that the urban population of Cross River State is expected to double by the year 2025. Eventually, this increase in urban areas will cause further forest clearance.

## Recommendations

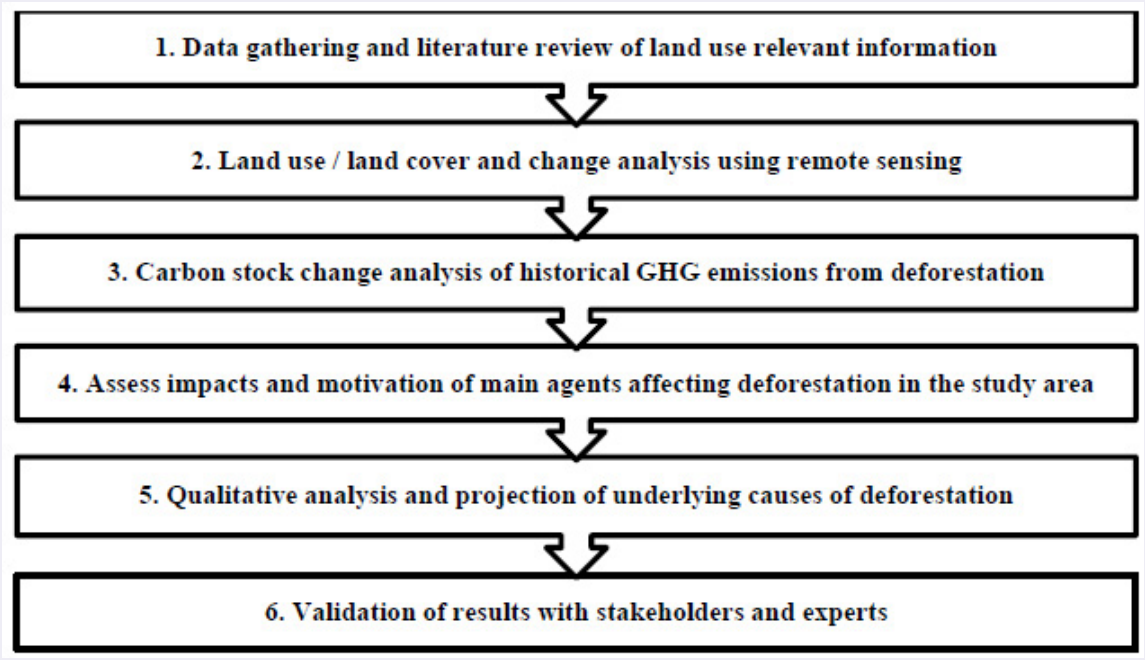
The recommendations on ways to mitigate deforestation in Cross River State made by survey participants included the following:

- Promoting alternative sources of livelihood for the communities, e.g. by employing young people as forest rangers, helping women to acquire technical skills, supporting cooperative loans and improving education.
- Training on sustainable forest management practices, such as the management of nurseries.
- Developing hydroelectricity generation.
- Providing adequate security back-up to youths that guard the forests against illegal loggers.
- Helping communities to enhance agricultural production, reduce shifting cultivation, and process and market food.
- Raising awareness within the communities on forest conservation and related state laws.
- Returning management of the forests to the Cross River State Forestry Commission and abolishing the task force on anti-deforestation.
- Fighting corruption, including by providing concessions for local usage in the ban on timber extraction, ensuring that those arrested are prosecuted without selective justice, and requiring fines to be paid directly into the Cross River State treasury.
- Recognizing timber merchants as stakeholders; for example, the timber traders are willing to plant trees to ensure the sustainability of the forests, and could contribute to consultations on the sustainable management of logging.

# SOUTHERN CAMEROON

## Methods

The following flowchart describes the methodological steps that were undertaken in the drivers study for Southern Cameroon:




## Results

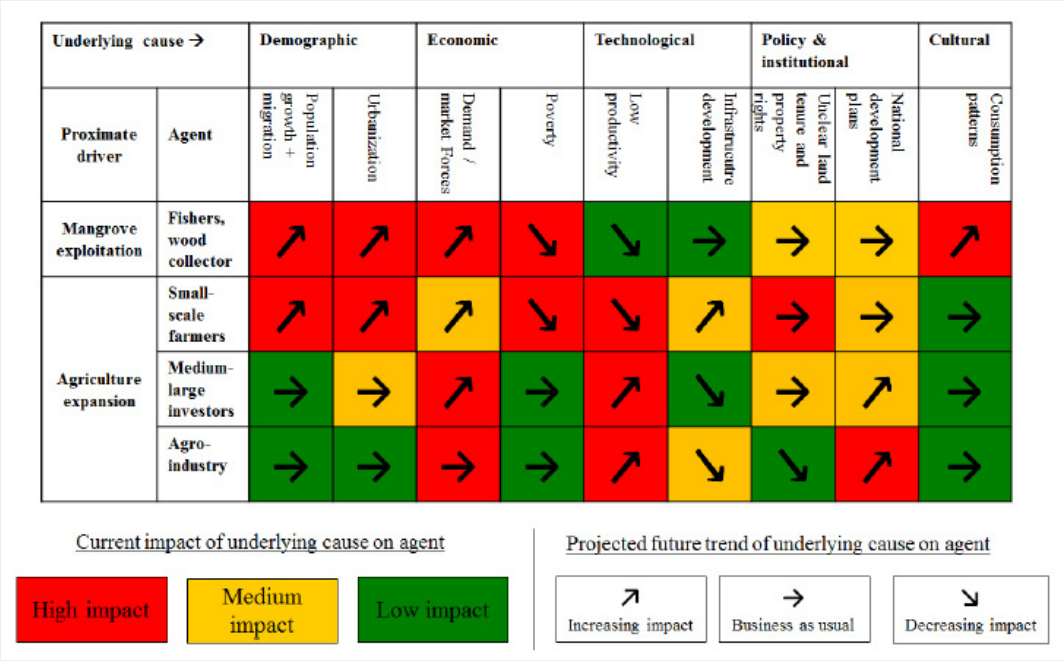
The following table summarizes the findings on direct drivers:

**Table 3.** Overview of proximate agents of deforestation and degradation in Fako Division.

| Activity | Agents Group | Activity Description | NPV at 10% Discount Rate and 20 years | Opportunity Costs of Converting Natural Forest or Mangroves | Key Social and Environmental Benefits |
|---|---|---|---|---|---|
| Natural dense forest—extensive use | Mainly smallholders in the Fako Division | Collection of NTFPs and fuel wood | 51 USD/ha | | Biodiversity and water, NTFPs food and fuel, tourism, spiritual and cultural values, water and soil erosion control, carbon storage |
| Sustainable mangrove exploitation | Currently not practiced | Utilization of fuel wood and fishing | 215 USD/ha | | Biodiversity, maintenance of fish population, flood prevention, fuel wood and building material, employment, carbon storage |
| Unsustainable mangrove exploitation | Fuel wood collectors/fishers | Unsustainable logging of mangroves for fuel wood and fish-smoking | 855 USD/ha | 640 USD/ha<br>1.3 USD/$tCO_2$ | |
| Agricultural expansion | Small-scale farmers | Cocoa cash crop farming combined with subsistence food crops | 2,125 USD/ha | 2,074 USD/ha<br>4.7 USD/$tCO_2$ | Food security, income generation, poverty alleviation, fuel wood and construction materials, biodiversity and carbon storage |
| | Medium–large scale investors | Palm oil production | 1,244 USD/ha | 1,193 USD/ha<br>2 USD/$tCO_2$ | Creation of local employment and income; outgrower schemes establishment, infrastructural development, carbon storage |
| | | Rubber production | 821 USD/ha | 770 USD/ha<br>1.4 USD/$tCO_2$ | |
| | Large-scale agro-industry (CDC) | Palm oil production | 3,186 USD/ha | 3,135 USD/ha<br>5.2 USD/$tCO_2$ | |
| | | Rubber production | 1,959 USD/ha | 1,980 USD/ha<br>3.6 USD/$tCO_2$ | |

Note: For the opportunity costs calculation for agricultural expansion natural dense forest is assumed, while for mangrove forest degradation mangrove forests are used as a basis.

The following diagram shows the study's findings about the degree to which the identified indirect drivers currently promote each of the direct drivers, as well as expected future trends.




# COLOMBIA

## Results

According to a study carried out in Colombia, the principal drivers of deforestation are agricultural expansion, illegal crop cultivation, internal migration, mining, and infrastructure development. Logging and forest fires are the principal causes of forest degradation. In general, deforestation has been found to be greater in non-protected areas with fertile soils, gentle slopes, and near to settlements, roads and rivers.

**Agricultural expansion:** forest conversion for agriculture has been concentrated in the Andean and Caribbean regions. The process typically begins with the clearing of small areas for subsistence crops. Many such areas have later been abandoned due to loss of soil productivity, rural-urban migration, technology improvement, and globalization of markets. These processes may promote forest recovery, but in some cases abandoned lands remain in a degraded state (see Forest regrowth below).

**Migration/colonization:** internal migration and colonization of frontier areas is an important driver of deforestation, but figures to assess the magnitude of this effect are scarce. Population movements within Colombia are driven by a variety of interacting factors including social and political unrest caused by conflict between guerrilla movements and government forces, economic destabilization (brought on in part by trade liberalization and increased foreign imports), illegal crop production, and land tenure inequality and insecurity. Colonist-driven forest clearing is primarily for subsistence agriculture, as well as for illegal crop production (depending on the region).

**Infrastructure:** a large proportion of agricultural and grazing lands throughout the country are located within 10 km of roads, indicating a strong positive relationship between the presence of road infrastructure and forest clearing. In the Amazon and Pacific regions, rivers are also an important means of access. Colonist agriculture in these regions is therefore more dispersed and occurs at distances greater than 50 km from roads. Roads and railways are currently concentrated in the Andes, Orinoco, and Caribbean coastal regions. Hydroelectric projects are also concentrated in the centre of the country.

**Mining:** gold and other mineral mining and oil drilling contribute to forest clearing and contamination of soils and water sources in Colombia. The magnitude of the impact on forests is unclear. It is likely, nonetheless, that this impact will increase, as the Colombian government granted new mining licenses on 176,000 $km^2$ declared as strategic mining zones in 2012.

**Selective logging:** annual timber production in Colombia is estimated at 3.4 million $m^3$; approximately 40 per cent of this harvest is illegal. Illegal logging contributes to 480 $km^2$ of forest degradation per year and the overexploitation of 21 tree species.

**Forest fire:** farmers use fire to establish and manage agricultural areas throughout the country. Between 1986 and 2002, 4,000 $km^2$ of natural ecosystems were affected by fire, primarily in the Orinoco basin grasslands and the Andes. The extent of burned forests in the Amazon basin is very small in comparison. While burning decreased in recent years

both at a national level and in the Orinoco and Andes regions, burned areas in the Amazon basin increased from 0.01 $km^2$ between 2000 and 2005 to 16 $km^2$ between 2005 and 2010. Burning of forests also increased in the Caribbean coastal zones.

**Forest regrowth:** between 2001 and 2010, woody vegetation increased by 3 per cent from 580,420 $km^2$ to 597,383 $km^2$. This regrowth appears to result from secondary forest recovery in abandoned agricultural areas. The observed land abandonment may have been caused by armed conflicts and economic development during the last 10 to 20 years. Land abandonment in rural areas began in the early 1990s when the Colombian government implemented an economic liberalization model, and continued in the late 1990s as a result of the intensification of internal conflicts.

## Likely future trends in land use

The Colombian government is focusing simultaneously on increasing biofuel production and demand, livestock yield and efficiency, mining and oil exploration, and the resettlement of former militia-controlled zones stimulated by an incipient peace agreement.

- **Biofuels**: in an effort to increase energy independence, Colombia has begun to develop a biofuel industry, primarily based on ethanol from sugar cane and biodiesel from palm oil. Through government regulations and incentives for both supply and demand, the aim is to bring production to 29,907 barrels a day by 2019, and eventually bring a total of 30,000 $km^2$ under biofuel cultivation. Currently, oil palm and sugar cane are cultivated on approximately 9,000 $km^2$.
- **Cattle**: FEDEGAN, the national cattle association, aims for Colombia to become one of the world's leading cattle producers, projecting an increase in the size of the national herd from 22 million in 2005 to approximately 56 million by 2019. This very ambitious expansion is planned through a continuation of the largely grass-fed production system, although with steep increases in yields that would enable growing the herd while shrinking the total area of pasture by 100,000 $km^2$, to approximately 280,000 $km^2$. To achieve both goals, FEDEGAN plans to increase productivity and breeding, but it is not clear how and whether these measures will increase yields and avoid pasture expansion.
- **Mining**: traditionally, mining has been concentrated in the Andes region, with about 48,000 $km^2$ of mining licenses granted. However, new government policies call for expanding mining and oil exploration to other regions. In 2012, the government began to grant new mining concessions over an area of 176,000 $km^2$. The recent decline in violence in militia strongholds has led to a surge in unlicensed and unregulated mining, leading to forest clearing and other environmental damage. The future impact of mining will depend on the government's ability to control the expansion of both licensed and unlicensed mines.
- **Resettlement**: Land reform is a central issue in the peace agreement with the FARC, and a focus of the current government, with specific proposals for peasant settlement zones. The government has already initiated a process for resettling families who abandoned or were forced off their land as a result of insecurity and conflict. Solicited land restitutions thus far cover an area of 23,689 $km^2$. It is not clear what impact resettlement will have on land use and forest clearing — this will depend to some extent on where resettlement takes place, whether and to what extent those lands had already been cleared, and what investments are planned for the region.

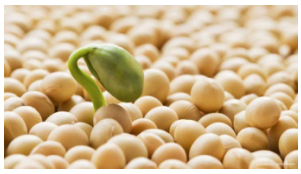
## EXERCISE 5

**Which of the following criteria could be used to prioritize DDFD to be addressed in your country's NS/AP, and how would you rank them?**

- Extent of forest area currently affected by the driver
- Projected future trends in the forest area affected
- Historical trends in the forest area affected
- Contribution of the driver to the national economy
- Importance of the driver for local livelihoods
- Social and environmental impacts linked to the driver
- Availability of alternative ways of obtaining the benefits provided by the driver
- Political, practical and financial feasibility of addressing the driver
- Quality of data related to the importance of the driver and its social and environmental impacts.

## EXERCISE 6

**This module has introduced the importance of good analysis of the DDFD. Which of the following are made more likely from an analysis of drivers?**

| Agreement on a national vision for REDD+ | Reduction in use of fossil fuels | Clear justification for the selection of particular REDD+ activities |
|---|---|---|
|  |  |  |
| **Initiation of a safeguards and Safeguards Information System (SIS) work stream** | **Formulation of a prioritized national REDD+ strategy and/ or action plan** | **Better understanding of the link between changes in forest area and specific economic activities** |
|  |  |  |

## KEY MESSAGES OF THIS MODULE

- A good understanding of direct and indirect DDFD, as well as barriers to the 'plus' activities, is necessary to design and implement effective results-based REDD+ actions.
- Indirect drivers very often influence the behaviour of direct drivers and actors.
- Future drivers and barriers can be different from historical and current drivers and barriers.
- Engaging key stakeholders in the analytical work fosters an inclusive dialogue, although countries should base their particular approach on their own national circumstances.
- In order to safeguard public benefits and/or the interests of economic development it will not always be possible to obtain full buy-in and/or agreement from the stakeholders representing key drivers, such as the industrial and commercial sector, particularly in countries where the agricultural sector is a major contributor to GDP.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

4

# National Strategies or Action Plans

This module explains the importance of strong design processes and documents for REDD+ national strategies or action plans (NS/APs), not only in implementing REDD+ activities, but also in ensuring buy-in from various key actors, mainstreaming REDD+ objectives in a country's development framework, securing financing and ensuring results. It also highlights various elements that countries may find useful to consider to achieve this.

**The module includes sections about:**

- NS/APs and the UNFCCC
- Why quality NS/AP design processes and documents are so important
- Linking REDD+ to broader national objectives and development frameworks
- The process of developing a NS/AP
- Cross-cutting issues throughout the NS/AP development process

**What do you already know about this topic?**

# 4. NATIONAL STRATEGIES OR ACTION PLANS

## INTRODUCTION

Module 3 presented the drivers of deforestation and forest degradation (DDFDs) and barriers to the 'plus' activities[1] Conservation, enhancement and sustainable management of forest carbon stocks., as well as the critical elements to analyze. A good understanding of past and current forest cover dynamics as well as of the drivers and barriers behind them represent the essential foundations on which countries can gradually build their wider vision for REDD+, and the national strategies or action plans (NS/APs) to achieve it.

The UN-REDD Programme promotes the exchange of knowledge between countries and has facilitated various South-South learning exchange events[2] where countries presented and shared their experiences with REDD+ NS/APs. Many useful lessons learned and recommendations regarding both the NS/AP design process and documents were gathered. They constitute the core of this module.

## WHY A NS/AP?

NS/APs describe how emissions will be reduced and/or how forest carbon stocks will be enhanced, conserved and/or sustainably managed through the implementation of REDD+. NS/APs are integrative products of the readiness phase (phase 1). They draw on the analytical work, stakeholder dialogue and strategic decisions made to guide the implementation of REDD+ (phases 2 and 3). They are expected to be revised cyclically to integrate lessons learned and changes in context over time (i.e. changing threats and new opportunities).

However, beyond simply guiding REDD+ implementation or addressing a UNFCCC requirement, NS/AP documents and design processes are also opportunities and tools to achieve multiple objectives, as various countries have done (e.g. Brazil, Ecuador, Mexico, or Democratic Republic of Congo (DRC)). This includes especially contributing to the development objectives of the country as well as, to the extent possible, objectives of sectors key to REDD+ (i.e. drivers) through different pathways. Other types of additional objectives may include for example:

- Mobilizing additional financial resources nationally and internationally;
- Detailing how the country intends to achieve its Nationally Determined Contribution (NDC) in the LULUCF sector (see section below on '*Mapping and aligning with national development goals and priorities*');
- Enhancing policy coherence and cross-sectoral coordination, rationalizing resource use and streamlining policy implementation (e.g. DRC, Brazil, Ecuador or Mexico);
- Strengthening the resilience of development and businesses; opening new markets or retaining them in the long-term (e.g. Côte d'Ivoire);
- Valorising past and current efforts related to forests (e.g. Brazil, Costa Rica); or
- Engaging or re-engaging in constructive multi-stakeholders dialogue (e.g. DRC, Myanmar or Viet Nam).

Embedding such objectives is important to strengthen the strategy NS/AP and rally the various sectors and actors necessary to implement it. Countries should start thinking through such objectives early on while building on opportunities over time, as this will impact the nature and content of the strategy document as much as the design process itself.

### NS/AP in the UNFCCC

As discussed in ***Module 2: Understanding REDD+ and the UNFCCC***, the NS/AP is one of the four design elements agreed internationally as prerequisites for REDD+ implementation and to access Results-Based Payments (RBPs) (Decision 1/CP.16, paragraph 71(a)), in accordance with Decisions 12/CP.17 and 11/CP.19)[3]. Figure 4.1 presents these four elements.

1 Conservation, enhancement and sustainable management of forest carbon stocks.

2 South-South regional learning exchange workshops in Ecuador (August 2014) for Latin America and Caribbean, and in Kenya (October 2014) for Africa. Information and Knowledge Sharing Session on NS/AP in Tanzania (November 2014). Reports and presentations from the Arusha meeting are available here and here.

3 The UNFCCC has gathered the full text of all the decisions relevant to REDD+ in the 'Decision booklet REDD+' (UNFCCC, 2014).

**Figure 4.1 Design elements of readiness for REDD+ implementation**


Source: UN-REDD Programme

The UNFCCC has provided no detailed prescriptions for the content of a NS/AP and no templates to follow. Contrary to Forest Reference (Emission) Levels (FREL/FRLs), there is no requirement for a technical assessment or any kind of endorsement from the UNFCCC. The Warsaw Framework for REDD+ (which comprises seven key decisions taken at the UNFCC's 19th Conference of Parties (COP 19) in 2013) only recalls the necessity of a NS/AP for REDD+ and requests countries to post a link to their NS/AP on the Information Hub of the REDD+ Web Platform in order to qualify for RBPs (Decision 9/CP.19).

Nonetheless, paragraph 72 of Decision 1/CP.16 indicates that when developing (phase 1) and implementing (phase 2 and 3) their NS/AP, Parties are requested to address, inter alia:

- DDFDs;
- Land tenure issues;
- Forest governance issues;
- Gender considerations;
- REDD+ Safeguards;
- Full and effective participation of stakeholders, including indigenous peoples and local communities.

Also, paragraph 1 of Appendix 1 of Decision 1/CP.16 sets out general guidance for implementing REDD+ activities that should be kept in mind while developing a NS/AP. According to this decision, REDD+ activities should:

- contribute to stabilizing greenhouse gas (GHG) concentrations;
- be country-driven;
- be consistent with the objective of environmental integrity and take into account the multiple functions of forests and other ecosystems;
- be undertaken in accordance with national development priorities, objectives and circumstances and capabilities and should respect sovereignty;
- be consistent with national sustainable development needs and goals;
- be implemented in the context of sustainable development and reducing poverty, while responding to climate change;
- be consistent with the adaptation needs of the country;
- be supported by adequate and predictable financial and technology support, including support for capacity-building;
- be results-based;
- promote sustainable management of forests.

## The overall 'pathway' to national REDD+ planning

The UNFCCC gives countries great flexibility on both the NS/AP design process and the NS/AP document itself, provided the general principles given in the previous section are followed. This allows each country to plot an optimal pathway towards REDD+, considering its specific national circumstances. Accordingly, the NS/AP document may take many forms.

Some countries have developed a REDD+ 'Strategy' (e.g. Brazil, DRC or Indonesia) while others have produced an 'Action Plan' (e.g. Ecuador). Plans tend to be more detailed and operationally-oriented than strategies, and may include a budget, quantitative objectives and outlines of programmes. Strategies may be frameworks providing long-term vision and general orientation. This varies widely in practice, as the terminology used may reflect factors like institutional preferences or constraints as much as progress in REDD+ investment planning. Chile's "strategy", for example, is more detailed than Viet Nam's "action program", as Viet Nam's policy

**REFLECTION POINT**

Why do you think the UNFCCC decisions present a set of principles and general guidance for NS/AP rather than detailed prescriptions?

framework restricts both the terminology and template of policy documents.

Such a NS or AP may materialize as (i) specific to REDD+ (e.g. Brazil, DRC or Mexico), or (ii) be incorporated into a wider climate and/or green economy framework. As may be most appropriate to rally stakeholders, the NS/AP need not be titled 'REDD+'. Chile and Peru, for example, have respectively launched their "National Strategy for climate change and vegetation resources" and "National Strategy for forests and climate change". Each constitutes a national REDD+ strategy but also goes beyond REDD+ to address wider objectives.

Following on from a main framework document (whether a NS or AP), some countries have opted to pursue their REDD+ planning process through a more detailed document, focused on the first few years of implementation. It may be called an 'Action Plan' (e.g. Brazil), 'Investment Plan' (e.g. DRC) or 'Investment Framework' (e.g. Côte d'Ivoire). Such a document may cover the whole country (e.g. DRC, Côte d'Ivoire), or focus on specific subnational areas. In the case of DRC or Côte d'Ivoire, this operational document aims at providing a wide framework for the coordination and alignment of investment towards REDD+ objectives (whether from strictly REDD+ sources, or relevant to REDD+), while targeting specifically a desired funding source (see Box 4.1).

Other countries (e.g. Chile), building on rich existing data and a robust readiness process, have decided to develop documents which may include a detailed timeline with clear annual targets and geographical priorities, and a budget for each measure highlighting secured contributions as well as gaps. This represents a robust basis for developing a funding proposal to the Green Climate Fund (GCF).

The relevant overall 'pathway' to REDD+ planning, and the level of detail in the NS/AP, will strongly depend on:

- **The national context,** such as the level of decentralization and the overall approach to REDD+ planning from national to subnational level, reliance on international financing for implementation, track-record in reducing deforestation and policy implementation, 'maturity' in terms of strategic planning for REDD+ implementation, etc.
- **The objectives for the NS/AP** (which may not be explicit), such as simple compliance with UNFCCC requirements, developing a tool for domestic or international communication, and/or a tool for active fundraising.

Accordingly, the NS/AP design process may be organized in different ways, within the REDD+ readiness process, as well as in relation to other planning processes.

### Box 4.1: Different 'pathways' to REDD+ planning, examples from Brazil and DRC

Brazil's remarkable achievements in terms of reduced deforestation are based on a set of policies and regulations at the national and subnational level, including two detailed biome-based action plans: (i) the AP for the prevention and control of deforestation, launched in 2004 and now in its third phase, focusing on the Amazon biome (49 per cent of the national territory) where the majority of its forests – and forest emissions – occur, and (ii) the AP for the Cerrado Biome, launched in 2010 and now in its second phase. This was achieved even before the UNFCCC agreed the basic provisions for REDD+. In 2015, Brazil included its vision and set of policies and measures (PAMs) in a single NS for REDD+. As highlighted in the strategy: *"The great challenge of the Brazilian government is the coordination of the various public policies, federal and state programs and initiatives, from the public and private entities that contribute to the mitigation of emissions in the land use change and forestry sector in order to achieve the commitments defined by the country"*. Accordingly, an explicit objective for Brazil is to enhance coordination and promote synergies across policies, interventions and actors, as well as to access RBPs.

In the case of DRC, the *'National REDD+ framework-strategy'* was a milestone in the country's REDD+ readiness, aimed at catalyzing political momentum both internally and externally, sustaining and further enhancing the mobilization of political leaders as well as other stakeholders (line ministries, civil society, etc.), while creating space for dialogue with the international community. As such, it included substantial information demonstrating DRC's vision and the relevance of supporting it financially. The NS was followed by a more operational *'National REDD+ Investment Plan'*, with a budget, results framework and outlines of PAMs for the period 2015-2020. This plan is seen as a tool for wide coordination: though focused on securing a financial commitment from a specific multilateral initiative (Central Africa Forest Initiative - CAFI), it aims at mobilizing other sources of international REDD+ finance later on, such as the GCF, but also at helping aligning conventional sources of funding (e.g. ODA) towards REDD+ objectives.

## The NS/AP design process: an opportunity

The form of a NS/AP and how its design process is organized will strongly influence whether and to what extent forests are mainstreamed into a country's development framework as well as shaping REDD+ activities on the ground. Form and design should therefore be thought through carefully.

While demonstrating compliance with UNFCCC guidance, the NS/AP document is also an opportunity for national and international stakeholders to assess a country's national vision for REDD+, as well as the approach, actions, tools and processes proposed.

A strong NS/AP document developed through a quality design process is therefore an opportunity to:

- build buy-in and trust among national stakeholders and the international community, demonstrating that it will address their concerns and contribute to their objectives;
- make REDD+ more tangible to stakeholders, linking it with existing policy objectives and interventions;
- build confidence in a country's capacity to deliver REDD+ results and receive RBPs;
- attract financial support from the international community for REDD+ implementation;
- Showcase existing domestic financial and policy efforts and demonstrate the value of supporting further
- Strengthen the readiness process by bringing together many work streams.

As mentioned, there are no criteria to assess the quality of a NS/AP and no technical review mechanism under the UNFCCC. However, access to international finance for REDD+ implementation - whether from bilateral (e.g. Norway) or multilateral (e.g. GCF, the Forest Carbon Partnership Facility's Carbon Fund, the Climate Investment Funds' Forest Investment Program (FIP)) sources - will require robust NS/APs and related investment plans or proposals. Below are a few elements that have been important for some donors and multilateral funding schemes:

- Being evidence-based;
- Addressing the main DDFDs, as well as their underlying causes (indirect drivers) and possible barriers to the 'plus' activities of REDD+;
- Presenting a credible while ambitious vision for REDD+, with transformative PAMs;
- Demonstrating commitment, including through (i) specific qualitative and quantitative targets and commitments (e.g. % of natural forest cover preserved or regenerated, zero-deforestation agriculture supply chains) and (ii) domestic financial contributions ;
- Enjoying high-level political support;
- Building multi-sectoral dialogue and coordination and cooperation;
- Ensuring transparent and participatory design and implementation processes;
- Addressing social and environmental safeguards; and
- Articulating how the NS/AP differs from 'business as usual'.

This is particularly important as many countries are likely to need international public finance (e.g. GCF) to (i) complement and catalyze their own domestic efforts in implementing PAMs in order to generate REDD+ results, as well as (ii) raise and strengthen the profile of the REDD+ agenda in the country.

In order to capture domestic financing, the processes and requirements are likely to be different from those of the GCF or other international finance institutions; however a strong case will still need to be built (see ***Module 9: REDD+ Finance***, as well as the 'Approach to financing' section of this module).

**REFLECTION POINT**

What are transformative PAMs?

## Mapping and aligning with national development goals and priorities

The criteria above highlight again the importance of ensuring that the design process as much as the content of the document gradually build the broad support base necessary for action. It requires REDD+ (and the NS/AP) to be designed not as an objective of its own, separate from other policy objectives, but rather as an opportunity to achieve those in a different manner while taking forests into account.

This starts by embedding the NS/AP into the main development objectives of the country and related strategic documents. These may include a national vision document, medium-

term national/subnational development plans and relevant sectoral strategies. There may also be a national poverty reduction strategy paper (PRSP), a sustainable or green growth strategy, as well as a climate change strategy. REDD+ teams should therefore map and screen the national (and sub-national) strategic framework. The real influence of each of these strategic documents in the development framework of the country (i.e. planning, budgeting) will need to be assessed. Some countries have also nested their REDD+ strategy objectives into their legal framework (see case study in Box 4.2 below).

The relevance to REDD+ objectives of these strategic document, whether positive or negative, should be analysed to identify areas of tension and opportunities for synergies. Countries may also find it useful to map (i) the institutional framework (line ministries and relevant cross-sectoral government bodies), (ii) governance mechanisms across national and sub-national levels, and (iii) the sectors and bodies relevant for the implementation of REDD+ (see also ***Module 11: Stakeholder Engagement in REDD+)***. As national and subnational planning processes are cyclical, REDD+ teams may want to check when key strategic documents will be revised, building their case and contributions in advance so as to be able to contribute to these and embed relevant objectives when the time comes (see section '*Building a Vision for REDD+ and related strategic considerations*' below).

### Box 4.2: REDD+ NS/AP in the wider development and legal framework: Ecuador and Mexico

In 2008 a new constitution came into force in Ecuador. Incorporating the principle of "good living" (*buen vivir*) among its fundamental guidelines, with elements relating to forests, ecosystems, environmental services, rights of nature, rights of indigenous peoples, participation, and the mainstreaming of gender into public policy, it is recognized as pioneering in terms of social and environmental rights. It led to environmental sustainability being incorporated as an essential part of the development model of the country, and included in its main plans and strategies, of which the National Development Plan and the National Strategy for the Change of the Production Systems (*matrice productiva*). In 2009, the National Environmental Policy was issued. Adaptation to and mitigation of climate change were declared State policies. The National Climate Change Strategy (2012) guides the implementation of measures to reduce GHG emissions, creates favorable conditions for adopting them in priority sectors, and promotes carbon capture and storage. The National REDD+ Action Plan, which falls under the climate change strategy, will help i) specify the transition processes towards a balance between environmental sustainability, the reduction of GHG emissions and the achievement of development goals, and ii) integrate the forestry sector as an alternative for the diversification of rural economies. It is conceived as a concrete opportunity to contribute directly to the four strategic axes of the National Development Plan 2013-2017, which includes the transformation of production systems and strategic sectors. It will also contribute to implementing the National Territorial Strategy and the National Strategy for Rural Good Living (see Figure 4.2).

**Figure 4.2 Articulation of Ecuador REDD+ AP with other strategic documents**


Source: UN-REDD programme, adapted from a presentation from the Government of Ecuador

**Figure 4.3:** The Legal and policy landscape of Mexico's National Redd+ Strategy


In Mexico the 2012 *General Law on Climate Change* is a long-term instrument that establishes a framework for climate change mitigation and adaptation, including in the forestry sector. The law defines goals including a reduction of emissions of 30% by 2020 compared to baseline, conditioned to support from developed countries, and 50 per cent by 2050 compared to 2000 emissions. It also instructs the National Forestry Commission to "*design strategies, policies, measures and actions to transition to a rate of zero per cent carbon loss in natural ecosystems, for their integration into the planning instruments of the forest policy for a sustainable development, taking into consideration the sustainable development and community forestry*". In line with this, the National REDD+ Strategy (in red in Figure 4.3) takes its mandate from both the National Strategy for Climate Change (ENCC) and the Sectoral Program for Environment. The ENCC stresses the importance of forests as carbon reservoirs in its strategic axis

*"Promote better agricultural and forestry practices to enhance and preserve natural carbon sinks".*

Source: UN-REDD programme (adapted from Mexico's ENAREDD)

On top of this core national strategic development framework, the REDD+ process should as much as possible link and build on the wider global dynamics that may influence the national development agenda. This includes in particular the Agenda 2030 that all 193 Member States of the United Nations adopted in September 2015. At its heart are the 17 Sustainable Development Goals (SDGs) presented in Figure 4.4. These build on the previous Millennium Development Goals (MDGs) and seek to address the root causes of poverty and the universal need for equitable and sustainable development.

**Figure 4.4:** The 17 Sustainable Development Goals (SDGS)

Most of the SDGs are directly or more distantly relevant to REDD+. The integration of SDGs into the national strategic framework is an important opportunity to also embed REDD-relevant objectives (which may not need to be referred to as REDD+). Several of the steps, lessons learnt and recommendations given in this document are directly relevant to both SDGs and REDD+ design processes (see Box 4.3 for further reading).

As governments across the world increasingly realize that climate change threatens their economic and social progress, they are giving it an increasingly high profile in strategic documents, trying to balance shorter-term development objectives with longer-term resilience. This and related (Intended) Nationally Determined Contributions – (I)NDCs – represents further opportunities to embed REDD+ objectives in national strategies.

**Box 4.3: Resources for mainstreaming REDD+ into a national strategic development framework**

UNDP (2016) "Getting Ready to Implement the 2030 Agenda" SDGs Learning, Training and Practice 2016

UNDP, WRI (2015) Designing and Preparing Intended Nationally Determined Contributions

UNDP, UNEP (2015). Mainstreaming Environment and Climate for Poverty Reduction and Sustainable Development: A Handbook to Strengthen Planning and Budgeting Processes

Ahead of COP 21, held in Paris in 2015, the UNFCCC called on all parties to publicly outline what post-2020 climate actions they intended to take under the Paris Agreement that was sealed at the end of the conference These Intended Nationally Determined Contributions (INDCs, now being converted into Nationally Determined Contributions (NDCs)) typically include:

- Contributions of the main sectors to national GHG emissions,
- Overall national emission reduction objectives, whether voluntary or conditional on international financial contributions,
- Steps taken or be taken to achieve this, as well as to adapt to climate change impacts,
- What support the country may need (or will provide) to address climate change.

In many REDD+ countries, the LULUCF sector (and forest cover change within it) represents a major source of emissions. Thus the Paris Agreement, is an opportunity to reflect on how forests may contribute to their emission reduction objectives. Countries may not want to mention REDD+ per se in their NDC, but can ensure that forests and relevant objectives (emissions reductions, policy results) are mentioned and are coherent across the NDC and the NS/AP.

## Building the case for REDD+

The case for forests and REDD+ will need to be built for each of the various key sectors and stakeholders, taking into account their specific, often different, and at times even conflicting objectives. It may include:

- the role of forests beyond carbon storage (e.g. reducing vulnerability to natural hazards such as landslides and flooding, regulating rainfall patterns important to agriculture, controlling soil erosion detrimental to agriculture and hydroelectricity generation, supporting livelihoods),
- the benefits of participation in REDD+ (e.g. international political visibility, corporate image, access to international finance and
- indirect opportunities (e.g. development of innovative tools, political push for enhanced cross-sectoral coordination and multi-stakeholder dialogue).

It is through such alignment of interests, whether directly related to REDD+ or not, from as many actors as possible within the government, private sector and civil society that a critical mass may be achieved. These actors may then collectively promote these objectives to others, using incentives or regulatory mechanisms. The reasons for participation, and therefore the case to be built, is likely to be very different for different actors, and highly variable across countries.

As illustrated in Figure 4.5 below, some entry points on which the case can be built may already exist in the strategic development framework of the country, while others will have to be created through policy dialogue. For example, the REDD+ agenda may capitalize on the objectives of the agriculture sector for intensification objectives, while building on various other agenda and partners to strengthen land use planning with the Planning Ministry, and push through the REDD+ process for the modification of conditions for agricultural producers to access credit lines that include compliance with forest-related safeguards; all this contributing to the overall objective of national socio-economic and agriculture development.

**Figure 4.5: Examples of potential entry points for REDD+ towards various sectors and stakeholders**

| Actor<br>Sector | Government | Private sector | Communities | Civil Society |
|---|---|---|---|---|
| **Agriculture** | Agriculture intensification objectives<br>Support to certification<br>Access to (higher value) markets | Access to (higher value) markets<br>Corporate image<br>Compliance to industry sustainability standards<br>(Access to credit: PAM) | Access to (higher value) markets<br>Access to incentives (financial or not) | Social and environmental standards, with unimpaired or improved livelihoods for communities |
| **Planning** | More efficient resource use<br>Less conflict across sectors through enhanced coordination | Reduced conflicts with other sectors or with communities | Reduced conflicts within the community | Reduced conflicts within the community |

Source: UN-REDD Programme

## Important lessons learned

While the NS/AP development process depends largely on national circumstances, the experience of countries so far highlights the following key lessons:

- **Developing a REDD+ NS/AP is about both process and product.** An emphasis on inclusive and equitable consultation and engagement with relevant stakeholders will ensure a more robust and wider support-base for the strategy and will facilitate its endorsement and subsequent implementation. As an example, Costa Rica has conducted over 150 information and consultation meetings while designing its NS/AP.
- **NS/APs should not be regarded as stand-alone documents**. NS/APs should be developed and implemented within a country's national development planning process and in line with other relevant national and international efforts (e.g. SDGs, NDCs, Aichi Biodiversity Targets). Careful integration with other strategic documents as well as sectoral and cross-sectoral objectives is key. Chile for example strongly ties its NS/AP to resilience to climate change, desertification and soil degradation;
- **The NS/AP design process should be planned early in the REDD+ readiness process**, rather than be considered a mere output of it. The sequencing of the various work streams (e.g. analytical work, consultations) can be challenging but is essential in ensuring efficiency in the NS/AP design process (and overall readiness).
- **Strategic choices made on each of the four design elements of REDD+ (NS/AP, FREL/FRL, NFMS, SIS) may have strong implications for the others** (see section 'Looking at scope, scale and priority drivers in perspective'). Ensuring regular communication and feedback loops in the development and implementation of the design elements is critical and may contribute to a more efficient readiness process. The NS/AP document is an opportunity to strengthen the links between the design elements and demonstrate the coherence of the country approach to REDD+ as well as its capacity to achieve results.

- **Designing NS/APs is an iterative step-wise process**, as NS/APs are organic documents that continue to be expanded and improved upon. Initial strategies may for example only address the most significant REDD+ activities and/or DDFDs, while planning for subsequent improvements following a pragmatic stepwise approach, as well as adapting to a dynamic context. Brazil decided for example to start addressing deforestation in the Amazon region only, while already preparing to include forest degradation as well as expanding to the Cerrado biome.

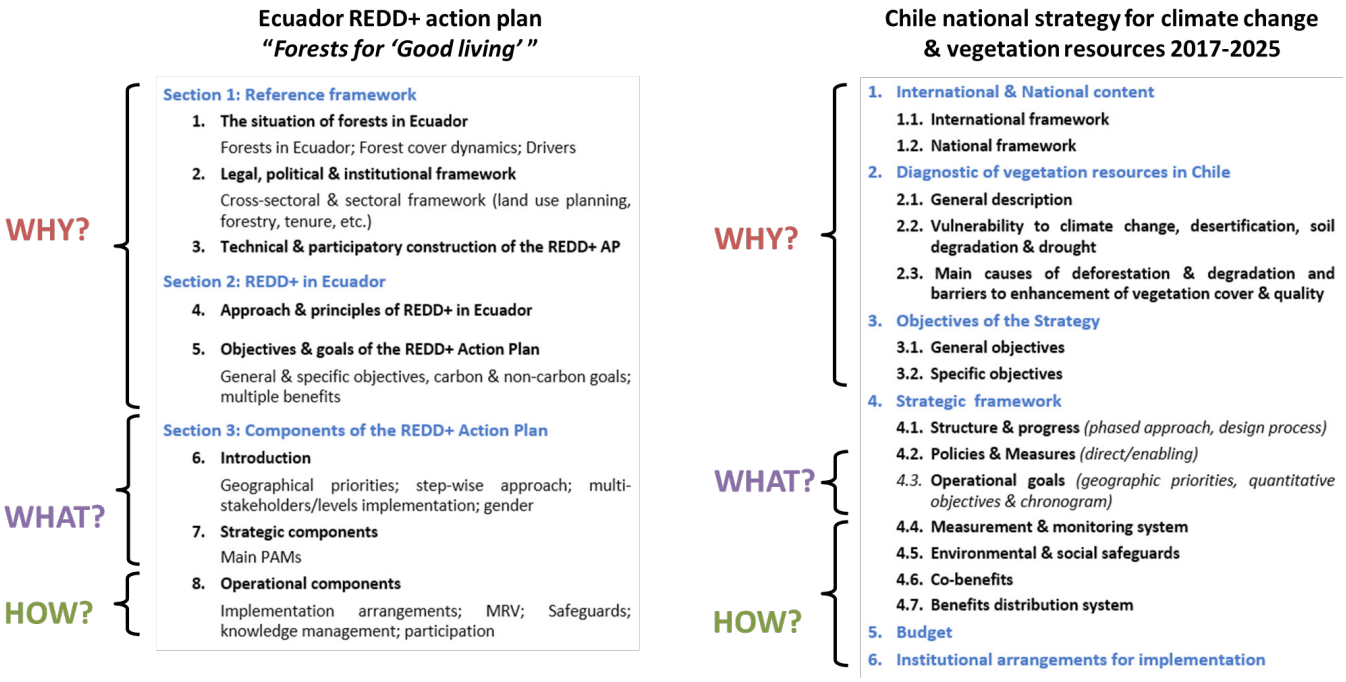
## A logical flow

Although the UNFCCC does not provide any template or recommendations on the structure of a NS/AP, many countries have articulated their NS/AP document around the broad 'why', 'what' and 'how' questions:

- **Why?(or what for?)** What is the overall country context, including the strategic development framework? How does that relate, positively or negatively, to REDD+? What is its forest context (i.e. carbon stocks and fluxes, DDFDs and barriers to 'plus' activities, trends of land use change and carbon loss)? Considering all this, what is the vision for REDD+ and its contribution to national objectives? Or, put simply, what can REDD+ do for the country?
- **What?** What are the PAMs and approaches to achieve the REDD+ vision and results? How do they build on existing policies and interventions? How is this transformational?
- **How?** How will the NS/AP be implemented and results ensured? What are the legal, institutional and financial arrangements as well as the tools required for the effective implementation, management and monitoring of REDD+?

The same underlying questions may guide the NS/AP design process, as shown in Figure 4.6. The actual process, including sequencing, will strongly depend on country specific circumstances (e.g. existing relevant data, strategies and policies or planning processes, capacity).

**Figure 4.6 – Comparison of the structure of Ecuador and Chile's NS/APs**



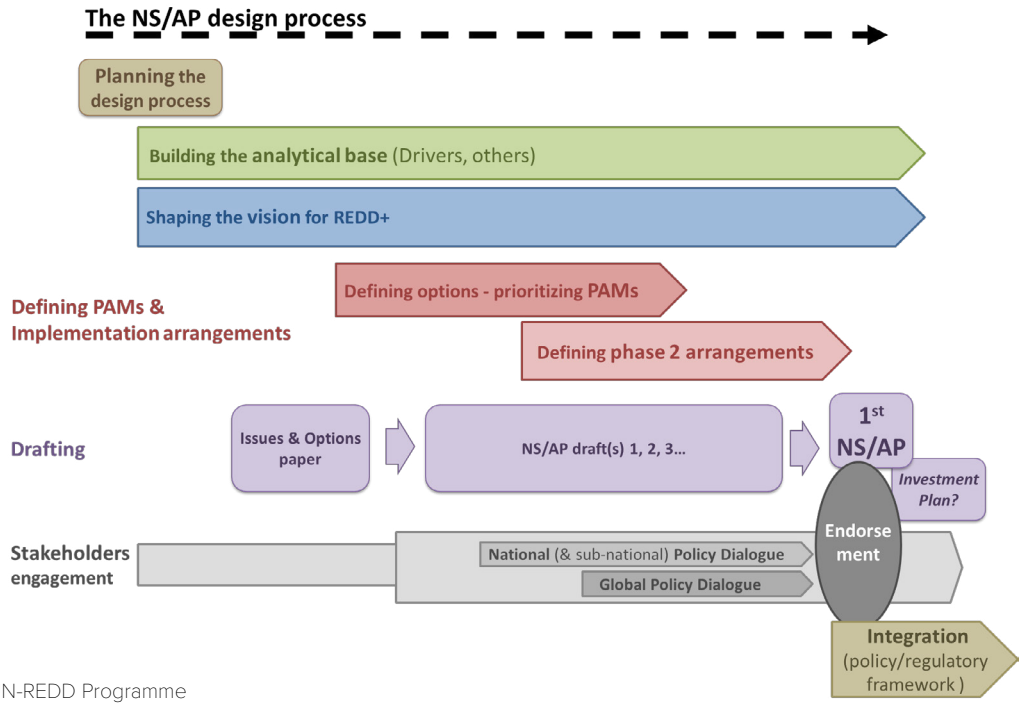

Source: UN-REDD Programme

# DEVELOPING A NS/AP

Although the process of developing a NS/AP will be highly dependent on national circumstances, it may be broken down into several key elements (Figure 4.7). These elements are by no means fully sequential, and many should actually progress in parallel, with regular interactions and feedback loops:

- Planning the NS/AP design process
- Building the analytical base
- Building a REDD+ vision
- Analysing options and defining PAMs
- Defining implementation arrangements (financial, legal and institutional)
- NS/AP drafting
- Political and stakeholder endorsement
- Integration of the NS/AP into the policy/ regulatory framework

**Figure 4.7 Key elements in developing a NS/AP**




Source: UN-REDD Programme

## Planning the NS/AP design process


Countries may find it useful to develop an overall roadmap of the NS/AP design process that can be shared and discussed with stakeholders. It may help to:

- Clarify the sequencing of technical inputs, strategic decisions, consultation and validation processes, and steps in the drafting process;
- Define the roles and responsibilities of the various institutions and partners involved;
- Identify the budget needs; and
- Structure the development and consultation process (e.g. platforms, small technical working groups, large workshops, mailing lists, etc.).

Ensuring adequate time and feedback loops among the various elements of the readiness process, as relevant and feasible, will also be critical to the overall efficiency of the process.

This roadmap may be complemented by more specific documents such as:

- A roadmap for data gathering and analysis contributing to various stages of the NS/AP design process;
- A stakeholder engagement strategy and roadmap, specifically including gender equality and women's empowerment aspects; and
- A capacity building plan.

Countries should also consider early on the proposed legal status of the NS/AP and its 'anchoring' (e.g. within a wider climate change, green economy strategy, or overarching development plan), as well as the steps towards this. It may be useful to take into account the planning cycles of the main national and subnational strategic documents, (see previous section 'Building the case for REDD+'). It may also be useful to clarify whether the NS/AP will be refined and operationalized through a dedicated REDD+ investment plan, or directly through programmes and projects, whether at the national or subnational level (see section 'The overall 'pathway' to national REDD+ planning').


## Building the analytical base

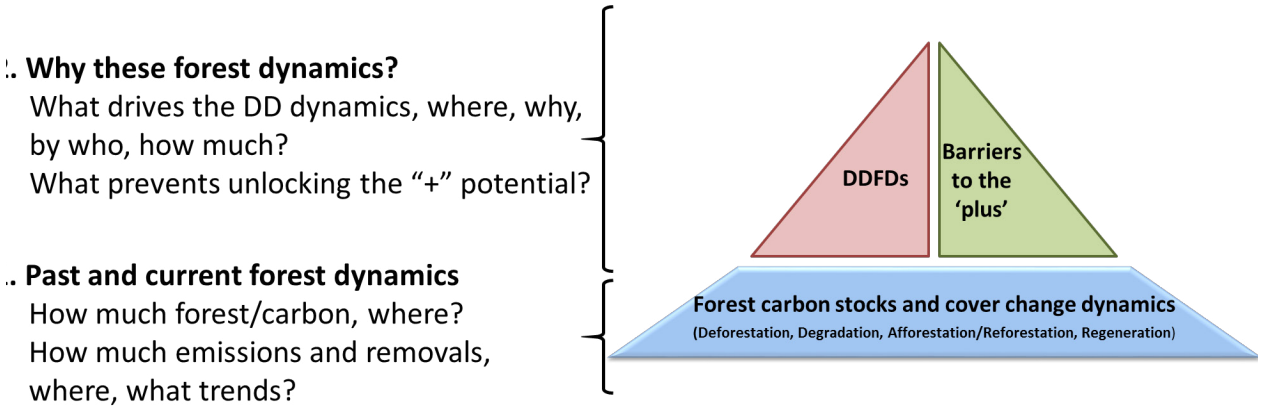
This is often an iterative process throughout the development and revision of the NS/AP during which studies are produced and refined and technical capacity built. Evidence-based data, built with contributions from various sectors and stakeholders, will be required to enable informed decision-making and policy design, and ensure the validity and appropriation of the NS/AP. Countries should start with existing information while improving the knowledge base along the way, rather than wait for the best data. Depending on the national context and decisions made, the relevant analysis and tools may vary greatly. A roadmap of analytical work helps ensure information is available when it is needed, taking into account financial and technical capacity.

The starting point for the strategy design process is a consensus among stakeholders on the main drivers and barriers (usually known, but not necessarily acknowledged and/or agreed upon). Whether this consensus is reached from the onset through a literature review of the main direct and indirect drivers at the national level, or through dialogue and consultations, countries may find it useful to think of their analysis of drivers as part of a wider analytical framework that provides foundations essential to a robust NS/AP design processes (see figure 4.8). It is useful to ensure linkages between the analyses of:

- Land use and land-use changes, forest carbon and forest cover dynamics (deforestation, degradation, afforestation/reforestation and regeneration); and
- Past, current and potential future DDFDs, and barriers to the 'plus' activities, that explain those dynamics.

This will provide crucial information on the potential of various REDD+ activities, geographical priorities, trends, potential entry points for REDD+ PAMs, etc. Following a general assessment at the national level, the analysis of drivers and barriers is likely to require various complementary analyses focusing (i) on specific direct or indirect drivers (e.g. legal, policy or fiscal framework; organization of agriculture supply chains; traditional practices, etc., and (ii) potentially on specific subnational areas. More information on the analysis of DFDDs can be found in ***Module 3: Drivers of Deforestation and Forest Degradation***.

**Figure 4.8 A strong analytical foundation for the NS/AP**




Source: UN-REDD Programme

Other analysis that may be required includes:

- Forward-looking analysis (i.e. modeling) of development scenarios to support dialogue and decision-making;
- Spatial planning (e.g. land-use optimization models to direct investment and meet development targets while minimizing negative impact on forests and local livelihoods; collecting and generating spatial information that can help identify appropriate areas for implementation of various REDD+ PAMs);
- Detailed studies of sectoral PAMs;
- Studies of costs, benefits and risks of potential REDD+ activities;
- Study of existing public and/or private financial flows in the land use sector; financing options for REDD+; required incentives; and
- Assessment of institutional capacities and capacity building needs.

For illustrative purposes, countries might ask themselves some of the following questions:

- *What is the physical and socio-economic context of the country, its governance structure, its main cross-sectoral and relevant sectoral development objectives? What positive or negative implications this may have for REDD+?*
- *What are the past, current and likely future forest dynamics (deforestation & degradation, reforestation & regeneration)? How does this relate to REDD+ activities? What are the direct & related underlying drivers of deforestation and degradation, and barriers to the 'plus' activities? Where, how much, who is involved, and why?*
- *How does REDD+ implementation relate to existing legal frameworks, policies and commitments?*

**REFLECTION POINT**

Can you think of any other relevant technical information that your country might want to include?

Planning | Analytical Base | **Vision for REDD+** | PAMs | Phase 2 arrangements | Drafting | Endorsement | Integration

## Building a vision for REDD+ and related strategic considerations (scope, scale, priority drivers/ barriers, financing)

Building on existing information, long-term visions, strategies and plans, including SDGs and (I)NDCs (see earlier section "*Mapping and aligning with the National development goals and priorities*") as well as the results of analytical work, countries may consider defining a long-term vision for REDD+ and the strategic pathway for achieving it, including in its initial stages (i.e. the first few years of implementation). This may include reflecting on the concrete goals the REDD+ mechanism may help to achieve, in terms of the five REDD+ activities as well as wider national objectives and priorities. Several countries, such as Chile, DRC, Ecuador, Mexico, have decided to firmly combine development objectives and REDD+ in a vision statement, and to accompany it with forest-related commitments alongside others related to the major sectors relevant to REDD+ (i.e. agriculture, energy, tenure, etc).In this sense, the national REDD+ vision may be understood as a combination of:

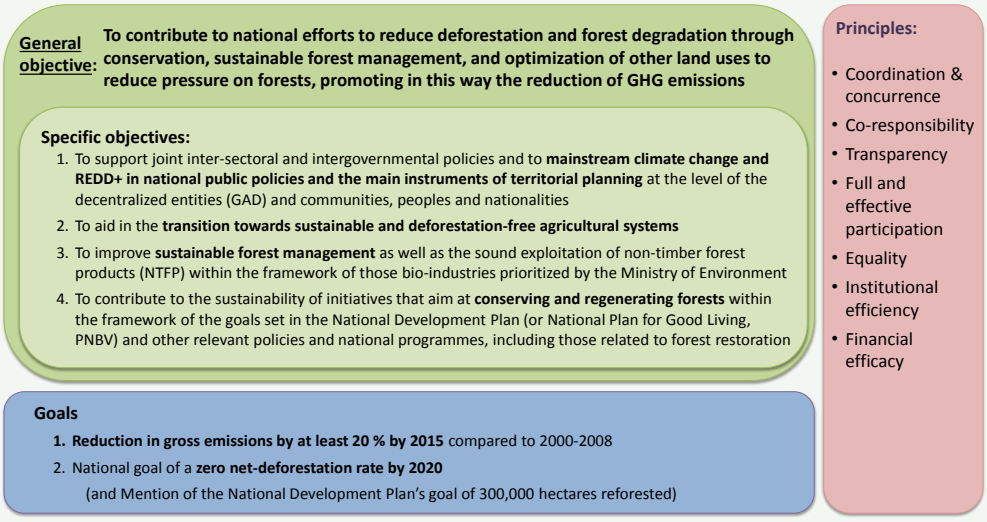
- **The main long-term objectives for forests in the country** (towards and beyond REDD+), **and key goals and commitments associated with them,** sectorial & cross-sectorial, related to forest/carbon or relevant to them. This is particularly important to set the direction and level of ambition in-country, as well as attract international support. Some countries have also defined an overall approach to REDD+ and overarching principles (e.g. DRC, Ecuador);
- **The main strategic decisions** that direct the way REDD+ will be implemented in the country in order to reach the long-term visions and related goals and commitments. These include the scope and scale of REDD+, geographical priorities, priority drivers to address, approach to financing and implementation, etc.

Such a vision for REDD+ is likely to be shaped gradually during the readiness process (and beyond), depending on the opportunities and constraints identified, the 'business case' made for REDD+, the ability to secure high-level political support and engage relevant stakeholders (including land-use sectors and the private sector).

### Box 4.4: Examples of REDD+ national visions, objectives, goals

Figure 4.9 below shows the principles, objectives and specific goals for REDD+ implementation pursued by Ecuador. The objectives go beyond emissions reductions to promote a comprehensive transformation of the production systems.

**Figure 4.9: Objectives and goals of Ecuador REDD+ Action Plan**




Source: UN-REDD Programme

In its vision, Mexico identifies the linkage with the higher objective of Sustainable Rural Development as an essential strategic approach to achieve REDD+ (see Figure 4.10). In order to achieve this, Mexico stresses in its objective and associated goals the importance of policy coordination and alignment. It considers that an integrated, cross-sectoral and spatial approach is required to address the pressure leading to deforestation and forest degradation.

**Figure 4.10:** Approach, objectives and goals of Mexico REDD+ National Strategy

**Approach:** achieve **Sustainable Rural Development**, as a comprehensive improvement of the population social welfare and economic activities outside urban areas, ensuring the permanent conservation of natural resources, biodiversity and ecosystem services

**General objective:** Reduce GHG emissions from deforestation and degradation of forest ecosystems, and preserve and increase the stocks of forest carbon in the framework of sustainable rural development for Mexico, by aligning public policies, contributing to the conservation of forest biodiversity, and ensuring effective implementation and enforcement of safeguards and principles set out in this strategy and in the current legal framework.

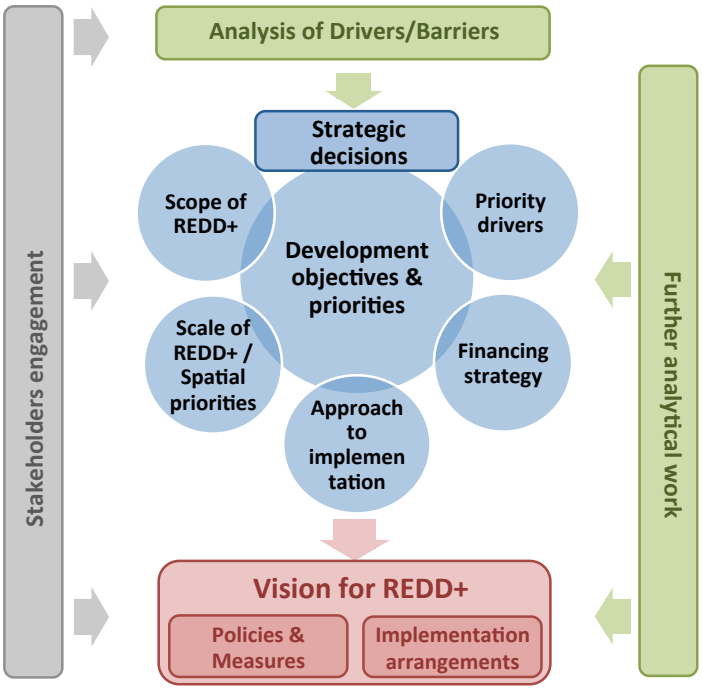
**Goals by 2020:**

- **Zero percent carbon loss in natural ecosystems**, taking into account sustainable development and community forest management
- The national rate of **forest degradation has been significantly reduced** from the reference level
- Increase forest area under **sustainable management**, natural and assisted regeneration, forest conservation and the consequent Increase in coal reservoirs
- **Conserving biodiversity** to maintain or improve environmental services
- Continuous development of the **social capital promoting economic growth in rural communities**

Source: UN-REDD Programme, adapted from Mexico National REDD+ Strategy

## Various strategic considerations

**Figure 4.11:** Strategic considerations shaping the country vision for REDD+



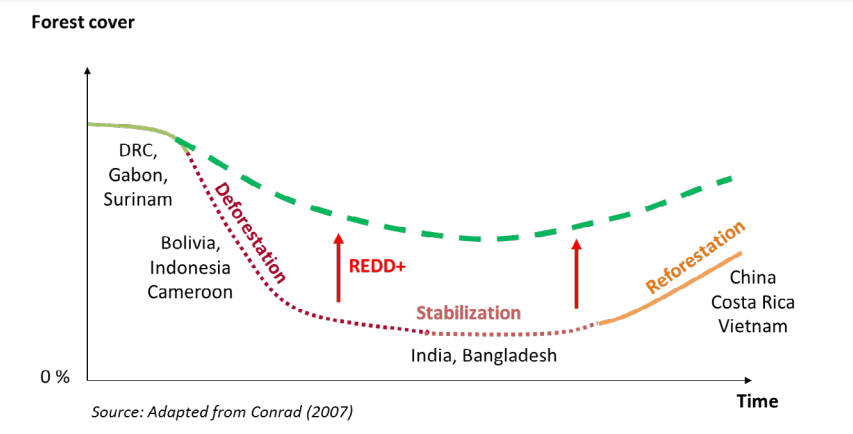

Source: UN-REDD Programme

Figure 4.11 shows the strategic considerations shaping a country's vision for REDD+. The 'scope' of REDD+ (Figure 4.13) relates primarily to which of the five REDD+ activities a country chooses to implement. The 'scale' of REDD+ (Figure 4.14) refers (i) primarily to the geographical area in which the country will take responsibility for implementing REDD+ towards RBPs (i.e. area covered by a FRL/FREL, with related monitoring and reporting), but also (ii) the priority areas where it will focus REDD+ investment. 'Priority drivers' identifies those direct and indirect drivers a country decides to address as a matter of priority, which may be a subset of all the drivers identified. The 'approach to REDD+ implementation' includes (i) whether REDD+ will be implemented mostly through setting an adapted policy and regulatory framework and/or through specific dedicated investments; (ii) the complementary roles of the various levels of government (national, subnational, local); and (iii) the types of actors involved in actual implementation (e.g. government agencies, private sector, NGOs).

### Box 4.5: The forest transition theory

The forest transition theory suggests a pattern of change in forest cover in a country or region over time (Figure 4.12). Initially, a country has a high and relatively stable portion of land under forest cover. With development processes kicking in, deforestation begins and then accelerates due to the consumption of forest resources to meet national needs and finance national development, as well as through the conversion of forest land to other uses (e.g. agriculture). This reduction in forest cover eventually stabilizes when either (i) the most accessible forests and forest land has been used, and/or (ii) conversion to agriculture in particular is less profitable compared to other activities (diversification of the economy), and/or (iii) wood scarcity made reforestation efforts attractive and/or necessary. Indeed, rural exodus leaves the possibility to regenerate forests (i.e. afforestation/reforestation, agroforestry, regeneration, restoration), though with overall poorer carbon content, ecosystem services and biodiversity, and the related negative impacts it may have on livelihoods and economic viability.

**Figure 4.12: REDD+ and the Forest transition curve**




*Source: Adapted from Conrad (2007)*

This empirical theory describes a broad pattern which will be influenced by many internal and external factors (e.g. population pressure, connection to the global economy, law enforcement capacity, global economic forces and government policies). REDD+ seeks to change the structural causes of the forest transition curve by: (i) encouraging developing countries to influence the internal factors driving the transition through adequate PAMs, while (ii) influencing the external factors that are out of direct reach of REDD+ countries, related for example to market forces (e.g. zero net deforestation commitments by large commodity producers, conditions for market access in consuming countries). Depending on the stage in the forest transition curve, as well as the vision for REDD+, countries are likely to use varying sets of PAMs, and mixes of incentives and enforcement, to inflect the curve while pursuing their development objectives.

## Scope of REDD+

The 'scope' of REDD+ activities (Figure 4.13) relates primarily to which of (or combination of) the five REDD+ activities a country chooses to implement. It may also refer to the five carbon pools a country accounts for (aboveground biomass, belowground biomass, deadwood, litter, soil). The scope of a submitted FREL/FRL may represent a sub-set of the activities and pools presented in the NS/AP, with the intention to expand to the full scope of activities and pools over time, applying a stepwise approach.

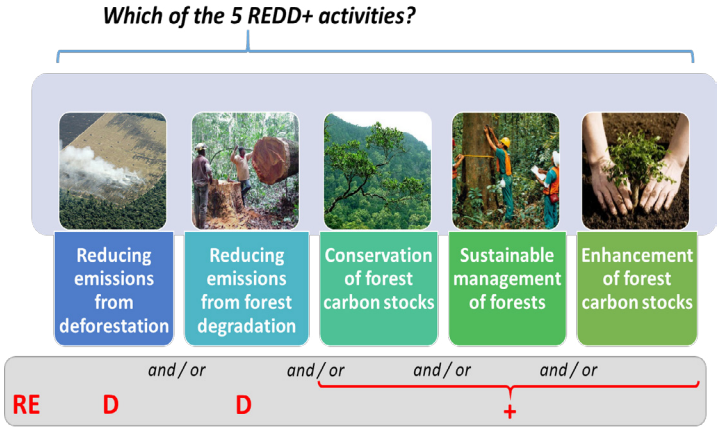
The broad scope of the five REDD+ activities allows participation by many countries with diverse national circumstances and at various stages in the forest transition curve (see box 4.5 above). A country's choice on the scope of REDD+ activities may depend on, inter alia:

- The significance of the various REDD+ activities in terms of GHG emissions and/or removals;
- Their relation to the various drivers and the capacity to implement the activities through efficient and cost-effective PAMs;
- Technical considerations on the National Forest Monitoring System (NFMS) and (FREL/FRL);
- Political priorities.

While all 'significant' REDD+ activities should eventually be included, countries may find it useful to first focus on one or a few easier REDD+ activities (e.g. reducing deforestation, or reducing deforestation and enhancement of forest carbon stocks), while building further capacity to include all significant REDD+ activities.

Countries may decide to address in their NS/AP, through dedicated PAMs, REDD+ activities outside the scope of their initial FREL/FRL. This may be related to a focus on non-carbon benefits, political priorities, to ensure support from important stakeholders or to address the risk of displacement of emissions to another activity (e.g. from deforestation to degradation). All stakeholders should however be aware that these will not lead to RBPs under the UNFCCC, and countries may consider making a clear distinction on this in their NS/AP to ensure that financial resources are allocated in the most strategic and efficient way. It is however essential to ensure that all REDD+ activities included in the FREL/FRL are included in the NS/AP and covered by PAMs. Countries may otherwise perform poorly when reporting their results to the international community.

**Figure 4.13:** The scope of REDD+




Source: UN-REDD Programme

## Scale of REDD+

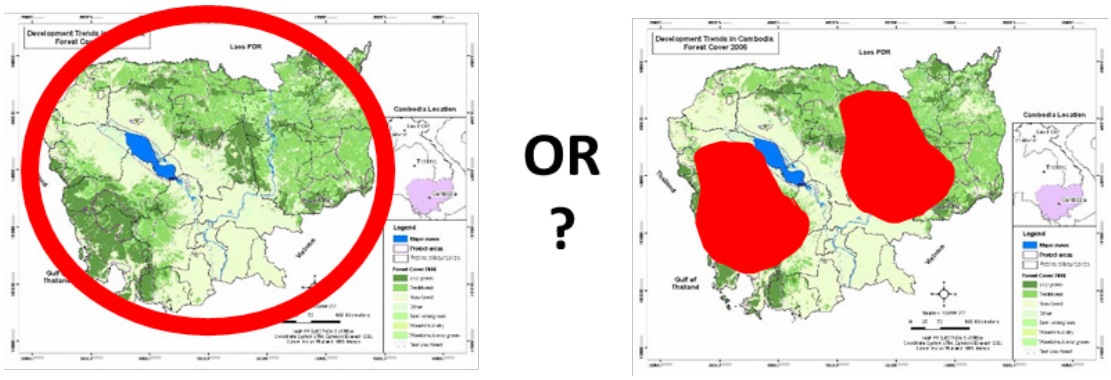
The UNFCCC allows flexibility for countries to start developing their FREL/FRL and to monitor (NFMS) and report at a subnational scale as an interim measure (Decision 1 CP/16, para 71b and c). In that sense, the scale of REDD+ refers primarily to the geographical area in which the country will implement REDD+ with the goal of securing RBPs. A country may opt for a subnational scale FREL/FRL, or for a national scale while still focusing part or all of its REDD-relevant efforts on one or more key subnational areas presenting the highest REDD+ potential (see Figure 4.14). The NS/AP should however be developed at the national scale, as should the Safeguard Information System (SIS) (Decision 1 CP/16, para 71a and d). A country's decision to go for a subnational FREL/FRL as an interim measure may be related, inter alia, to:

- limited financial and/or technical capacity to address the drivers/barriers at the level required to achieve measurable results over the whole country, or to monitor and report results at the national scale (e.g. sheer size of the country, lack of relevant data for some regions);
- a lack of control over its entire territory (i.e. armed groups);
- its geographical development priorities; and
- a wish to test various approaches and tools in a more specific context (e.g. the Amazon biome) or with easier control (i.e. less spread out, less actors involved), while building capacity for national-scale implementation (i.e. communication and training material, tools and process).

**REFLECTION POINT**

Has your country started considering its scope for REDD+? If yes, do you know which activities, and why?

**Figure 4.14: The scale of REDD+**




Source: UN-REDD Programme

A country opting for a subnational FREL/FRL as an interim measure may consider different approaches to delineate the area covered. This could be tied to administrative units (e.g. the Cross River State in Nigeria), a specific biome (e.g. the Amazon biome in Brazil), or the area relevant to a specific priority driver. Each option will have different pros and cons: e.g. using an administrative unit may facilitate decision-making, the harmonization of PAMs, and synergies between different levels of government, while a biome or driver-based approach may allow working on more homogenous deforestation and degradation processes and more integrated answers. Ultimately, the optimal option will depend on the specific context, including governance structure or the specific DDFDs. Countries may actually consider a compromise between these options, such as Brazil using the already existing "Legal Amazon" region (created in 1948 based on studies of how to plan the economic and social development of the Amazon region).

Even with a national scale FREL/FRL and monitoring and reporting, REDD-relevant investments are likely to focus at least partly on one or more key areas. In addition to the reasons for a subnational FREL/FRL listed above, focusing REDD+ implementation on some specific areas could be related to the presence of hotspots of deforestation and forest degradation, or areas where the potential of the 'plus' activities can be best realized (i.e. areas of high 'REDD+ potential', in other words areas with high potential to generate emissions reductions &/or removals – REDD+ results – so as to access RBPs). It could be also due to the presence of particularly active subnational authorities, the presence of implementation partners, or to preferences of financial partners.

On the other hand, even if the country opts for a subnational FREL/FRL, PAMs at the national level will be paramount in supporting subnational implementation (see section on "Approaches to REDD+ implementation" below). Also, countries may still consider supporting REDD-relevant PAMs outside a subnational area, even though they will not lead to RBPs under the UNFCCC.

Several tools can assist in identifying the best option(s) (see ***Module 7: Policies and Measures for REDD+ Implementation***). Countries going for interim subnational implementation may consider striking a balance between targeting 'low hanging fruit' to ensure results and addressing the more thorny issues and geographical areas. This will influence the credibility of the NS/AP and its utility in engaging the international community and securing support for REDD+ investments (as opposed to RBPs).

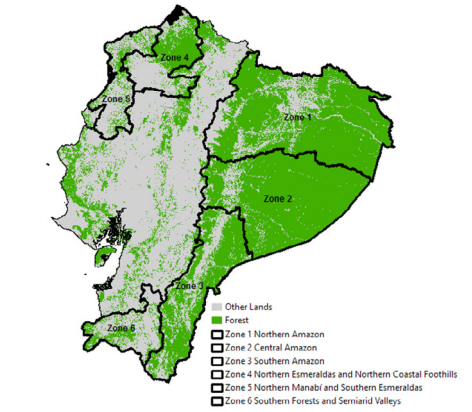
Whether opting for a subnational or national FREL/FRL while focusing efforts on some strategic subnational areas, countries may consider presenting in their NS/AP:

- The rationale behind the choice of approach and location for subnational implementation;
- The consequences regarding the REDD+ implementation arrangements (REDD+ architecture);
- The way it is expected to contribute to addressing the overall national REDD+ context; and
- The tentative vision for a future smooth scaling-up towards national-scale implementation.

### Box 4.6: Geographical priorities for REDD+ in Ecuador

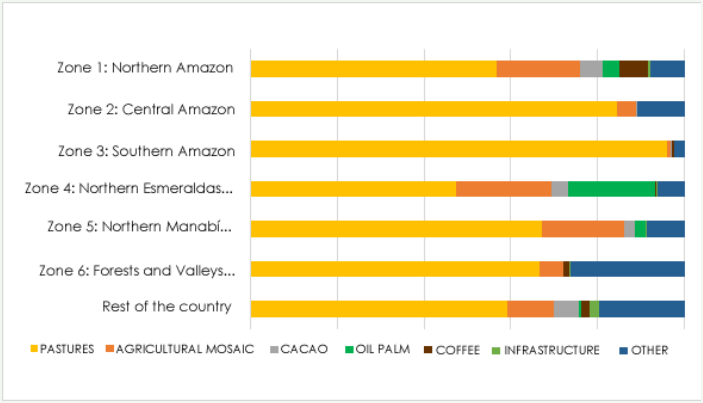
As part of its readiness process, Ecuador has identified 13 homogeneous areas of deforestation processes (HAD) by grouping administrative entities (cantons) whose population, agricultural and environmental dynamics are similar. Of these, six zones were prioritized for REDD+ (see Figure 4.15) because of: i) their forest potential; ii) the dynamics of deforestation (medium to high) and regeneration trends; iii) the presence of indigenous territories; iv) biodiversity. The six areas cover 102,283 km$^2$ of forest, of which 87 per cent are located in the Amazon.

**Figure 4.15: Homogeneous areas of deforestation (HAD) prioritized for REDD+**




Source: Ecuador REDD+ Action Plan

**Figure 4.16: Land uses causing deforestation in the six areas prioritized for REDD+ and the rest of the country (2008-2014)**




Source: Ecuador REDD+ Action Plan

Land uses of deforested areas in these six zones are different and respond to different dynamics of deforestation (see Figure 4.16).

Combining the HADs with the Planning Zones of the Secretariat for Planning and Development, as well as Indigenous Territories, will allow the prioritization of more effective interventions and a better resource allocation, based on local realities.

## Priority drivers

A country may also want to consider which strategic direct driver(s) and related indirect drivers it wishes to address as a priority. Such a prioritization exercise may consider, among other things:

- The significance of each direct driver in terms of emissions from deforestation/forest degradation, or potential for removals from the 'plus' activities;
- Choices in terms of scope and scale;
- Political priorities;
- The capacity to tackle the driver (technical capacity, political capital required, and actors needed, all this considering the related indirect drivers);
- Expected implementation costs and benefits (including non-carbon benefits); and
- Potential environmental and social risks and benefits associated with addressing a given driver.

More information on the prioritization of drivers can be found in ***Module 3***.

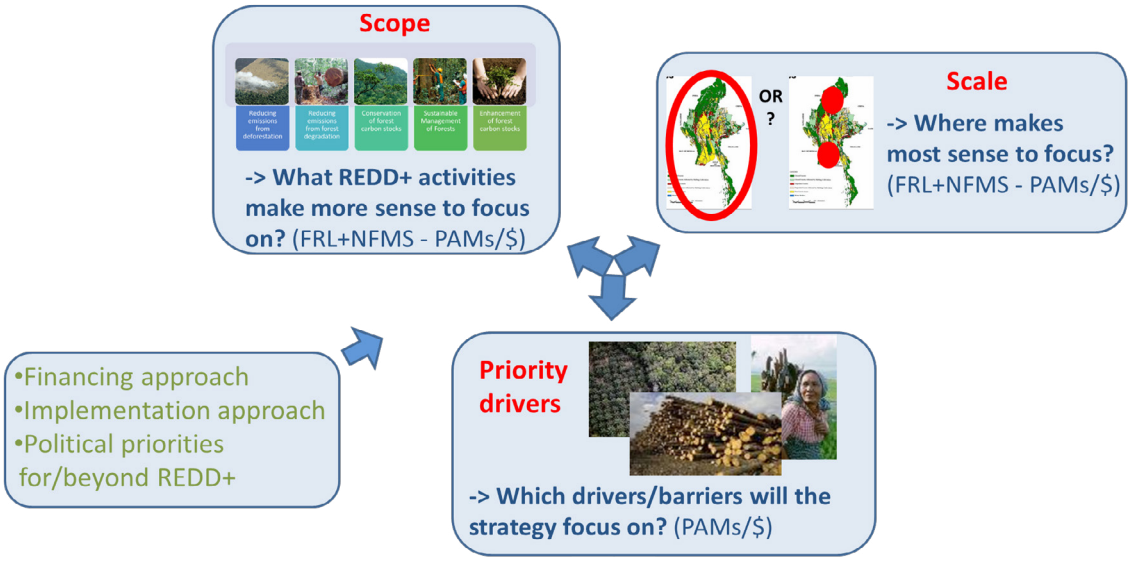
In sum, the most significant driver(s) in terms of potential emissions reductions and/or enhanced removals may not always be the first priority to address. Such driver(s) may be addressed more effectively at a later stage when the context (i.e. political, financial) is more conducive. However, as discarding significant drivers may undermine the overall credibility of the NS/AP, and the capacity to generate significant results, it is important to present and argue these points carefully.

## Looking at scope, scale and priority drivers in perspective

Decisions on scope, scale, and/or priority drivers will have strong implications for each other and should be considered together (Figure 4.17).

They may also have important implications for the design and implementation of the various elements of the national REDD+ architecture (especially the NS/AP and choice of PAMs, FREL/FRL, NFMS and safeguards/SIS), as well as the other way round.

**Fig 4.17: Strong inter-relations between considerations on Scope, Scale and priority drivers**




Source: UN-REDD Programme

**REFLECTION POINT**

How do you think scope may impact on scale and priority drivers? And the other way round? How may this relate to the REDD+ architecture?

For example, if a country focuses on reducing emissions from deforestation in order to receive RBPs, the NFMS should be designed to monitor deforestation, a FREL should be set to account for historical deforestation (and adjusted for national circumstances, as necessary); safeguards (and SIS) must be operational anyhow. On the other hand, difficulties in including some of the REDD+ activities in the FREL/FEL (e.g. degradation), or technical or costs limitations in monitoring that activity through the NFMS, may contribute to the decision to not address the drivers linked to that activity or may affect the level of financial effort put into it, as it will not lead to RBPs (e.g. addressing selective logging or fuelwood collection leading to forest degradation). Again, a country may still decide to include them for their non-carbon benefits or other reasons.

Decisions on scale or priority areas for REDD+ implementation may have important implications for, inter alia, the relevant activities and drivers to be addressed, the stakeholders to engage, the expected costs and benefits, the design and implementation of the REDD+ architecture (FRL/FREL, NFMS SIS and legal, institutional and financial arrangements), as well as the capacity required. In the same way, the cost and capacity implications of deploying the REDD+ architecture, or of implementing PAMs to obtain significant results, may lead a country to start REDD+ implementation at the subnational level, or to focus efforts on fewer key areas in implementing its national approach.

Choices made regarding priority drivers (e.g. charcoal production) and PAMs to address them (e.g. formalization and organization of the charcoal value chain) may have strong implications in terms of safeguards (e.g. impact on the livelihoods of the many vulnerable households involved in the production, transport or marketing). Addressing and respecting the safeguards and ensuring successful implementation may require adjustments in the way PAMs are implemented, and complementing them with others.

Though decisions on strategic aspects such as scope, scale and priority drivers may be taken at different stages of the readiness process, considering these aspects early on may help focus the analytical work, reflections and consultations on the key aspects. The optimal choices to start implementation will depend

entirely on country-specific circumstances and decisions regarding the long-term vision for REDD+ and the strategic pathway towards it.

## Approach to financing

Before a country can receive RBPs under REDD+, it first needs to demonstrate results in terms of emissions reductions or removals against its FREL/FRL. 'Investment' finance will be required to (i) implement the PAMs expected to generate the results, as well as to (ii) build capacity in the development and implementation of the NFMS and SIS (i.e. transaction costs).

The approach to financing is likely to influence the country vision for REDD+ as well as the NS/AP design and resource mobilization processes. As mentioned earlier, international public finance is likely to be necessary for many countries to (i) complement and catalyse their own domestic efforts in implementing REDD+PAMs and (ii) strengthen the profile of the REDD+ agenda in the country.

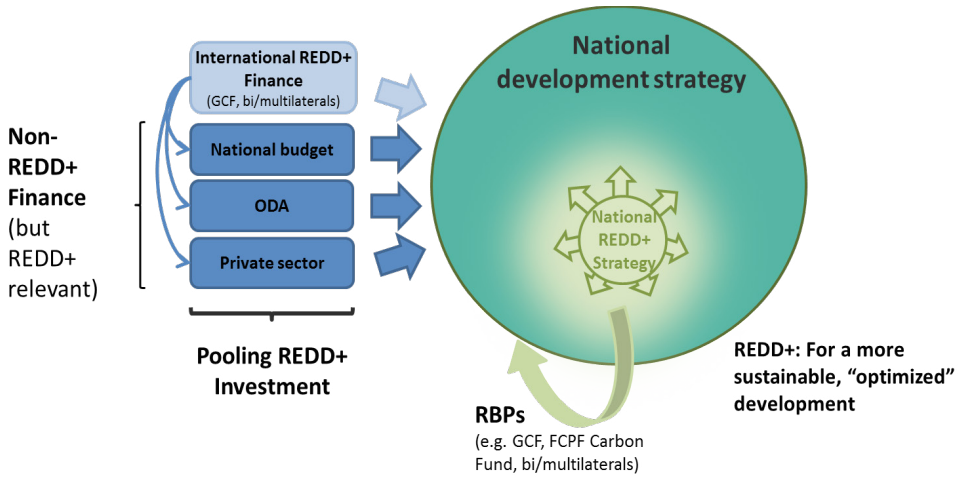
International finance may come from sources such as:

- Bilateral agreements (potentially both investment and RBPs);
- Multilateral initiatives (potentially both investment and RBPs), such as the Central Africa Forest Initiative (CAFI) or the Forest Investment Programme (FIP) (investment), and the World Bank's Carbon Fund (RBPs);
- GCF (investment as well as RBPs, though the modalities for RBPs are yet to be clarified);
- Private sector.

GCF is anticipated to become one of the main funding instruments for the UNFCCC, including REDD+. While modalities to access RBPs under the GCF are yet to be clarified, it is already possible for countries to submit proposals to support their domestic efforts towards the implementation of their NS/AP. The GCF places major emphasis on "paradigm shifts" (i.e. supporting 'game changer' interventions alongside feasibility studies (including thorough financial feasibility), the relevance of proposed PAMs and implementation instruments, compliance with safeguards, as well as clear leadership from governments. For a more efficient and cost-effective process, it is crucial that countries build the requirements of the targeted financial sources into their REDD-readiness and NS/AP design processes (e.g. feasibility studies required for GCF proposals).

Although COP decisions emphasize the international nature of RBPs, it does not mean that investment finance will necessarily come from international sources or only from such sources. Countries are currently competing for limited international public REDD+ finance to support their domestic efforts; and even with substantial international public REDD+ finance, countries will need to diversify and align resources towards REDD+ objectives from multiple sources, whether REDD+ specific or not, domestic or international, public or private (see Figure 4.18).

**Figure 4.18: Necessity to pool and align REDD+ and non-REDD+ funding sources for NS/AP implementation**




Source: UN-REDD Programme

This stresses once again the importance of embedding REDD+ into the national development priorities of the country and sectors driving forest cover change (i.e. the many reasons to implement REDD+ beyond emissions reductions). This will also demonstrate and strengthen national ownership and long-term sustainability of REDD+ implementation, important elements in making the case for international support for REDD+ implementation. As many if not most PAMs towards REDD+ may not be new, since many countries have been implementing PAMs to address deforestation or to promote conservation and sustainable management of forests for decades, countries should at least start by highlighting relevant existing domestic financial efforts.

Countries have so far demonstrated very different approaches to financial planning for REDD+. Chile's national strategy, for example, already includes an overall budget that presents existing funding for its various PAMs and also highlights gaps. On the other hand, the NS/APs of DRC, Mexico or Peru do not include any budget. In the case of DRC, a budget was subsequently developed for its national investment plan.

The type of funding sources targeted and especially the level of reliance on external sources are likely to influence the type of information required in the strategy (and/or any subsequent investment plan), the level of detail and type of technical analysis required to back it up, etc. This should therefore be thought through early on.

A more in-depth discussion on financing REDD+ can be found in ***Module 9: REDD+ Finance***.

**Approaches to REDD+ implementation**

Different countries may have different approaches to REDD+ implementation, depending on their situation and priorities. Some countries may take a 'hands-off' approach, using the legal, policy and fiscal framework to encourage 'good behavior' and discourage the bad; others may be more 'hands-on', developing concrete interventions in the field; and yet others may use a combination of both. Some countries may decide to implement REDD+ mostly through government agencies, while others may rely on national and international service providers, whether from civil society or the private sector. Countries may also give different roles to different levels of government (depending also on the governance structure, i.e. level of decentralization).

In the same way, REDD+ implementation is likely to require coordinated interventions at multiple levels of governance, from national to subnational and local levels. These various levels of governance encompass diverse stakeholders, including decision-makers, influential actors and agents of deforestation and forest degradation, each with different interests and implementation capacities. As relevant in their national context, countries may find it useful to reflect on their PAMs through these various levels of governance, ensuring that PAMs at higher levels have a catalytic effect at the lower levels and address some issues that the lower levels cannot (see **Module 7** on PAMs for more details).

Ultimately, the optimal approach to REDD+ implementation should be decided pragmatically based on national circumstances, and may be a combination of these various options.

Countries might ask themselves some of the following questions:

How may REDD+ influence and/or contribute to our national development framework?

- What are the significant REDD+ activities in our country? Are there technical limitations in implementing them (e.g. National Forest Monitoring Systems NFMS, FREL/FRL)?
- Will we develop a FREL/FRL at the national scale and/or focus on specific subnational areas, and why?
- How do the drivers identified relate to the various REDD+ activities? What are the most significant drivers in terms of REDD+, and which ones should be prioritized (e.g. REDD+ significance, feasibility, priorities)?
- What is our approach to REDD+ implementation? What roles for the various governance levels (national, subnational, local)? How do we ensure that the higher governance levels will efficiently and effectively catalyse, coordinate and support subnational efforts and public and private actors?

## Analysing options and prioritizing Policies and Measures (PAMs)

In the context of REDD+, PAMs can be understood as actions taken and/or mandated by governments in order to implement REDD+ activities, potentially in combination with other objectives (such as integrated rural development or sectoral transformation). As such, the presentation of PAMs occupies a central section of the NS/AP document.

The identification of PAMs to achieve REDD+ results will be informed by the analytical base, including the analysis of the drivers and barriers, as well as the national REDD+ vision and the related strategic considerations presented earlier (scope, scale, priority drivers, etc). It should also take clearly into account lessons learnt from past and current interventions, as well as build on existing PAMs, strengthening and complementing them, or realigning them towards the vision defined.

Countries may present a quite wide while coherent and relevant set of PAMs to address the various direct and indirect drivers and barriers prioritized. The NS/AP may be used as a wider coordination framework for the many investments potentially relevant to REDD+ (positively or negatively), and their alignment towards REDD+ objectives.

However, with financial resources limited, countries may still want to prioritize those PAMs that will have most impact. This may be done early on or later during actual investment planning. While the process of developing a theory of change (discussed further below) should assist in identifying the most relevant PAMs, various factors may be taken into consideration, including:

- The mitigation potential of the packages of PAMs (and importance of individual PAMs in allowing the overall package to have an impact);
- Alignment with national (and/or subnational) development priorities and plans;
- Overall feasibility:
  - Political acceptability of/support for actions; supporting policy, legal and institutional framework;
  - Financial feasibility, whether through public or private sources, domestic and international;
  - Technical capacity, at national and subnational levels, to implement PAMs effectively and efficiently;
- The likely costs and (non-carbon) benefits, as well as potential risks (See ***Module 8: REDD+ Safeguards under the UNFCCC***);
- Existing PAMs on which to build.

The process of selecting PAMs should be done in consultation with relevant stakeholders, from national and local government officials to civil society organizations, the private sector, and community and indigenous groups, among others (see ***Module 11***).

The relevance and adequacy of individual PAMs should not be assessed in isolation, but instead developed as coherent package of REDD+ interventions, sequenced over time, that complement one other to address both direct and underlying drivers, in an effective, equitable and efficient way. Potential or necessary synergies and catalytic effects between PAMs implemented at the national, subnational, and local levels should be considered (e.g. policy or regulatory reforms supporting the implementation of actions at the subnational level). The development of this package might be supported by the definition of a theory of change, which expresses how the various PAMs are – collectively – expected to achieve desired results (carbon and other types of benefits). Developing an overall theory of change may also facilitate the potential subsequent step of developing an investment plan and/or project proposals. A more in depth discussion can be found in ***Module 7***.

Countries might ask themselves some of the following questions:

- What are the PAMs that we envisage putting in place to implement identified REDD+ activities? How do the proposed actions adequately address the related direct as well as underlying drivers of deforestation and forest degradation, and/or barriers to the 'plus' activities?
- Why and how have the PAMs been defined and prioritized? What is their social, political and economic feasibility and viability, and how do they relate to existing policies and measures (correcting, supporting and/or adding to them)? In which way(s) are they transformative?

Planning | Analytical Base | Vision for REDD+ | PAMs | **Phase 2 arrangements** | Drafting | Endorsement | Integration

## Defining implementation arrangements (financial, legal and institutional)

Countries should define how they will ensure the efficient and effective implementation of REDD+ in phase 2. This includes the institutional, legal and financial arrangements to oversee, coordinate, implement, monitor and report on REDD+ implementation. Institutional arrangements for the readiness phase may have to be reconsidered in the implementation phase to be more in line with the drivers addressed and PAMs selected. Clear mandates, budgets and legal base should be established, that build on existing arrangements supplemented as needed.

Box 4.7 proposes several resources to support this step. The institutional arrangements for REDD+ should be country-driven. They could be supported by guidance from the UN-REDD Programme, if and when appropriate. For more information on the monitoring of PAMs, see ***Module 7***.

Countries might ask themselves some of the following questions:

- How will we instigate and ensure effective inter-institutional and inter-sectoral dialogue and coordination?
- How will various tools be put in place or improved to allow adequate monitoring and evaluation of REDD+ implementation and performance?
- How will these arrangements build on existing structures, processes and legal frameworks, and complement them?

Planning | Analytical Base | Vision for REDD+ | PAMs | Phase 2 arrangements | **Drafting** | Endorsement | Integration

## The drafting process of the NS/AP

The drafting of the NS/AP should allow for plenty of interactions and feedback loops, so as to ensure ownership and support from all relevant stakeholders. Following previous processes (analysis, PAMs selection, etc), it is an opportunity for additional consultation, with various drafts being released and circulated to various audience, building up to a full version of the NS/AP. While early drafts – encompassing part or all of the strategy – may be circulated to smaller audience first, later drafts should be more inclusive and may include both in-country as well as international stakeholders. The length of this process will depend on the way it is conducted and the extent of consensus desired on the various elements of the documents.

Some countries (e.g. Zambia, Uganda, Papua New Guinea and Viet Nam) found it useful to start the NS/AP development – and drafting – process with an 'Issues and Options paper', which:

- Gathers and presents in a coherent manner all relevant existing information (e.g. location and intensity of forest dynamics, drivers and barriers, existing PAMs as well as lessons learned, progress on the FREL/FRL and NFMS, etc.), highlighting critical gaps;
- Analyzes the information collected, considering the various issues that will shape the strategic approach to REDD+ (scope and scale, priority drivers, geographical priorities, etc.); and
- Presents options that decision-makers could consider for the issues listed, with their likely implications and associated pros and cons, as well as recommendations.

### Box 4.7 Resources to support the definition of Institutional arrangements

- UN-REDD/FAO (2013) Legal Analysis of Cross-cutting Issues for REDD+ Implementation: Lessons Learned from Mexico, Viet Nam and Zambia
- FAO Development Law Service

The process of putting the Issues and Options paper together is already an occasion to engage with many relevant sectors and stakeholders. But the draft paper may be an opportunity to intensify and support this multi-stakeholder dialogue, and launch a wider consultation process at the national level and, potentially, in some key subnational areas. It will of course be an important vehicle for engaging and informing decision-makers.

An Issues and Options paper may help in structuring the NS/AP development process, ensuring the support of adequate expertise, and obtaining a sufficiently 'strategic' document. Though this document may represent a 'proto-strategy', countries may want to avoid considering it as a draft strategy. The reasons for this may include, differing objectives, the inclusion of potentially sensitive issues that may be more difficult to discuss in a draft NS/AP, and the management of expectations at such an early stage. Obviously, this document should however strongly facilitate and contribute to the first draft NS/AP.


### Political and stakeholder endorsement

Countries might consider undertaking an exercise of political endorsement or validation of their NS/AP. This means giving the document a formal 'stamp of approval' from the government (including key ministries related to direct and underlying drivers of deforestation) as well as validation by relevant stakeholders. This will add weight and legitimacy to the document, especially if looking for financial support for REDD+ investment.

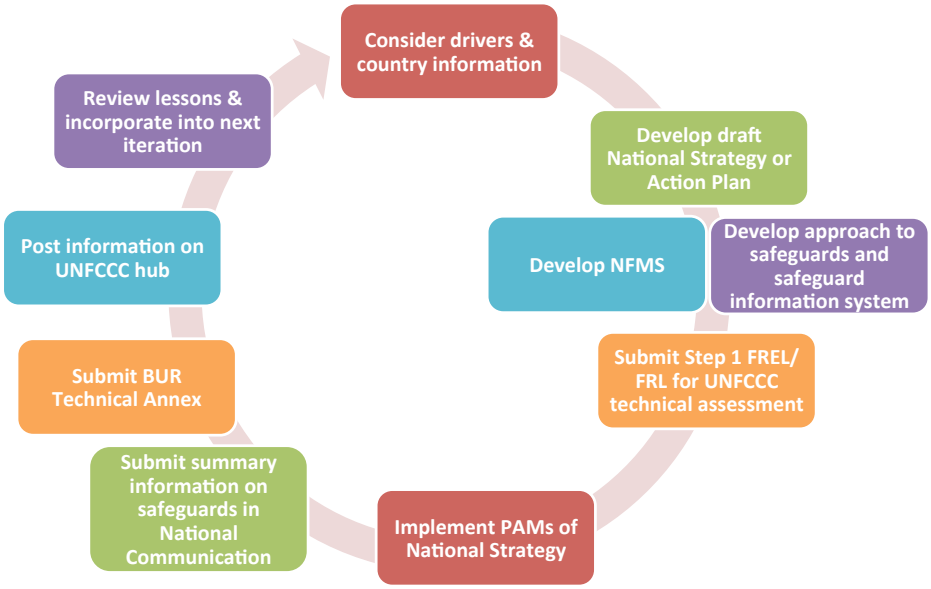

### Formal integration of the NS/AP

Once the NS/AP has been endorsed, countries might consider integrating it formally into national policy and/or the regulatory framework through instruments such as a presidential or ministerial decree, or by incorporating it into national laws (e.g. a climate change regulatory framework). To the extent possible, the content of the NS/AP should be integrated into relevant cross-sectoral and sectoral plans at the national and subnational levels (e.g. agricultural plan or land-use plan, depending on the drivers addressed and strategic options selected). This may be a lengthy process but is essential for the strategy to have a real transformational impact.

## An iterative step-wise process

As with any strategic document, NS/APs are meant to be revised periodically according to changes in the context as well as lessons learned (Figure 4.19). Changes in the context may relate to mutating or emerging drivers of deforestation, changes in the political and economic context, or improvement in a country's technical capacity (e.g. NFMS) which allows it to widen the scope of REDD+. The implementation phase (phase 2) is meant for experimenting and further building capacity towards phase 3 (with both phases most likely overlapping). It involves testing various PAMs and combinations of PAMs, in various contexts and through different implementation arrangements. Lessons learned should be documented and integrated through an adaptive management framework and reflected in subsequent versions of the NS/AP (see also ***Module 7***).

**Figure 4.19: REDD+ Implementation: a continuous improvement cycle**




Source: UN-REDD Programme

# CROSS-CUTTING ISSUES THROUGHOUT THE NS/AP DEVELOPMENT AND IMPLEMENTATION PROCESS

Several additional elements must be considered to ensure a quality NS/AP design process and document.

## National institutional clarity, leadership and coordination

The NS/AP design process is likely to require the convergence of information and efforts from many stakeholders, sectors, thematic and geographical areas, at various levels of governance, which may prove quite challenging. Strong leadership from a single governmental body over the whole readiness process, backed by an adequate legal framework and budget are key to effective readiness and strategy design processes. This is also true for the implementation phase, when multi-sectoral coordination mechanisms are likely to be even more important.

## Multi-level, multi-sectoral and multi-stakeholder processes

It is important to build understanding, consensus, support and collaboration from the various productive sectors and cross-sectoral institutions, since most DFDDs have their cause outside the forestry sector. Multi-sectoral engagement and coordination (including forestry, environment, agriculture, planning, and finance) are thus crucial, both in the readiness and implementation phases. The NS/AP design process is a good opportunity and medium for making REDD+ more tangible to other sectors. Figure 4.20 provides an example of sectoral ministries and their possible input in the NS/AP development process. The various levels of government should also be taken into account, clearly identifying who has responsibility for what.

Cross-sectoral dialogue and coordination mechanisms may need to be strengthened or created to help align government actions to achieve REDD+ results. Higher-level political support is particularly critical in achieving this.

**Figure 4.20 Example of sectoral ministry engagement**


Source: UN-REDD Programme

In order to build consensus, support and collaboration, it is also necessary for the process to be participatory, transparent and equitable, involving non-governmental actors, including grassroots organizations representing communities and indigenous people, and the private sector. Additional expertise should be used by involving research centers, academia, etc. A good multi-sectoral and multi-stakeholder process will facilitate final validation and appropriation of the NS/AP.

Mapping key actors, inside and outside the government, is useful for defining an effective stakeholder engagement strategy. Potential supporters (institutions and individuals) and challengers may be identified, along with the kind of information, interventions and/or support that may raise their interest and support in REDD+. A formal or informal roadmap could then be prepared so as to engage them in an appropriate and timely manner. More information on stakeholder engagement can be found in ***Module 11.***

When starting the implementation of REDD+ in one or more subnational areas, leadership at the national level will be essential in ensuring coherence and consistency in the REDD+ readiness work (which encompasses development of FREL/FRL, safeguards and SIS, among other things) both:

- Among subnational entities (horizontal coherence); and
- Between subnational entities and the national level (vertical coherence).

Coherence and consistency are going to be key in ensuring easier aggregation of information for quality reporting to the UNFCCC for RBPs, as well as in managing the transition from subnational to national implementation over time. This issue will be even more acute when various instruments outside the UNFCCC are mixed, such as subnational or project-level approaches relating to voluntary carbon markets (VCM), as methodologies and rules used by various VCM standards may not be aligned with those of the UNFCCC. Integration with these other instruments, already deployed in many REDD+ countries, is necessary but can be particularly complex when coherence is not ensured from the onset. The many opportunities and constraints associated with pursuing this kind of alternative approach should be evaluated carefully.

## Gender considerations

Women's and men's specific roles, rights and responsibilities, as well as their particular use patterns and knowledge of forests, shape their experiences differently. As such, gender-differentiated needs, uses and knowledge (including of the forest) are critical inputs to policy and programmatic interventions (e.g. which land use types could be well suited for REDD+ activities), which in turn will help facilitate the long-term success of REDD+ on the ground. Thus, understanding the varying roles played by men and women can enable a more accurate analysis of the problem — who

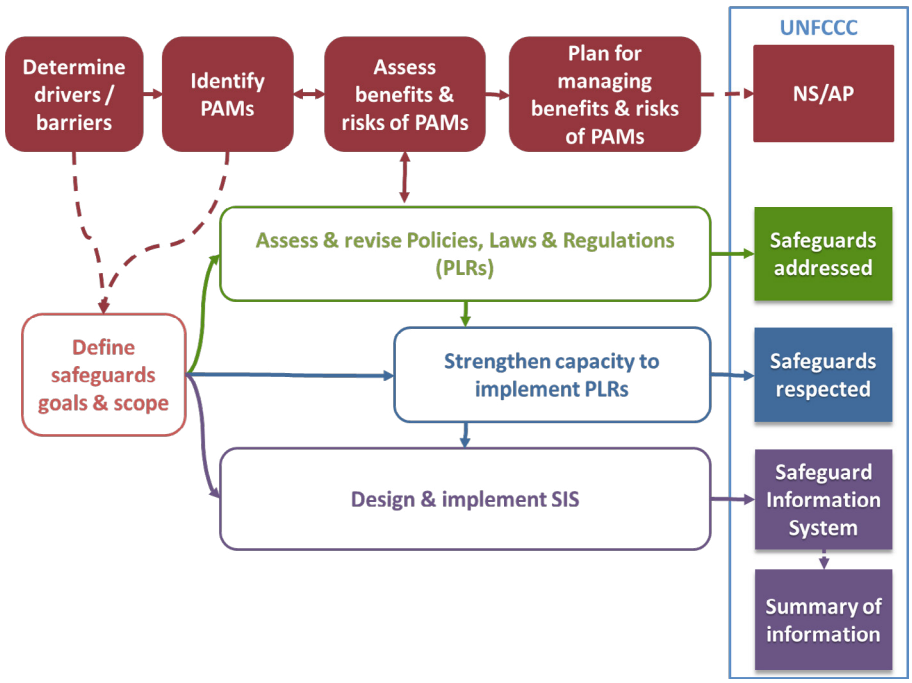
is driving deforestation, where and how — and also help identify potential solutions and allows REDD+ interventions to be applicable and relevant at national and local levels. To ensure that NS/APs are inclusive and resilient, specific efforts should be made to integrate a gender perspective, wherein the specific roles, priorities and contributions of women, youth and men are taken into account at every stage of policy and programme development, from design through implementation and evaluation. Gender-responsive NS/AP and PAMs should therefore recognize the role of women as (often) primary users of forests with valuable knowledge and experience; ensure women's and men's equitable involvement in associated decision-making processes; clearly communicate the potential benefits to women; and include enforceable measures that ensure those benefits are both protected and delivered (UN-REDD, 2001). The UN-REDD Programme has developed two tools - a "Methodological Brief on Gender" (unpublished as of late-2016) and a "Guidance Note on Gender Sensitive REDD+", to assist partner countries and stakeholders in integrating a gender perspective into the preparation, development and implementation of NS/APs.

## Ensuring coordination and coherence among REDD+ design elements

As mentioned, the NS/AP is only one of the four design elements which a country should prepare in order to be ready to receive RBPs. Choices made on each the four elements may have strong implications for the others (see section "*Looking at scope, scale and priority drivers in perspective*", as well ***Module 8*** on safeguards and ***Module 7*** on PAMs). As such, it is important when designing the NS/AP to consider the wider picture and ensure regular communication and coordination in the development and implementation of the four REDD+ elements.

For example, the analysis of the drivers/barriers and PAMs will assist in defining the goals and scope of the safeguards. Investing too much effort in safeguards before the country considers its strategic options may be inefficient (e.g. too general, or not focusing on the right issues or geographical areas) as well as abstract, and trigger debate about potential risks that proves irrelevant later on (e.g. over the potential threats from REDD+ on the livelihoods of indigenous peoples, while REDD+ implementation may eventually focus on areas or drivers that do not pose a threat to livelihoods of indigenous peoples). Figure 4.21 illustrates a potential sequencing of and feedback loops between the NS/AP and safeguards/SIS development processes.

**Figure 4.21: Linkages between NS/AP development process and Safeguards/SIS**




Source: UN-REDD Programme

**REFLECTION POINT**

Do you remember the four REDD+ design elements?

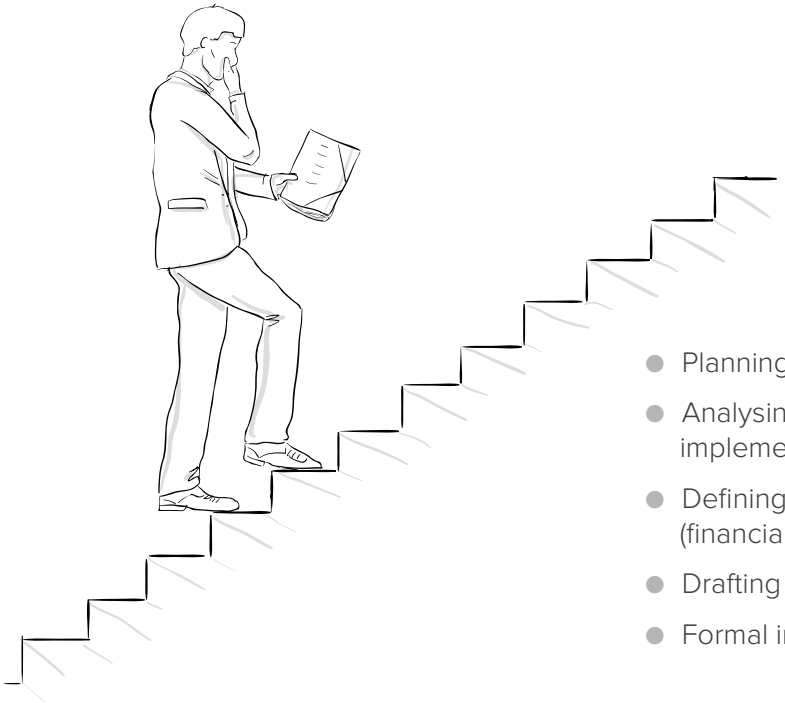
## EXERCISE 7

**The NS/APs of most countries have a logical flow, articulated around the guiding questions 'Why/What/How'. Some of the following potential elements of a NS/AP relate to the 'Why' question, others to the 'What' or the 'How'. Can you identify which is which? Use the left hand column to try without referring to the text. Then use the right hand column to check your answers.**

| Your answer | Potential elements of the strategy | Answer after referring to text. |
|---|---|---|
| | PAMs to address drivers and achieve results | |
| | Country vision for REDD+ | |
| | Forest context of the country (DDFD processes & trends, drivers, barriers to 'plus') | |
| | Implementation arrangements | |
| | The way PAMs in the strategy build on/ supplement/change existing PAMs | |
| | Development context and objectives of the country | |
| | Scope of REDD+, scale of REDD+, priority drivers | |

## EXERCISE 8

**One the way to an important meeting with a government partner to develop a NS/AP, you struggle to recall the 8 main steps in the design process. These are the only ones you can remember. What's missing?**



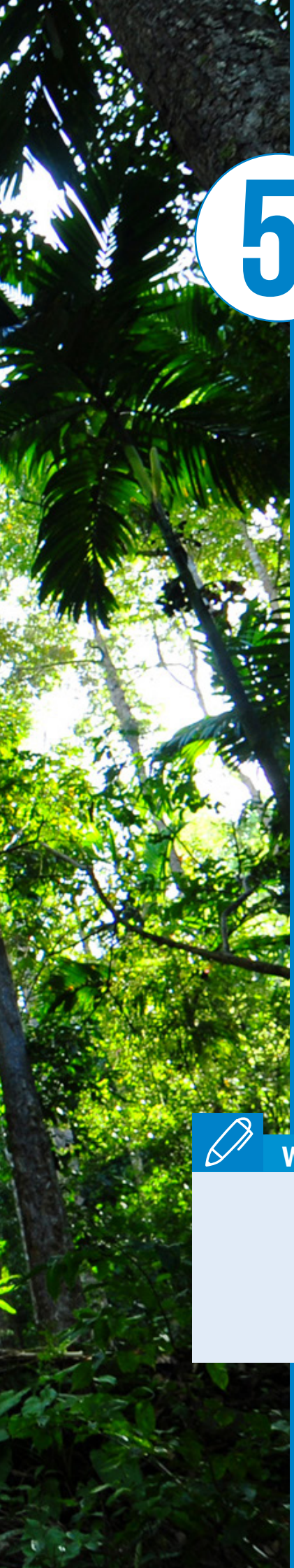
- Planning the NS/AP design process
- Analysing options and prioritizing activities to implement (PAMs)
- Defining implementation arrangements (financial, legal and institutional)
- Drafting processes
- Formal integration of the NS/AP

## KEY MESSAGES OF THIS CHAPTER

- NS/APs describe how emissions will be reduced and/or how forest carbon stocks will be enhanced, conserved and/or sustainably managed in the implementation of REDD+;
- NS/AP are one of four design elements required by the UNFCCC for REDD+ implementation and to access RBPs;
- Countries should identify which national priorities may be supported by implementing REDD+, beyond climate change mitigation (e.g. enhanced policy coherence and cross-sectoral coordination, strengthened resilience to natural hazard, integrated sustainable rural development, etc)
- Ensuring the quality of both the NS/AP design process and NS/AP document is essential, as it is an opportunity to:
  - Build buy-in and trust across national stakeholders as well as from the international community;
  - Make REDD+ more tangible to relevant stakeholders by linking it with existing policy objectives;
  - Give confidence in a country's capacity to deliver REDD+ results and receive RBPs;
  - Increase chances to attract financial support for implementation from the international community;
  - Showcase existing domestic financial and policy efforts, and demonstrate the value of further support;
  - Contribute to a well-coordinated and more efficient readiness process.
- Strategic choices made on each of the four design elements of REDD+ (NS/AP, FREL/FRL, NFMS, SIS) may have strong implications for the others: ensuring regular communication and feedback loops in their development and during their implementation is therefore critical; and
- Developing a NS/AP is an iterative, step-wise process.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES



5

# National Forest Monitoring Systems for REDD+

This module looks at how countries can measure their REDD+ performance in terms of reductions in greenhouse gas emissions.

**The module includes explanations about:**

- What is meant by National Forest Monitoring Systems (NFMS)
- Why NFMS are required, with reference to the UNFCCC
- How NFMS are developed and implemented

**What do you already know about this topic?**

# 5. NATIONAL FOREST MONITORING SYSTEMS FOR REDD+

## WHAT IS A NFMS?

In the context of REDD+, a NFMS is a system for recording and monitoring how land is used in a country, and to develop data which shows the level of greenhouse gas (GHG) emissions and removals related to forests.

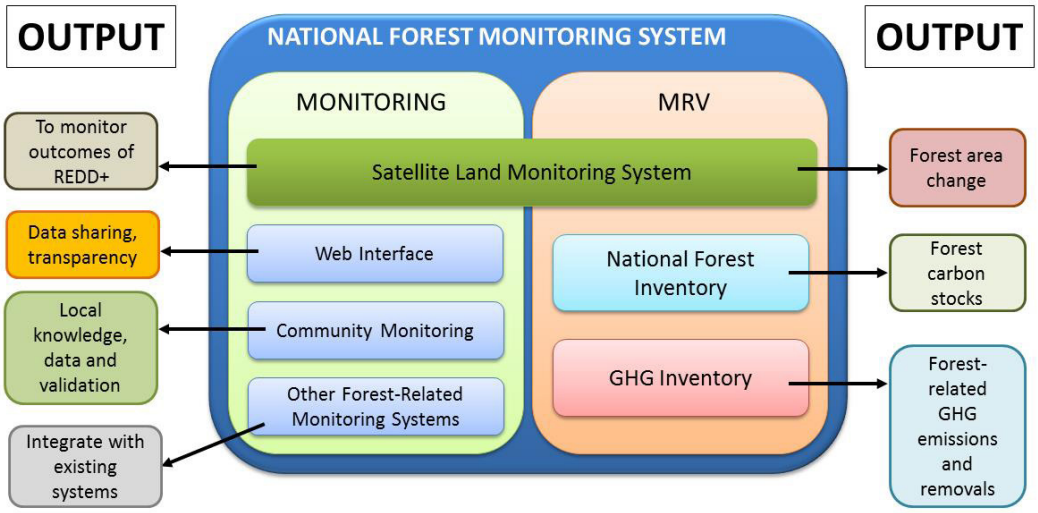
The aim of a NFMS is to assess the performance of REDD+ activities. NFMS for REDD+ should be implemented in phases:

- Phase 1: Gathering initial data; developing capacity, institutions and infrastructure;
- Phase 2: Piloting NFMS with REDD+ demonstration activities;
- Phase 3: Full implementation of NFMS with REDD+ policies and measures.

By combining information about how land use patterns are changing through, for example, deforestation or afforestation, with information from a national forest inventory (NFI), it is possible to estimate overall GHG emissions for the forest sector.

A NFMS has several elements. They are summarized in Figure 5.1.

**Figure 5.1 Elements of a NFMS**




Source: UN-REDD Programme

The various elements of the NFMS perform two functions:

1. Monitoring
2. Measurement, reporting and verification (MRV)

The MRV function is specific to REDD+, while the monitoring function is important for both REDD+ and other purposes in the forestry sector.

Under the MRV function, two things are measured:

1. Changes in extent, quality or type of forestland, usually measured through satellite-based remote sensing technology. This is referred to as activity data (AD). For REDD+, AD must be transparent and freely available.
2. Forest carbon stocks, usually measured through a ground-based NFI. This is used to produce emission factors (EF). An EF is a coefficient that indicates the GHG emissions that will result from a unit of change (e.g. 1 hectare of deforestation) in a particular type of forest.

Emissions of all GHGs are important, but most emissions from the Land Use, Land Use Change and Forestry (LULUCF) sector are of carbon dioxide ($CO_2$), so EFs are measured in tonnes of $CO_2$ equivalent ($tCO_2e$).

Forests and other terrestrial ecosystems sequester carbon in biomass and soil. The rate at which a particular forest type sequesters carbon is known as a removal factor (RF).

The combination of AD with EFs and RFs can be used to develop a national estimate of GHG emissions from forests over a particular period of time. This estimate is part of a country's Greenhouse Gas Inventory (GHG-I).

## WHY IS A NFMS NECESSARY?

A NFMS is one of the four elements that countries are required to develop in order to participate in REDD+ under the United Nations Framework Convention on Climate Change (UNFCCC) (see ***Module 2: Understanding REDD+ and the UNFCCC***). The evolution of guidance on NFMS under the UNFCCC is provided below with the Bali Action Plan, and decisions under the Copenhagen, Cancun, and Warsaw Conference of Parties (the Conference of Parties, or COP, is the key decision-making body of the UNFCCC).[1]

### COP 13: Bali (2007)

Decision 1/CP.13: The Bali Action Plan:

Paragraph 1 (b) calls for:

***"Enhanced national/international action on mitigation of climate change, including ... consideration of: ...Nationally appropriate mitigation actions by developing country Parties in the context of sustainable development, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner..."***

The term 'MRV' comes from this paragraph, which refers to mitigation actions in general, not just REDD+. The Bali Action Plan encourages all countries to reduce their GHG emissions in a way that is:

i. Measurable – i.e. a country can calculate estimates of GHG emissions reductions and carbon sink enhancements

ii. Reportable – i.e. a country can produce a GHG-I that is transparent, accurate and complete

iii. Verifiable – i.e. third parties can access all the information required to verify the GHG-I

Decision 2/CP.13: Reducing emissions from deforestation in developing countries: approaches to stimulate action

Paragraph 2:

***"Encourages all Parties, in a position to do so, to support capacity-building, provide technical assistance, facilitate the transfer of technology to improve, inter alia, data collection, estimation of emissions from deforestation and forest degradation, monitoring and reporting, and address the institutional needs of developing countries to estimate and reduce emissions from deforestation and forest degradation"***

This paragraph endorses efforts to provide developing countries with technical and institutional support for developing NFMS for REDD+.

Annex, Paragraph 2:

***"Estimates of reductions or increases of emissions should be results based, demonstrable, transparent and verifiable, and estimated consistently over time."***

This paragraph gives a clear indication of the attributes that a NFMS for REDD+ should have.

### COP 15: Copenhagen (2009)

Decision 4/CP.15: Methodological guidance for activities relating to reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

**REFLECTION POINT**

What challenges do you envisage with the measurement of activity data and emission factors?

Can you suggest ways these challenges may be overcome in your specific context – discuss in small groups.

1 The UNFCCC has gathered the full text of the decisions of the COP relevant to REDD+ in the 'Decision booklet REDD+' (UNFCCC, 2014).

Paragraph 1 points explicitly to the Intergovernmental Panel on Climate Change as the source of guidance and recommended methodologies for a NFMS for REDD+. Specifically, it requests developing country Parties:

***"To use the most recent IPCC guidance and guidelines, as adopted or encouraged by the COP, as appropriate, as a basis for estimating anthropogenic forest-related greenhouse gas emissions by sources and removals by sinks, forest carbon stocks and forest area change."***

It also asks them:

***"To establish, according to national circumstances and capabilities, robust and transparent national forest monitoring systems and, if appropriate, sub-national systems as part of national monitoring systems that:***

1. Use a combination of remote sensing and ground-based forest carbon inventory approaches for estimating, as appropriate, anthropogenic forest-related greenhouse gas emissions by sources and removals by sinks, forest carbon stocks and forest area changes
2. Provide estimates that are transparent, consistent, as far as possible accurate, and that reduce uncertainties, taking into account national capabilities and capacities
3. Are transparent and their results are available and suitable for review as agreed by the Conference of the Parties"

**COP 16: Cancun (2010)**

Decision 1/CP.16: The Cancun Agreements:

Paragraph 71 requests developing country Parties aiming to undertake REDD+ activities to develop:

***"A robust and transparent national forest monitoring system for the monitoring and reporting of REDD+ activities, with, if appropriate, subnational monitoring and reporting as an interim measure, in accordance with national circumstances..."***

This paragraph stipulates a NFMS as one of the four elements of REDD+.

Paragraph 73 states that REDD+ activities should be:

***"implemented in phases, beginning with the development of national strategies or action plans, policies and measures, and capacity-building, followed by the implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results-based demonstration activities, and evolving into results-based actions that should be fully measured, reported and verified"***

This paragraph describes how REDD+, including NFMS, should be developed through a phased approach.

**COP 19: Warsaw (2013)**

Decision 11/CP.19: Modalities for national forest monitoring systems

Paragraph 2:

***"Decides that the development of Parties' national forest monitoring systems ... should take into account the guidance provided in decision 4/CP.15 and be guided by the most recent IPCC guidance and guidelines, as adopted or encouraged by the COP ... as a basis for estimating anthropogenic forest-related greenhouse gas emissions by sources, and removals by sinks, forest carbon stocks, and forest carbon stock and forest-area changes"***

This paragraph changes the guidance given in paragraph 1 of 4/CP.15 into a decision.

Paragraph 3:

***"Also decides that robust national forest monitoring systems should provide data and information that are transparent, consistent over time, and are suitable for measuring, reporting and verifying anthropogenic forest-related emissions by sources and removals by sinks, forest carbon stocks, and forest carbon stock and forest-area changes resulting from the implementation of [REDD+] activities ... consistent with guidance on measuring, reporting and verifying nationally appropriate mitigation actions by developing country Parties agreed by the COP, taking into account methodological guidance in accordance with decision 4/CP.15"***

This paragraph formalises more of the earlier guidance into decisions, and emphasises the importance of following the guidance on MRV set out in 1/CP.13 in relation to Nationally Appropriate Mitigation Actions (NAMAs).

Paragraph 4:

■ ***"Further decides that national forest monitoring systems ... should:***

- Build upon existing systems, as appropriate;
- Enable the assessment of different types of forest in the country, including natural forest, as defined by the Party;
- Be flexible and allow for improvement;
- Reflect, as appropriate, the phased approach as referred to in decision 1/CP.16, paragraphs 73 and 74"

This paragraph emphasises that a NFMS for REDD+ has no fixed formula, will develop according to national circumstances and will, for most countries, not start from scratch.

Decision 14/CP.19: Modalities for measuring, reporting and verifying:

Paragraph 3:

■ ***"Decides that the data and information used by Parties in the estimation of anthropogenic forest-related emissions by sources and removals by sinks, forest carbon stocks, and forest carbon stock and forest-area changes...should be transparent, and consistent over time and with the established forest reference emission levels and/or forest reference levels..."***

This paragraph describes the quality of data that must be used in MRV for REDD+.

Paragraph 4:

■ ***"Agrees that ... the results of the implementation ... of [REDD+] activities, measured against the forest reference emission levels and/or forest reference levels should be expressed in tCO2e/year"***

This paragraph describes the units in which REDD+ results should be measured

Paragraph 5:

■ ***"Encourages Parties to improve the data and methodologies used over time, while maintaining consistency with the established or, as appropriate, updated, forest reference emission levels and/or forest reference levels ..."***

This paragraph indicates that many countries are not expected to have advanced methods and datasets to begin with, but that this should not prevent them from initiating efforts to develop a NFMS for REDD+.

Paragraph 6:

■ ***"Decides that ... the data and information referred to in paragraph 3 above [the data for REDD+] should be provided through the biennial update reports by Parties ..."***

This paragraph describes the means through which countries should report REDD+ results.

Paragraph 7:

■ ***"Requests developing country Parties seeking to obtain and receive payments for results-based actions, when submitting the data and information referred to in paragraph 3 above, through the biennial update reports, to supply a technical annex..."***

This paragraph indicates that when countries report on their REDD+ results, they should describe, in a technical annex, how they conducted their measurements. As with REDD+ in general, however, this is on a voluntary basis, so if a country is not seeking REDD+ payments it does not have to submit a technical annex.

Paragraph 10:

■ ***"Also decides that, upon the request of the developing country Party seeking to obtain and receive payments for results-based actions, two LULUCF experts from the UNFCCC roster of experts, one each from a developing country and a developed country Party, will be included among the members selected for the technical team of experts"***

This paragraph describes how the verification of REDD+ results will be carried out.

Annex: Guidelines for elements to be included in the technical annex referred to in paragraph 7

This annex lists the elements that a country should include in its report on REDD+ results:

1. Summary information from the final report containing each corresponding assessed FREL/FRL (described in ***Module 6: Forest Reference [Emission] Levels***);
2. Results are expressed in $tCO_2e$/year, consistent with the assessed FREL/FRL;
3. Demonstration that the methodologies are consistent with those used to establish the assessed FREL/FRL;
4. A description of national forest monitoring systems and the institutional roles and responsibilities for measuring, reporting and verifying the results;
5. Necessary informatiwon that allows for the reconstruction of the results;
6. A description of how the elements contained in Decision 4/CP.15, paragraph 1(c) and (d), have been taken into account.

**Table 5.2 Summary of COP decisions regarding NFMS**

| Agreement | Summary |
|---|---|
| UNFCCC: Text of the Convention (1992), Article 4: Commitments: | Parties will publish and make available national inventories of anthropogenic sources and removals by sinks, using similar methods. |
| Bali Action Plan (2007) | All parties are encouraged to reduce their GHG emissions in ways that are measurable, reportable and verifiable. Capacity building should be supported |
| Copenhagen (2009) | Emissions from forests should be reported according to IPCC guidelines. NFMS should be established using consistent methodologies. |
| Cancun (2010) | NFMS is one of the four key elements of REDD+ and should be developed through a phased approach. |
| Warsaw (2013) | Formalises earlier guidance into decisions, describes the quality of NFMS required for measurement of REDD+ results, and the methods of reporting and verification. |

Implementing a NFMAs noted above, a NFMS is a system for monitoring and measuring changes in forest-related land use in a country, and for developing data showing the resulting levels of greenhouse gas (GHG) emissions and removals. As such, it is central to the assessment of REDD+ activities.

### IPCC Guidelines

The IPCC has developed detailed methodological guidance on compiling national GHG-I encompassing all land-use types, including forests. The UNFCCC has decided that this guidance should be considered when implementing a NFMS for REDD+.

Thus countries implementing REDD+ should use the Good Practice Guidance for Land Use, Land-Use Change and Forestry, which was adopted in 2003, and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

There are a number of tools to support these guidelines and which can help countries implement NFMS methodologies and calculate greenhouse gas emissions. For example, the Emission Factor Database (EFDB) is a repository of EFs for use in REDD+ reporting. It is available via the homepage of the Task Force on Greenhouse Gas Inventories.

How the IPCC Guidelines help

The IPCC guidelines are designed to help countries produce accurate national or sectoral GHG-I. Countries should neither over- nor under-estimate emissions, as far as can be judged, and reduce uncertainties as far as possible.

Specifically, the guidelines help to develop a GHG-I that is:

1. Transparent
2. Well-documented
3. Consistent over time
4. Complete
5. Comparable
6. Subject to quality control and assurance

They also help countries to use their resources efficiently, and to produce a GHG-I that will become increasingly accurate over time, as more information becomes available.

## Categorizing land-use

Land-use categorization provides the basis for the land-use monitoring that can measure changes and provide the data needed to estimate GHG emissions, including those related to forests.

The IPCC divides land into six categories, based on how it is used:

1. Forest land
2. Grassland
3. Cropland
4. Wetland
5. Settlement
6. Other land

Each land-use category is further disaggregated to reflect past and current land use. For example, under forest land there are the sub-categories:

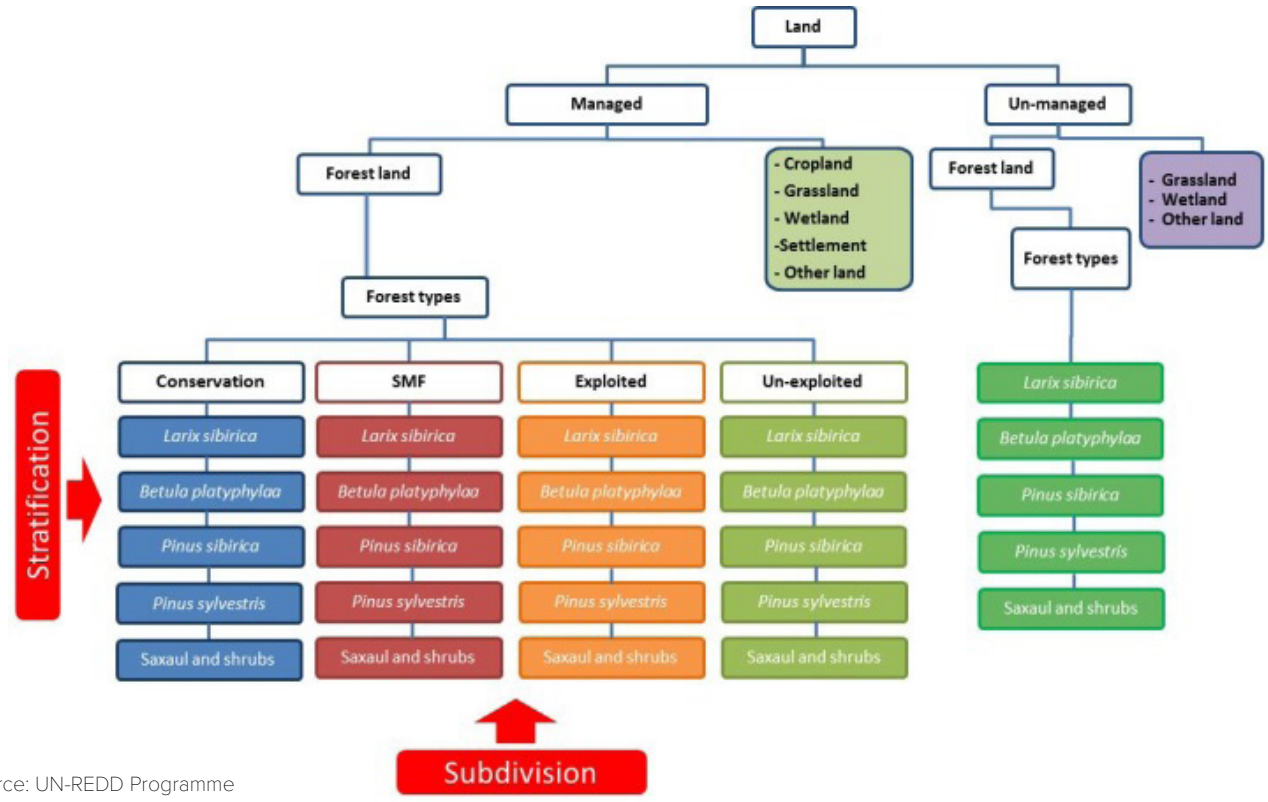
- Forest land remaining forest land
- Grassland converted to forest land
- Cropland converted to forest land, etc.

Land-use categories and sub-categories may be further sub-divided according to land-use practices or biophysical characteristics of the land. For example, forest land can be sub-divided by forest type as follows:

- Lowland tropical forest
- Mangroves, etc.

This categorisation can be represented by a land stratification 'tree' such as the one in Figure 5.3 produced for Mongolia.

**Figure 5.3 Mongolia categorization of land**




Source: UN-REDD Programme

It is important when designing and maintaining systems for land-use categorization that they are:

- **Adequate**: capable of representing land-use categories, and conversions between land-use categories, as needed to estimate carbon stock changes and greenhouse gas emissions and removals;
- **Consistent**: capable of representing land-use categories consistently over time, without being unduly affected by artificial discontinuities in time-series data;
- **Complete**: that all land within a country should be included, with increases in some areas balanced by decreases in others, recognizing the bio-physical stratification of land if needed; and
- **Transparent**: data sources, definitions, methodologies and assumptions should be clearly described.

### Key categories

Countries should identify land-use categories that are particularly significant in terms of greenhouse gas emissions. Categories may be regarded as key if:

- The absolute level of emissions is high in comparison to other categories;
- Emissions are increasing or decreasing fast; and
- There is a degree of uncertainty regarding the level or trend of emissions.

Identifying key categories helps to prioritize the allocation of effort and resources, to make sure that there is better data for these categories. There are also reporting implications for key categories in terms of which tier should be used, as explained in more detail below.

### National Forest Inventories

A National Forest Inventory is a detailed periodic survey of the extent, type and quality of forest in a country. For NFMS, an NFI provides data on the carbon stocks held in forested land. These can be used to generate the EFs needed to calculate emissions from changes in forest cover. Governments can also use NFI data also for monitoring and for national and sub-national decision-making.

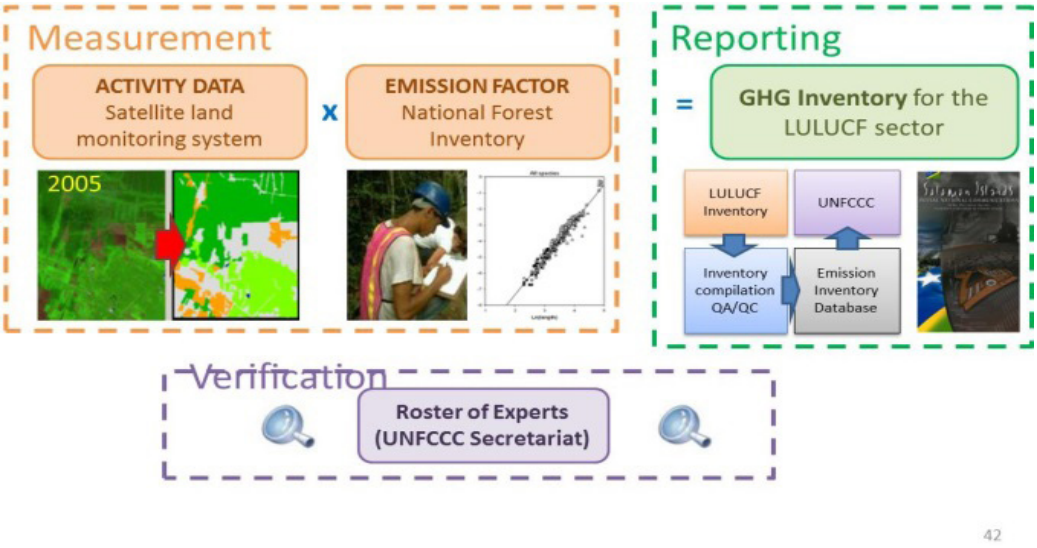
The IPCC guidelines link NFIs to GHG reporting requirements. When GHG reporting is done at Tier 2 or Tier 3 levels (these terms are explained in the following section on reporting), the NFI must contain:

- Country-specific estimated EFs;
- Inventory data based on multiple time periods;
- Uncertainty analysis of the data within the inventory;
- Quality Assurance and Quality Control (QA/QC) measures taken to ensure accuracy, consistency and reliability of the data.

## REPORTING ON GREENHOUSE GAS EMISSIONS AND REMOVALS

Having explained the role of the IPCC guidelines and of NFIs, the Measurement, Reporting and Verification (MRV) function (see Figure 5.4) will now be examined in detail.

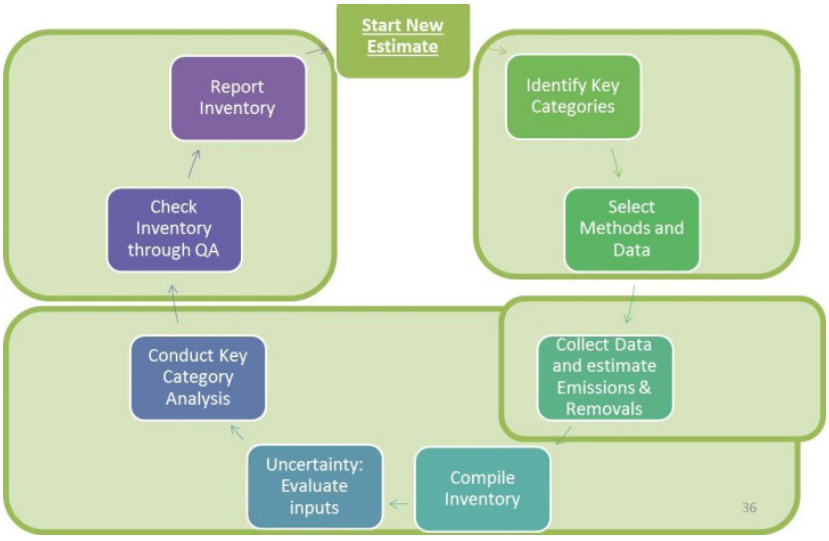
**Figure 5.4** Measurement, reporting and verification




Source: UN-REDD Programme

Figure 5.5 shows the MRV reporting cycle for GHG emissions estimates under REDD+, summarizing the process of gathering, processing, submitting and verifying forest monitoring data.

**Figure 5.5** MRV reporting cycle for REDD+



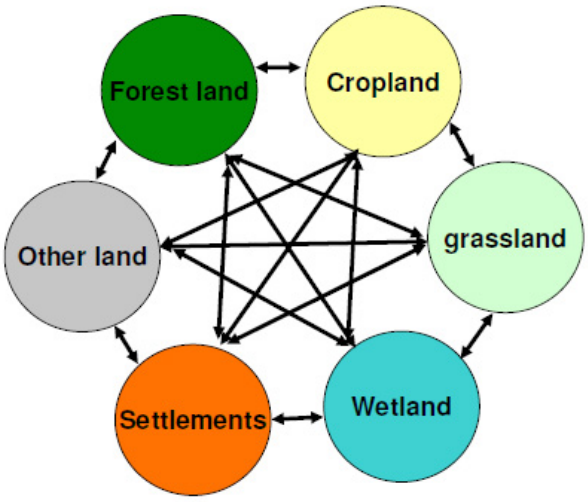

Source: UN-REDD Programme

**REFLECTION POINT**

Do you know if a National Forest Inventory has been completed in your country?

The ultimate aim of a NFMS is to make reliable estimates of GHGs being emitted into and removed from the atmosphere by a country's forests. The challenge with this activity is that land-use is constantly changing, as illustrated in Figure 5.6. As an area of land changes from one use to another its net emissions will also change, so the crucial issue with NFMS is keeping accurate records of area of each land use type.

**Figure 5.6** Land use interactions




Source : UN-REDD Programme

IPCC guidance is that countries should characterize and account for all relevant land areas consistently and as transparently as possible and the data should reflect the historical trends in land-use area.

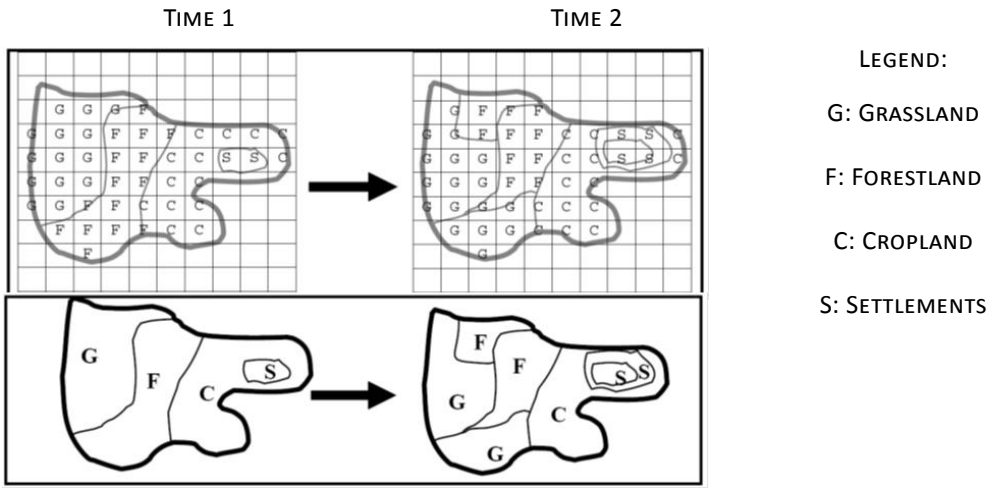
The IPCC 2003 LULUCF Guidance suggests three approaches:

- Approach 1: Basic land-use data (land-use types at times 1 and 2)
- Approach 2: Survey of land-use and land-use change (changes from and to a category)
- Approach 3: Geographically explicit land-use data (known locations of changes between categories)

In most developing countries the only way to represent land use in a consistent and transparent way with a historical timeframe of 20 years is the use of satellite remote sensing data, which allows the adoption of Approach 3.

Following Approach 3, gathering geographically-explicit land-use data requires spatially explicit observations of land-use and land-use change, for example as shown in Figure 5.7.

**Figure 5.7** Geographically explicit land use data




This data may be obtained either by:

- Sampling geographically located points
- A complete tally (wall-to-wall mapping)
- A combination of the two

This method is comprehensive and relatively simple conceptually, yet is data-intensive to implement. There is a range of tools available that can be used to gather, analyse and present data.

- Satellite remote sensing is cost-effective for covering large areas
- A web-GIS portal makes it possible to visualize and transparently share data, including results from the implementation of REDD+ policies

Figure 5.8 shows, as an example, a web site set up by the government of Papua New Guinea showing results from its monitoring program for REDD+. (More of the data can be seen at http://png-nfms.org/portal/)

**Figure 5.8 Example of a web-GIS portal in Papua New Guinea**


Users can easily interact with the data, for instance manipulating data layers to select specific areas or layers of interest, or to download statistics. They can also provide feedback on the content.

## Role of Local communities and indigenous people in Monitoring

Community monitoring can allow for bottom-up validation of satellite data, and the incorporation of local knowledge into national monitoring. With proper capacity building, engaging indigenous people and local communities in monitoring can build support for REDD+ and promote its effective implementation. Additionally, gender-differentiated needs, uses, skills, and knowledge of forests can provide critical data that can inform forest monitoring systems. For example, women, given their roles in communities and use of forests, tend to often have highly specialized knowledge of forests in terms of species diversity and management, and thus can help play a vital role in forest monitoring. However, women (as well as other marginalized groups, such as youth, poor, disabled, etc.) often face social, economic and cultural inequalities and legal impediments that limit their engagement in such activities. Therefore, in such community-based monitoring approaches, it is key to ensure that women, men and youth are equitably involved and can meaningfully participate. Doing so can help contribute to the robustness of local forest monitoring systems and increase ownership and sustainability of REDD+.

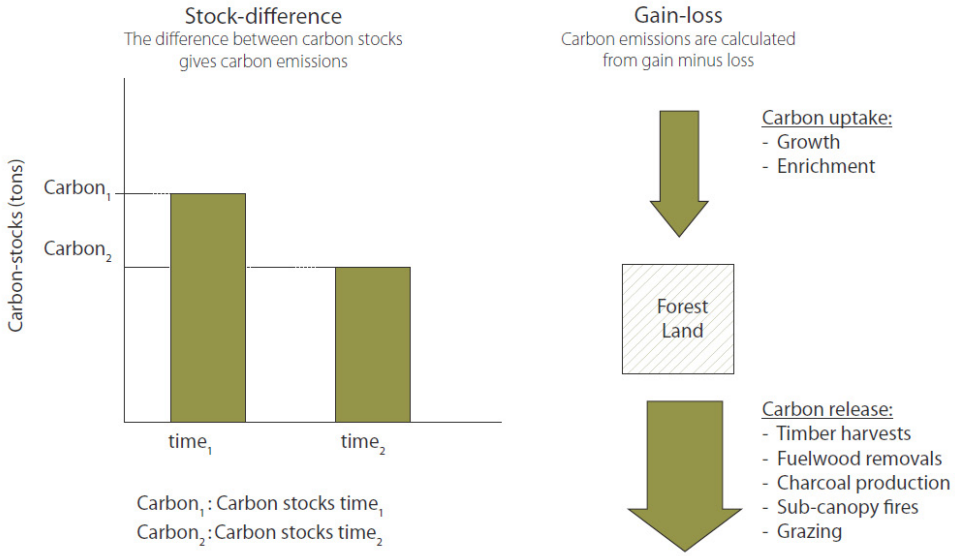
**REFLECTION POINT**

What technologies does your country use to support forest monitoring?

## Measuring carbon stored

There are two ways of measuring changes in the amount of forest carbon. These are summarised in Figure 5.9.

**Figure 5.9 Two ways of measuring forest carbon**




Source: UN-REDD Programme

In the stock-difference method, it is required to know the amounts of carbon present at both times 1 and 2. The change is then simply the difference between the two figures. Although this is simple, most developing countries do not have inventories of carbon at two different times, so instead they almost all use the gain-loss method.

The gain-loss method starts with the figure for the current carbon stock based on a recent NFI, and then estimates:

- Losses due to harvesting, fuel wood removal, charcoal production, sub-canopy fires, grazing, etc
- Gains due to growth and forest enrichment.

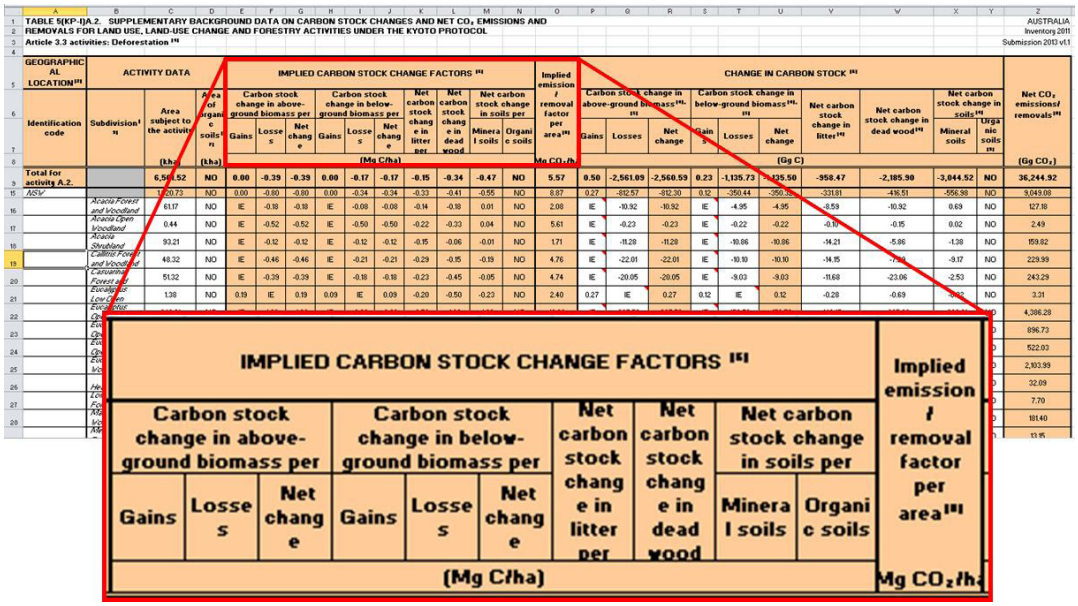
Then, the net gain or loss to the current carbon stock figure is added.

This process, of course, relies on data held in the NFI, which shows how important it is that NFI data contains reliable data on:

- Diverse ecological conditions and/or management regimes
- Emissions and removals due to human activity
- Changes in all five carbon pools wherever possible (above-ground biomass, dead wood, soil organic carbon, litter and below-ground biomass)

When the data on land use and changes is entered into a GHG Inventory spreadsheet (such as the one shown in Figure 5.10), and combined with relevant emission and removal factors, it is possible to calculate the implied emission or removal.

**Figure 5.10** GHG Inventory spreadsheet example




Source: UN-REDD Programme

## Determining emission factors

One challenge that countries face when carrying out forest monitoring activities is deciding on emission factors. The guidelines help with this by providing three tiers for reporting:

- Tier 1 –uses IPCC methodology with internationally-derived emission factors
- Tier 2 – applies country- or region-specific emission and removal factors for the most important land-use categories, then uses IPCC default assumptions and methodology
- Tier 3 – uses country-specific assumptions, methodology and data (which are subsequently reviewed).

This is summarized in table 5.11.

**Table 5.11** Emission factors

| Emission / Removal Factor | Tier 1 | Tier 2 | Tier 3 |
|---|---|---|---|
| **Annual biomass growth rate** | • Default values from IPCC 1996GL and GPG2003<br>• Emission Factor Data Base (EFDB) | • Default values from IPCC 1996GL and GPG2003<br>• Country-specific data<br>• EFDB | • National Forest Inventory or modelling approaches<br>• Allometric equations |
| **Carbon fraction of dry matter** | • Default data of 0.5 | • Default data of 0.5 | • Species-specific data from laboratory estimations |
| **Biomass Expansion Factor (BEF)** | • Default values of 1.8 | • Default values of 1.8<br>• National data for key forest types | • Species-specific data from measurements |

Source : UN-REDD Programme

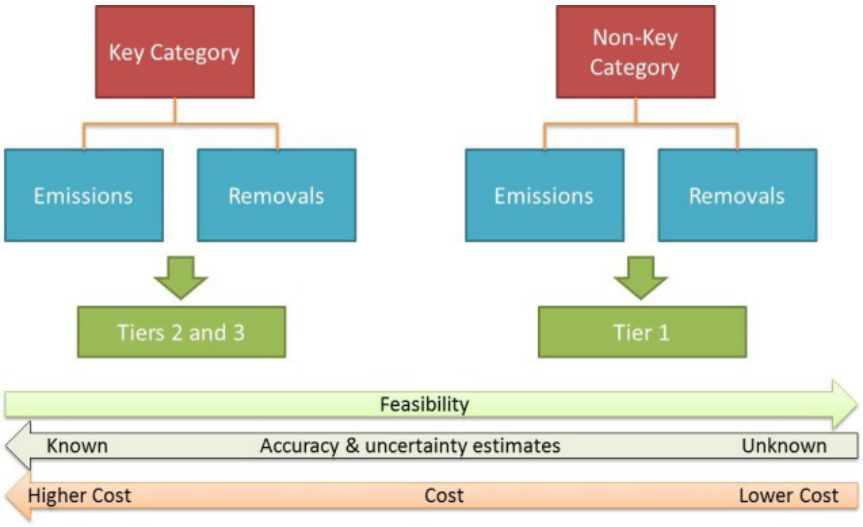
It is possible to use a combination of tiers and methods. For example, in the LULUCF sector, different tiers can be used:

- For different land-use categories (e.g. tier 2 for forest land and tier 1 for grassland); and
- Within a given land-use category for different carbon pools (e.g. tier 1 for below-ground biomass and tier 2 for above-ground biomass).

When using higher tiers, countries need to provide additional documentation to support decisions to use more sophisticated methodologies or country-defined parameters.

Higher tiers should be adopted for key land use categories (wherever possible) together with the use of country-specific and climatic region-specific emission and removal factors. Figure 5.12 summarizes some of the issues associated with linking categories and tiers. Using Tiers 2 and 3 increases the accuracy and reduces uncertainty but also makes the process more expensive, whereas adopting a Tier 1 approach makes the process more feasible.

**Figure 5.12 Issues associated with linking categories and tiers**




Source : UN-REDD Programme

## Reporting for REDD+

There are clearly defined processes for reporting on REDD+ progress. These processes have been designed to make sure that the reporting is:

- **Transparent** – there is sufficient clear documentation showing how the inventory was compiled, following good practice requirements;
- **Complete** – estimates are reported for all sources, sinks and gases;
- **National in coverage**;
- **Comparable** – reporting should follow international guidance and templates;
- **Consistent** – consistent with IPCC guidance and guidelines (such as Forest Reference [Emission] Levels);inventories should aim to reflect the real fluctuations in emissions and removals, and not be subject to changes resulting from methodological differences;
- **Accurate** – the GHG-I contains neither under- nor over-estimates so far as can be judged, and efforts have been made to reduce bias.

There are two ways for countries to report to the UNFCCC on progress with REDD+. Both are channels for communicating a country's overall GHG emissions and mitigation efforts:

1. **National Communications** (NC), which include data and information on:

- National circumstances
- Vulnerability assessment
- Financial resources and technology transfer for climate change
- Education, training, public awareness
- National GHG inventory

**REFLECTION POINT**

What area (land use/specific area, etc.) in your country would you prioritize for achieving Tier 3 information (if it were possible)? Why?

**2. Biennial Update Reports** (shortened to BUR), to which a country may add a Technical Annex of results from the implementation of REDD+ activities in order to access REDD+ finance.

The aim of a BUR is to provide an update on the most recently submitted National Communication in the following areas:

- National circumstances and institutional arrangements;
- National GHG inventory;
- Mitigation actions and their effects, including methodologies;
- Constraints and gaps and related financial, technical and capacity needs;
- Level of support received to prepare and submit the BUR;
- Domestic measurement, reporting and verification.

GIZ has developed guidelines and a template for preparing a BUR[1].

## Quality control of country reports

After submission, reports are subjected to a thorough quality control and assurance process.

For quality control, there are routine and consistent checks to identify and address errors and omissions, ensure data integrity, correctness and completeness. Inventory material is documented and archived, and a record is made of all QA activities.

For QA, reviews should be carried out on a finalized inventory following the implementation of the QC procedures, and this should preferably be done by independent third parties.

## Verification

During the final verification stage, two LULUCF experts assess the technical annex of the BUR following the International Consultation and Analysis (ICA) process, and then prepare a technical report reflecting their assessment. This report will include an analysis of the results in the annex and areas identified for improvement. The technical assessment includes the possibility of discussions with the country for clarifications.

A final report by the LULUCF experts, including comments from the country, is then published on the UNFCCC REDD+ web platform.

### REFLECTION POINT

The NFI plays an integral part in the MRV process and it therefore requires reliable data. In different country contexts there are going to be different challenges. What do you believe are the challenges associated with the NFI and the data it requires in your country? Do you have any lessons to share from your country's experience?

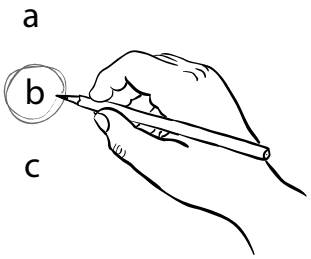
### REFLECTION POINT

Your country may be reporting to the UNFCCC on a number of possible mechanisms. What is your country's experience with the UNFCCC reporting processes?

# EXERCISE 9

**Both of the following multiple choice exercises refer to UNFCCC COP 19 decisions (Warsaw, 2013):**

**Multiple choice quiz – NFMS and the UNFCCC. The Warsaw Framework for REDD+. Decision 14/CP.19.**




With reference to the text for Decision 14/CP.19 (Modalities for measuring, reporting and verifying), answer the following questions (complete the exercise individually then compare your answers with your neighbour)

i. What should be Measured Reported and Verified (MRV):

a. Anthropogenic forest-related greenhouse gas emissions by sources and removals by sinks

b. Forest carbon stocks

c. Forest carbon stock changes

d. Forest area changes

e. All the above

ii. REDD+ MRV systems should be consistent with:

a. MRV systems for Nationally Appropriate Mitigation Actions

b. Landsat

c. NGOs

d. All the above

iii. REDD+ MRV systems should be:

a. Transparent

b. Consistent with a countries established Forest Reference Emission Level (FREL)

c. Used to maximize REDD+ payments

d. Answers a and b above

iv. REDD+ MRV reporting is:

a. Voluntary

b. Mandatory

c. Required for results-based payments under the UNFCCC

d. Answers a and c above

v. REDD+ MRV reporting should be done through:

a. NGOs

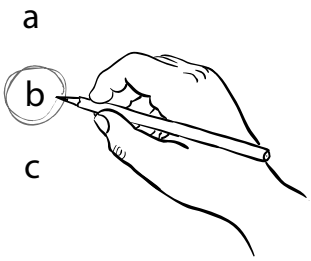
b. A technical annex to Biennial update reports to the UNFCCC

c. Wikipedia

d. All the above

# EXERCISE 10

**Multiple choice quiz – NFMS and the UNFCCC. The Warsaw Framework for REDD+.** Decision 11/CP.19.




With reference to the text for Decision 11/CP.19 (Modalities for national forest monitoring systems), answer the following questions (complete the exercise individually then compare your answers with your neighbour):

i. National Forest Monitoring Systems should be guided by:

a. Intergovernmental Panel on Climate Change
b. The Kyoto Protocol
c. The United Nations Convention on Biodiversity and Desertification
d. All the above

ii. National Forest Monitoring Systems should be:

a. Transparent
b. Consistent over time
c. Suitable for Measurement Reporting and Verification (MRV)
d. All the above

iii. National Forest Monitoring Systems should be:

a. Applied at a regional level
b. Applied at a national level
c. Applied sub-nationally as an interim measure (moving to a national system)
d. Answers b and c

iv. National Forest Monitoring Systems should be:

a. Built on existing systems
b. Flexible and allow for improvement
c. Enable the assessment of different types of forest in the country
d. Reflect the phased approach to REDD+
e. All the above

## KEY MESSAGES

- A NFMS is one of the four elements that countries are required to develop in order to participate in REDD+ under the UNFCCC;
- There are two functions to a NFMS: measuring, reporting and verification (MRV) of REDD+ and forest monitoring;
- The technical pillars of the NFMS are Satellite Land Monitoring Systems, National Forest Inventory and GHG Inventory;
- The IPCC has developed a number of guidelines that can be used to help countries implement NFMS.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

6

# Forest Reference [Emission] Levels for REDD+

This module presents one of the four elements countries need to develop to participate in REDD+, Forest Reference (Emission) Levels

**The module includes sections about:**

- What a FREL/FRL is
- How to construct a FREL/FRL
- How to submit a FREL/FRL

**What do you already know about this topic?**

# 6. FOREST REFERENCE [EMISSION] LEVELS FOR REDD+

## INTRODUCTION

### What is a FREL/FRL?

A Forest Reference Emission Level and/or Forest Reference Level (FREL/FRL) is a benchmark for assessing the performance of each country in implementing REDD+ activities.

The United Nations Framework Convention on Climate Change (UNFCCC) refers to Forest Reference Emission Levels and/or Forest Reference Levels. Although the difference between the two concepts has not been clarified, UN-REDD has provided the following interpretation:

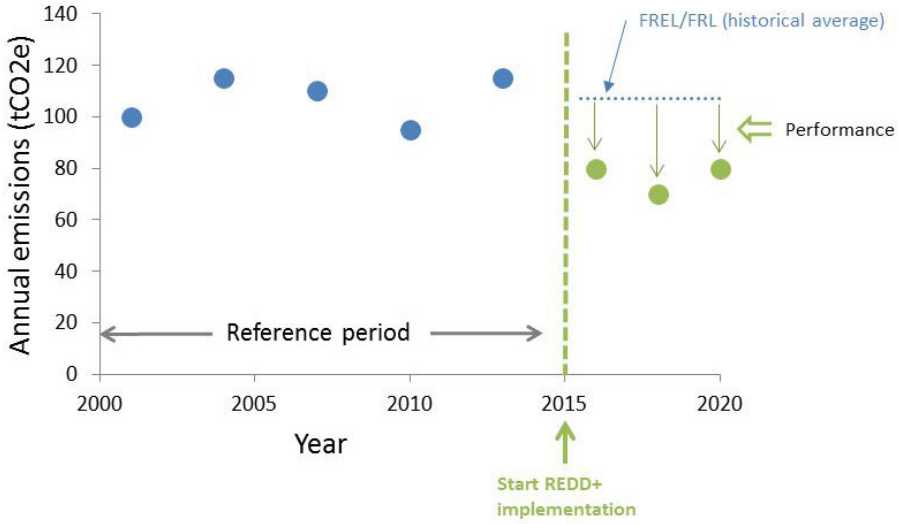
- A **Forest Reference Emission Level** (FREL) is a benchmark for activities that reduce emissions only. Thus the scope of a FREL would be, for example, emissions from deforestation and/or forest degradation.
- A **Forest Reference Level** (FRL) is a benchmark for both activities that reduce emissions and activities that increase removals (adding the 'plus' to REDD+). Thus the scope of a FRL could include enhancement of forest carbon stocks as well as deforestation and forest degradation.

Figure 6.1 gives an example where a country uses a simple historical average of forest emissions as its FREL/FRL.

**REFLECTION POINT**

Why might the past not be a good indicator of future emissions from forests, particularly in HFLD countries?

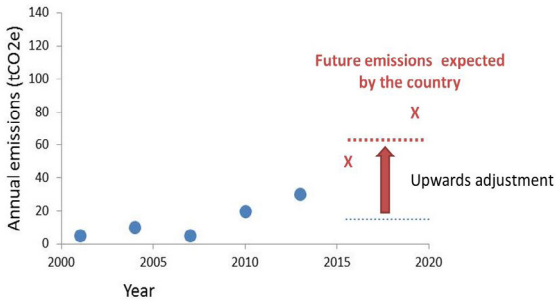
**Figure 6.1 Forest Reference Level example using only historical data**




Source: UN-REDD Programme

When developing a FREL/FRL, a country should carefully consider what emissions/removals it expects from forest-related activities if it were not to take any REDD+ actions. In the example above, with no clear trend in historical emissions, a historical average may provide a good predictor of future emissions expected in the absence of REDD+ implementation, or 'business as usual' emissions. However, in some countries the past may be a poor predictor of the future, for example in high forest cover and low deforestation countries (HFLD countries). A country may propose an adjustment for national circumstances (as illustrated in Figure 6.2). The proposal must be supported by transparent, accurate, consistent and complete information that justifies the adjustment and allows for the reconstruction of the FREL/FRL.

**Figure 6.2 Forest Reference Level example including an adjustment for national circumstances**




Source: UN-REDD Programme

## Why develop a FREL/FRL?

There are several reasons for developing FREL/FRLs:

- Countries may wish to express their contribution to international mitigation through REDD+ actions under the UNFCCC;
- Countries may wish to assess progress on the outcomes of Policies and Measures (PAMs) taken to mitigate climate change in the forestry sector for domestic reasons; and
- Countries may wish to access results-based payments (RBP). According to UNFCCC decisions,[1] eligibility for results-based payments requires an assessed FREL/FRL.

REDD+ results are calculated by measuring emissions after the implementation of REDD+ activities against the FREL/FRL and should be reported in a technical annex to the biennial update report (BUR)(Decision 14/CP.19). The BUR and technical annex will be subject to an International Consultation and Analysis (ICA) which will result in a summary report for the main contents of the BUR and a technical report for the REDD+ results published on the UNFCCC website.

RBP under the UNFCCC can come from various sources, including the Green Climate Fund, the official financial entity of the UNFCCC. The Green Climate Fund has not yet made any investments, but it hopes to begin accepting proposals soon, although the conditions under which RBP will be provided have not yet been clarified. Decision 14/CP.19 agrees that RBPs may be subject to further modalities for verification.

Several other initiatives have begun using reference levels to provide RBP for demonstration REDD+ activities. Under the Carbon Fund of the World Bank's Forest Carbon Partnership Facility (FCPF), for example, Reference Levels[2] are proposed to the fund in an Emission Reduction Program Idea Note (ERPIN), and then further developed for use in an Emission Reduction Payment Agreement (ERPA). The FCPF Carbon Fund provides guidance on Reference Levels consistent with that of the UNFCCC, but also details additional requirements for RBP.

An overview of approaches to FREL/FRLs is provided in the UN-REDD Programme publication Emerging approaches to FREL/FRLs for REDD+, which largely summarizes ERPINs submitted by September 2014. Up-to-date information on Emission Reduction Program Documents (ERPD) submitted to the Carbon Fund can be found on the country pages of the Carbon Fund[3]. After submission, an ERPD is reviewed by a technical advisory panel after which it may be selected for an ERPA. More information on finance for REDD+ activities can be found in Module 9: REDD+ Finance.

### How does the FREL/FRL relate to the other elements of REDD+?

As was seen before, the UNFCCC has set a framework for REDD+ (Decision 1/CP. 16) requesting four elements to be developed by a country in order to participate in REDD+:

1 The text of all UNFCCC decisions relevant to REDD+ are gathered in the 'Decision booklet REDD+' (UNFCCC, 2014).

2 The Carbon Fund uses the term 'Reference Level' while the UNFCCC generally uses 'Forest Reference Level'

3 By July 2016, DRC and Costa Rica have submitted an ERPD.

**Figure 6.3 Elements of REDD+**


Source: UN-REDD Programme

There is a logical relation between these elements:

1. REDD+ actions are implemented through a National Strategy, discussed in ***Module 4: National Strategies or Action Plans***;
2. Emissions and removals from the forest are monitored through the National Forest Monitoring System (NFMS), discussed in ***Module 5: National Forest Monitoring Systems for REDD+***;
3. The FREL/FRL discussed in this module is the benchmark against which performance in implementing REDD+ is assessed; and
4. The Safeguard Information System (SIS) should ensure no harm is done when implementing REDD+, as discussed in ***Module 8: REDD+ Safeguards under the UNFCCC***.

Information needs to be submitted to the UNFCCC for FREL/FRL and SIS. However, FREL/FRL is the only element which will be technically assessed. Some relations between the REDD+ elements are 'formalized' in UNFCCC Decisions, namely the relation between the NFMS and the FREL/FRL: the NFMS should provide data and information suitable for measuring, reporting and verifying (MRV) anthropogenic forest-related emissions by sources and removals by sinks (Decision 11/CP.19, p.3), and MRV should maintain consistency with the established or updated FREL/FRL (Decision 14/CP.19).

**REFLECTION POINT**

Can you explain, in your own words, why it is so important to have consistency of data collection for both NFMS and FREL/FRLs?

Consistency between the data collected through the NFMS and the data used to establish the FREL/FRL is crucial to ensure that results – the difference between measured and reported emissions/removals and the FREL/FRL – reflect performance and not a difference in data, methodologies or other.

## Guidance from the UNFCCC on FREL/FRLs

Guidance on FREL/FRLs is provided through Decisions 4/CP.15, 12/CP.17 and 13/CP.19. Decision 4/CP.15 is the first decision mentioning FREL/FRLs. It states that FREL/FRLs should be established transparently taking into account historic data, and adjusted for national circumstances. Accordingly, Decision 12/CP.17 provides guidance on FREL/FRL construction (modalities for FREL/FRLs) and the annex to this decision provides guidance on the information which needs to be included in a FREL/FRL submission to the UNFCCC. Decision 13/CP.19 provides details on the technical assessment of the FREL/FRLs.

From these three decisions, some elements can be extracted which countries will need to consider and on which countries have to make choices. These elements are:

- Scale (area covered by the FREL/FRL);
- Scope (REDD+ activities, pools and gases included in the FREL/FRL);
- Forest definition;
- Historical data (selection and analysis of Activity Data (AD) and Emission Factors (EF)); and
- National circumstances and FREL/FRL construction approach.

The UNREDD publication Technical considerations for Forest Reference Emission Level and/or Forest Reference Level construction for REDD+ under the UNFCCC provides a description of possible benefits and risks associated with different choices for each of these elements and offers practical advice to facilitate decision-making.

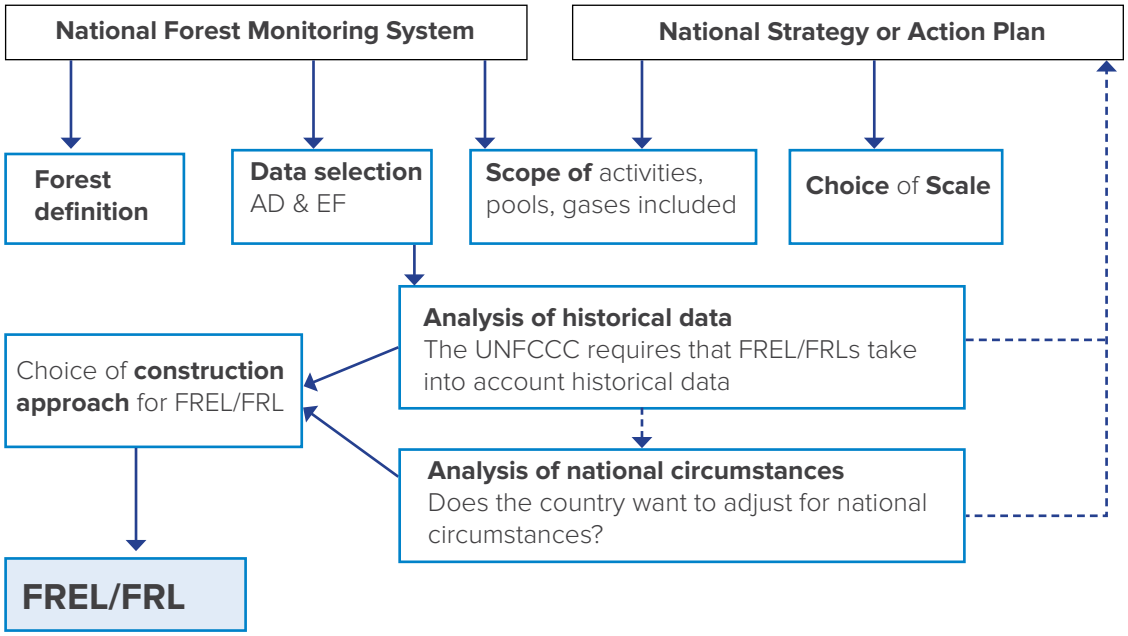
## Combining the elements to construct a FREL/FRL

Figure 6.4 below provides a simplified possible flow for FREL/FRL construction, combining the elements or building blocks discussed above. Certain choices on FREL/FRL elements are more likely to be driven by the quality and type of data collected through the NFMS while other choices may be taken in view of the National Strategy/Action Plan (NS/AP). Depending on the circumstances of a particular country, other flows are possible. For example, a country may decide to include certain types of woodland in its NS, if the country wanted to assess REDD+ performance in these woodlands, it would ensure the forest definition would include the types of woodland in question.

When constructing a FREL/FRL, and identifying its scale and scope, countries may choose to involve REDD+ stakeholders in their decision making, particularly those who depend on forests for their survival and livelihoods, such as local communities and indigenous people, including equitably both women and men from those groups.

It should be noted that while FRELs/FRLs are related to potential future results-based finance, there is no explicit relation under the UNFCCC between FREL/FRLs and future benefit sharing (at least to date). Nevertheless, a transparent, participatory and gender equitable decision-making process around FREL/FRL, including on how it is constructed, may be beneficial in avoiding confusion and enhancing country ownership at the national and local level.

**Figure 6.4 Simplified flow for FREL/FRL construction**




Source: FAO (2015)

Assessment of significant activities, pools and gases, should drive the choice for scope, but may be influenced by the availability and quality of data from the NFMS and other sources. Additionally, choices for scope may be guided by what activities a country proposes in its NS/AP. A country may decide to take a stepwise approach, starting with a simple methodology or a narrow scope (e.g. deforestation, above and below ground biomass only) with the intention of improving the methodology or adding other activities, pools and gases over time.

A country may also decide to start at the subnational level, keeping in mind that the final objective under the UNFCCC is a national FREL/FRL. The NS/AP could inform the choice of the initial scale of implementation for REDD+ but other elements may come into consideration, including data availability as well as implementation and monitoring capacity.

Before selecting an approach to FREL/FRL construction (e.g. a simple historical average or an adjustment), a country may want to analyze its data and try to understand the dynamics of

anthropogenic forest-related emissions and removals. The analysis of historical data and national circumstances should provide the country with a better understanding of drivers of deforestation and forest degradation, information which not only informs FREL/FRL construction but may also inform the process of the NS/AP. An analysis of national circumstances may provide a country with an enhanced understanding of how drivers may affect future trends of forest-related emissions and removals, which in turn can support decision-making on potential adjustments. More information on such an analysis can be found in **Module 3: Drivers of Deforestation and Forest Degradation**. Altogether, these analyses can help countries take informed decisions on approaches to the construction of FREL/FRLs and provide a robust basis for an eventual submission to the UNFCCC.

**REFLECTION POINT**

Why is it so important to consider national circumstances and how drivers might affect future trends of forest-related emissions and removals?

## Submitting a FREL/FRL

Once it is constructed, developing countries may, on a voluntary basis and when deemed appropriate, submit their proposed FREL/FRLs to the UNFCCC. The subsequent technical assessment is intended to support the capacity of developing country Parties in the construction and future improvement of their FREL/FRL. It offers a facilitative, non-intrusive, technical exchange of information on FREL/FRL construction. The assessment team will comprise two Land Use Land Use Change and Forestry (LULUCF) experts from the UNFCCC expert roster.

Official submission of the FREL/FRL to the UNFCCC is made by the national focal point to the UNFCCC. The technical assessment of the submitted FREL/FRL will start with an assessment session organized in Bonn, Germany once a year. The timeline for the technical assessment is outlined below in Figure 6.5[4].

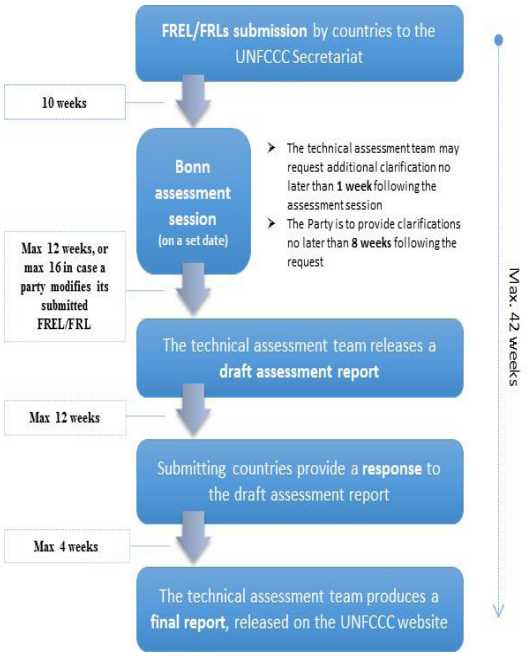
4 The specific dates for each year's FREL/FRL submission deadlines and technical assessment sessions are set by the UNFCCC.

**REFLECTION POINT**

Why do you think this process is as long as 42 weeks?

FREL/FRL submissions, as well as the final report resulting from the technical assessment mentioned in the flow chart, and the modified submission after the technical assessment, are published on the UNFCCC's REDD+ website.

**Figure 6.5 Submission process for FREL/FRL**




Source: UN-REDD Programme

## Websites to get you started

http://redd.unfccc.int/fact-sheets/forest-reference-emission-levels.html

This page on the UNFCCC REDD+ website provides key information on FREL/FRLs and links to submissions already made.

https://www.forestcarbonpartnership.org/carbon-fund-methodological-framework

The FCPF Carbon Fund provides guidance for Reference Level construction that is consistent with UNFCCC but more restrictive on several issues. It contains a set of 37 criteria and related indicators associated with five major aspects of emission reductions programs: level of ambition, carbon accounting, safeguards, sustainable program design and implementation, and emission reduction program transactions.

# CASE STUDIES

## ETHIOPIA'S FRL SUBMISSION TO THE UNFCCC

In January 2016, Ethiopia was among the first African countries (together with the Republic of Congo and Zambia) to submit its FRL to the UNFCCC. The technical assessment process is currently ongoing and as a result Ethiopia may propose modifications to its FRL submission.

**REDD+ activities included:** Ethiopia's FRL includes the REDD+ activities deforestation and afforestation (enhancement of forest carbon stocks). Afforestation includes restoration of degraded woodlands resulting in a transition above the thresholds in the forest definition. Though the activity forest degradation is not included in this FRL, Ethiopia explains efforts on natural forest restoration and the installation of plantations are expected to result in a reduction of forest degradation and deforestation. An example is quoted of some regions where the cultivation of plantation wood on farmers' land has been able to supply most of the fuelwood needed, thus reducing fuelwood collection from natural forest.

**AD and EFs used:** Several Ethiopian institutions (i.e. the Ministry of Environment, Forests and Climate Change, the Ethiopian Mapping Agency and the Central Statistical Agency of Ethiopia) have prepared land use/ land cover (LU/LC) maps of the country, including an assessment of forest cover. However, the maps do not allow the detection of forest area change in an accurate manner. As such, the Global Forest Change (GFC) product (Hansen et al., 2013) was used as an initial input to assess change within the existing LU/LC maps. The GFC global data set provided Ethiopia with a starting point for identifying areas of change, however the product needed modifications to correctly reflect the national forest definition (e.g. the minimum mapping unit was adjusted). Land cover and land use dynamics in Ethiopia are extremely complex and not fully captured by the global product. Therefore, a preliminary training dataset was generated automatically from the GFC product but inputs from national experts were needed to identify false detections (commission errors) and missed losses and gains (omission errors) for a robust classification. Models of supervised classification were used to create a change map and combine it with the LU/LC maps. A stratified random sample was combined with the map to produce bias corrected estimates of stable forest, forest loss and forest gain. Ethiopia provides an example of how global datasets can inform NFMS if combined with national/local knowledge of the forest.

EFs for the associated carbon loss/gain per hectare deforestation/afforestation were obtained from Ethiopia's National Forest Inventory (NFI). Ethiopia recently launched an NFI which provides estimates of average carbon contents for forest in four biomes. Ethiopia compared the average forest biomass estimated from the NFI against existing national studies on forest within the biomes and found that the existing studies largely over-estimated forest biomass. Ethiopia explained that the existing studies were performed mostly in the remaining pristine forest pockets and were therefore not representative for carbon estimates in the national forest area and for forest area change.

**Future submissions and areas for improvement:** Though forest degradation is considered a significant source of emissions in Ethiopia, due to the lack of accurate, reliable and consistent data at the national scale, forest degradation is omitted in this FRL. It is Ethiopia's intention to gradually account for forest degradation following a step-wise approach. To achieve this, Ethiopia is exploring whether successful attempts at the local level may be transferred into a cost-effective accounting mechanism at the national level.

Regarding the recently launched NFI, at the time of submission, only data from Oromia province had been analyzed, while plot data collection in the remaining provinces was still ongoing. Ethiopia therefore submitted its NFI with EFs based on Oromia province data only, indicating its intention to replace these with national data in the course of the technical assessment.

# BRAZIL'S FREL SUBMISSION TO THE UNFCCC

In June 2014, Brazil became the first country to submit a FREL to UNFCCC. Before the end of 2014, Brazil submitted a modified FREL providing more detailed information in response to the facilitative exchange with the technical assessment team. The Technical Assessment Report (TAR) was posted on the UNFCCC website[5].

**Stepwise approach:** The evolution from Brazil's deforestation baseline[6] used in the Amazon Fund, a national demonstration fund for REDD+, to the FREL submitted to the UNFCCC could be considered an illustration of a stepwise approach. The pools considered in the FREL expanded compared to the Amazon Fund approach and more detailed information was used for EF estimations. In its baseline calculation, the Amazon Fund first adopted a conservative estimate of 100 tC/ha for above ground biomass (other estimates ranged from 130 and 320 tC/ha). For the subsequent UNFCCC submission, a carbon map was produced resulting in multiple forest type and location-specific EFs. Brazil's FREL submission states that over time that it will include additional activities such as degradation, as well as other biomes beyond the Amazon as steps towards development of a national FREL.

**REDD+ activities included:** The FREL only includes deforestation of primary forest, where Brazil considers deforestation any clear cut of primary forest with a minimum mapping unit of 6.25 ha. The reason provided by Brazil for including only deforestation is that this activity represents the largest source of emissions and the time series available for assessing degradation is too short to allow an adequate understanding of the degradation process. In an Annex to the submission (not subject to the technical assessment), Brazil provides preliminary results of the assessment of degradation, which estimates emissions from degradation at approximately 59 per cent of those from deforestation. In the TAR, the AT acknowledges that Brazil included the most significant activity, the most important biome and the most significant pools in terms of emissions from forests. Furthermore, the AT considers that degradation is a significant activity based on the estimates provided by Brazil. The AT also notes that there is no evidence of displacement of emissions (i.e. decreased deforestation in the Amazonia biome resulting in increased degradation) and the current exclusion appears to be conservative in the context of constructing the FREL.

**Future submissions and areas for improvement:** Brazil indicates its intention to scale up to the national level in the future, developing FRELs for the remaining biomes in order of emissions importance. Brazil also expects that its understanding of degradation will improve with time as new data becomes available, allowing for the future submission of a FREL for degradation. Brazil mentions in its submission some areas for improvement e.g. currently the carbon map is based on a combination of sample-plot data (RADAMBRASIL) and literature. Brazil will replace this with data from its first NFI cycle as it expects that by 2017 the NFI will be completed in all states.

Areas for improvement identified by the AT are digitization of deforestation maps (AD for 1996-1997 are in analogue format, later dates in digital format), continuation of improvement of the carbon map, future treatment of emission from dead-wood and non-$CO_2$ gases to be consistent with the GHG inventory (where the AT notes that the current omission is likely to be conservative), and future treatment of degradation.

5 UNFCCC FREL/FRL submissions and TARs are available at http://redd.unfccc.int/submissions.html

6 Brazil uses the term 'baseline' for the Amazon Fund, the term FREL refers to Brazil's UNFCCC submission.

## EXERCISE 11

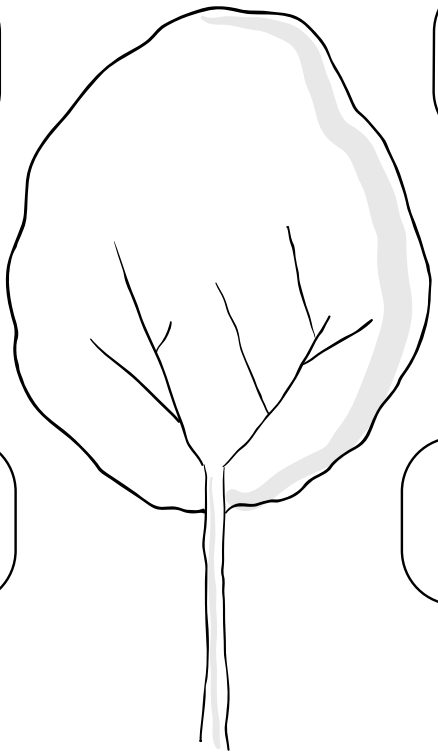
There are many reasons for a country to develop FREL/FRLs. Circle the correct reasons among the ones listed below, and use the empty boxes to suggest two additional reasons:

Countries may wish to express their contribution to international mitigation through REDD+ actions under the UNFCCC.

A country may decide that a FREL/FRL would provide employment and increase their GDP.

Countries may wish to assess the outcomes of PAMs taken to mitigate climate change in the forestry sector for domestic reasons.

A country decides that a FREL/FRL would contribute to an increase in tourist numbers



Countries may wish to access results-based payments (RBP).

A FREL/FRL would give a country bragging rights at the next COP meeting.

.....

.....

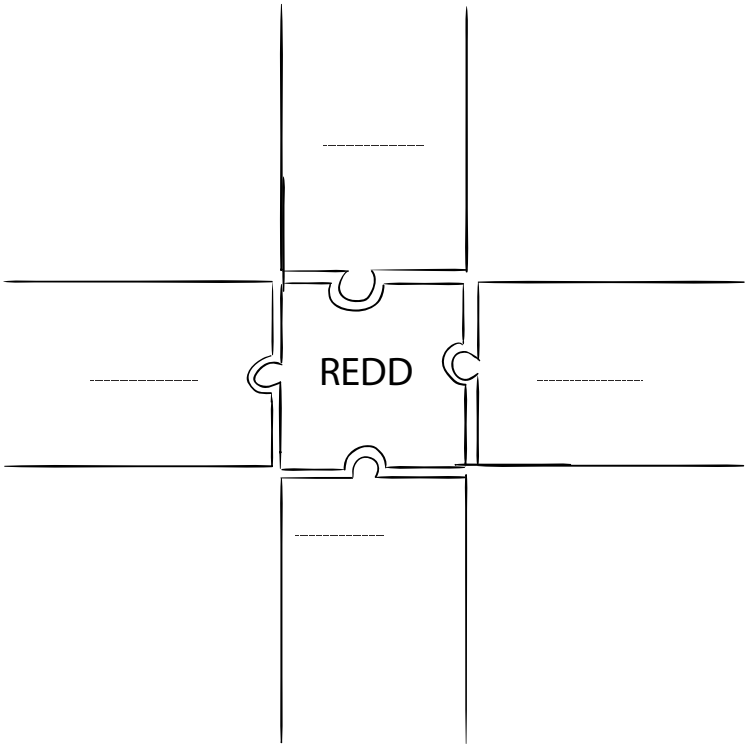
.....

.....

## EXERCISE 12

There are four required elements for participation in REDD+. Use four of the six below elements and fill the drawing.

| | | |
|---|---|---|
| A National Strategy or Action Plan | A national vote on REDD+ activities | Safeguards Information System (SIS) |
| A Forest Reference Emission Level or Forest Reference Level (FREL/FRL) | National Forest Monitoring System (NFMS) | A referendum on climate change |




## KEY MESSAGES:

- Forest Reference Emission Levels and Forest Reference Levels (FREL/FRLs) are benchmarks for assessing the performance of each country in implementing REDD+ activities.
- The FREL/FRL submission is the only REDD+ element that undergoes a technical assessment.
- The type of approach to FREL/FRL construction a country chooses will depend on analysis of drivers of deforestation and forest degradation and national circumstances.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

7

# Policies and Measures for REDD+ Implementation

This module looks at how countries can design policies and measures (PAMs) for REDD+ implementation. It follows on from, and is closely related to, ***Module 3: Drivers of Deforestation and Forest Degradation*** and ***Module 4: National Strategies or Action Plans.***

**The module includes sections about:**

- PAMs under the UNFCCC
- PAMs in relation to drivers and REDD+ activities
- Analytical work in support of PAMs design
- Designing and implementing nationally-appropriate PAMs
- Monitoring for PAMs

**What do you already know about this topic?**

# 7. POLICIES AND MEASURES FOR REDD+ IMPLEMENTATION

## WHAT 'POLICIES AND MEASURES' ARE

Policies and measures (PAMs) can be understood as actions taken and/or mandated by governments to achieve a set of objectives. They may consist of the design or reform of policies or legal and regulatory frameworks, as well as actual investments (programmes and projects). In the context of REDD+, PAMs drive the implementation of REDD+ activities, either as a prime objective or alongside other priorities (such as integrated rural development and/or resilience to climate change and natural disasters).

PAMs to achieve REDD+ may not be new or innovative, since many countries have already established PAMs to address deforestation or forest degradation, and/or to promote conservation and sustainable management of forests. However, REDD+ provides an opportunity to look at issues driving forest loss, and corresponding solutions, from a wider cross-sectoral perspective. With this approach, and building on existing interventions, the objective will be to ensure that relevant efforts are sustained and improved on in order to increase their impact.

## PAMS UNDER THE UNFCCC

### Text of the UNFCCC: PAMs for Action on Climate Change

There are references to PAMs for REDD+ in the text of the United Nations Framework Convention on Climate Change (UNFCCC). Parties to the Convention have set the goal of "preventing dangerous anthropogenic interference with Earth's climate system". This requires substantial reductions in greenhouse gas (GHG) emissions, to be achieved through the introduction and implementation of policies, laws, regulations, practices and incentive systems, as appropriate to their national circumstances, collectively known as policies and measures. With this objective in mind, the Convention states among its principles that:

> ***"The Parties should take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects. Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures, taking into account that policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost. To achieve this, such policies and measures should take into account different socio-economic contexts, be comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse gases and adaptation, and comprise all economic sectors."***

This means that all countries should develop and implement PAMs to support climate change mitigation and adaptation actions, according to their national circumstances and capacities. Sustainable management of forests, as sinks and reservoirs of GHGs, should also be included in such PAMs.

### PAMs for REDD+ Implementation: UNFCCC Guidance

PAMs aim to guide and support the implementation of all or some of the five REDD+ activities:

- Reducing emissions from deforestation;
- Reducing emissions from forest degradation;
- Conservation of forest carbon stocks;
- Sustainable management of forests; and
- Enhancement of forest carbon stocks.

During the 16th Conference of the Parties to the UNFCCC (COP 16) in Cancun, Mexico, countries decided that REDD+ activities:

*"... should be implemented in phases, beginning with the development of national strategies or action plans, policies and measures, and capacity-building, followed by the implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results-based demonstration activities, and evolving into results-based actions that should be fully measured, reported and verified;" (Decision 1/CP.16, paragraph 73)*[1]

This means that through the process of designing their REDD+ national strategy or action plan (NS/AP) in the 'REDD+ readiness phase' (phase 1), countries should define the PAMs that they intend to put into action during the 'implementation' and 'results-based' phases of REDD+ (phases 2 and 3 respectively, which may overlap).

# PAMS FOR THE IMPLEMENTATION OF REDD+ ACTIVITIES

For the purpose of the REDD+ Academy, the term 'activity' refers to the five REDD+ activities, while 'policies and measures', 'actions' or 'interventions' are the means for implementing the five activities. For example, a country may ban commercial agriculture in areas of intact primary forests. This intervention is a PAM intended to implement the REDD+ activity 'reducing emissions from deforestation'.

## Addressing the Drivers of Deforestation and Forest Degradation

Drivers are the processes that result in deforestation and forest degradation. These processes (abbreviated as DDFD) can be separated into:

- **Direct drivers** (also called 'proximate causes'), such as agricultural expansion, infrastructure development, fire, and wood extraction; and
- **Indirect drivers** (also called 'underlying causes' or 'driving forces'), which can be related to international factors (e.g. markets, commodity prices), national factors (e.g. population growth, domestic markets, national policies, governance) and local circumstances (e.g. household behaviour).

Agents of deforestation and forest degradation are the group(s) of individuals or legal entities directly or indirectly responsible for deforestation and forest degradation.

In order to implement REDD+ activities effectively, countries should seek to understand and address the direct and related indirect drivers, as well as the dynamics of (and barriers to) forest conservation, enhancement of forest carbon stocks and sustainable management of forests (referred in this document as barriers to the 'plus' activities of REDD+). Drivers and barriers should be identified, understood and agreed upon by the relevant stakeholders in order to design appropriate PAMs. A more in-depth analysis of drivers and barriers can be found in ***Module 3: Drivers of Deforestation and Forest Degradation.***

**REFLECTION POINT**

Who are the main agents of deforestation and forest degradation in your country?

## Drivers, REDD+ activities and PAMs

Though this may vary according to the country context, various direct drivers will be relevant to different REDD+ activities, as illustrated in figure 7.1 below (*two ticks indicate a strong and direct role; one tick indicates a potentially less strong or indirect role*).

1 The UNFCCC has gathered all of the COP decisions relevant to REDD+ in the Decision booklet REDD+ (UNFCCC, 2014).

**Figure 7.1: Relation between drivers and REDD+ activities**

| | REDD+ Activities | | | | |
|---|---|---|---|---|---|
| | Reducing emissions from **deforestation** | Reducing emissions from **degradation** | **Conservation** of forest (carbon stocks) | **Sustainable management** of Forest (carbon stocks) | **Enhancement** of forest carbon stocks |
| **Direct drivers** | | | | | |
| Large-scale agriculture | ✔✔ | | ✔ | | |
| Shifting agriculture | ✔ | ✔✔ | ✔ | | ✔ |
| Fuelwood collection and charcoal production | ✔ | ✔✔ | ✔ | ✔✔ | ✔✔ |
| Legal logging | ✔ | ✔✔ | ✔ | ✔✔ | |
| Illegal logging | ✔ | ✔✔ | ✔✔ | | |
| Fire | ✔ | ✔✔ | | ✔ | ✔✔ |
| Infrastructure expansion | ✔✔ | ✔ | ✔✔ | | |
| **Indirect drivers** | | | | | |
| Tenure insecurity | ✔ | ✔ | ✔ | ✔ | ✔✔ |
| Population growth | ✔✔ | ✔✔ | ✔✔ | ✔✔ | ✔✔ |

Source: UN-REDD Programme

For this reason, specific PAMs aimed at addressing specific drivers will also have differing levels of relevance to one or several REDD+ activities. Figure 7.2 presents a non-exhaustive list of potential PAMs and their possible relevance to REDD+ activities. The actual relevance will depend on the local context (e.g. processes associated with the drivers) and the ways in which the PAMs are implemented.

**Figure 7.2 Examples of potential PAMs and their possible relevance to REDD+ activities**

| | REDD+ Activities | | | | |
|---|---|---|---|---|---|
| | Reducing emissions from **deforestation** | Reducing emissions from **degradation** | **Conservation** of forest (carbon stocks) | **Sustainable Management** of forest (carbon stocks) | **Enhancement** of forest carbon stocks |
| **Agricultural intensification** (when tied to land use planning, as well as conditional incentives and/or enforcement) | ✔✔ | ✔✔ | ✔ | | ✔ |
| **Removal of subsidies** for activities leading to deforestation and forest degradation, and/or land clearance taxation (fiscal framework) | ✔✔ | ✔✔ | ✔ | | |
| **Sustainable biomass energy** programmes | ✔ | ✔✔ | ✔ | ✔ | ✔ |
| **Strengthening of protected area networks** and improved management (including community-based management) | ✔ | ✔ | ✔✔ | ✔ | |
| Support for **community forestry** | ✔ | ✔ | ✔ | ✔✔ | ✔ |
| Strengthening of **forest law enforcement** combined with improved monitoring and traceability | ✔✔ | ✔✔ | ✔ | ✔ | ✔ |

| | REDD+ Activities | | | | |
|---|---|---|---|---|---|
| | Reducing emissions from **deforestation** | Reducing emissions from **degradation** | **Conservation** of forest (carbon stocks) | **Sustainable Management** of forest (carbon stocks) | **Enhancement** of forest carbon stocks |
| **Afforestation/reforestation** on degraded land (including agroforestry) | | | | ✔ | ✔✔ |
| **Payments for environmental services** and/or other types of incentive schemes | ✔ | ✔ | ✔ | ✔ | ✔ |
| Improving **tenure security**, including of indigenous peoples' lands, and women's and men's land use and access rights | ✔ | ✔ | ✔ | ✔ | ✔✔ |
| Support for **forest certification** and/or **reduced impact logging** | | ✔✔ | | ✔✔ | |
| Implementation of forest-friendly national or subnational **land use planning**, including infrastructure development (e.g. roads) | ✔✔ | ✔ | ✔✔ | ✔ | ✔ |
| Support for **microcredit** programmes to improve off-farm and/or sustainable business development and employment | ✔✔ | ✔✔ | ✔ | | ✔ |
| Funding of **fire prevention** programmes | ✔ | ✔✔ | ✔ | | ✔✔ |

Source: UN-REDD Programme

In the same way that drivers may be divided into 'direct' and 'underlying' drivers, PAMs may be split into 'direct' and 'enabling' PAMs:

- **Direct PAMs** seek to achieve results in terms of emissions reductions and/or enhanced removals. Examples include reforestation, fire prevention or energy switching programmes.
- **Enabling PAMs** aim to create an appropriate environment for effective and efficient interventions, often targeting indirect drivers or barriers to the 'plus' activities. Enabling PAMs may include capacity building, land-use planning, clarification of tenure frameworks and measures aimed at improving governance, such as transparency in resource and land allocation. While essential to the success of REDD+, their carbon potential may be difficult or impossible to quantify.

The line drawn between direct and enabling PAMs may at times be blurred, but it may remain a helpful distinction to improve stakeholders' understanding of the reasons behind interventions, particularly when developing a REDD+ results framework.

A more in-depth discussion of enabling interventions related to governance can be found in ***Module 12: Good Governance.***

## A Holistic Approach to addressing drivers and barriers

The approach adopted by countries to address their drivers and barriers will be guided by national circumstances. In most cases it will involve addressing multiple and interacting direct and indirect drivers. As indirect drivers often have tremendous impact on direct drivers (e.g. conflicting policies in agriculture and forestry sectors, capacity, governance issue, etc.), it is essential to understand their influence and take them into account in the design of PAMs.

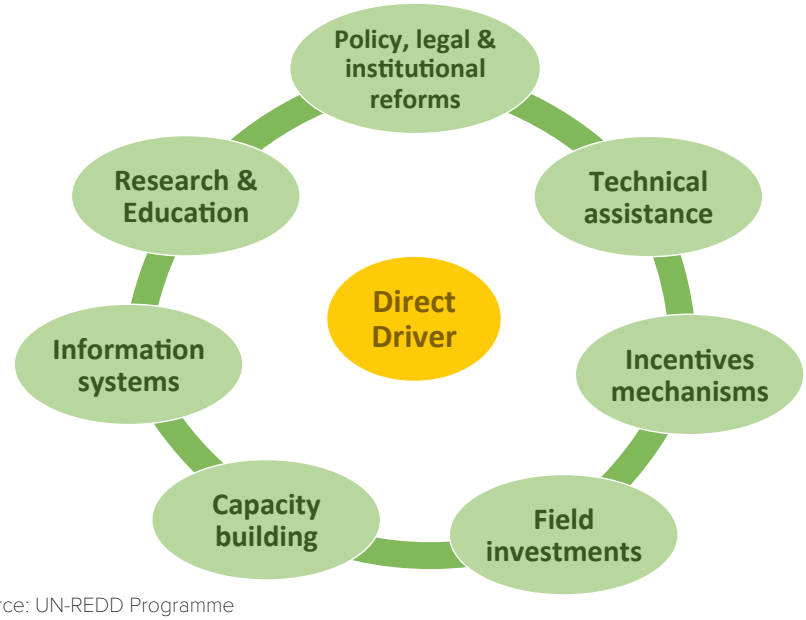
Effective REDD+ strategies are therefore likely to require a **coherent set, or package, of PAMs** aimed at collectively addressing priority direct drivers and their related indirect drivers, as well as barriers, in a coherent way. Depending on the country context (i.e. political preferences, capacity, stakeholders involved, etc.) such packages of PAMS are likely to involve a mix of regulatory measures and incentives, taking social and environmental safeguards into account.

Figure 7.3 below shows some of the types of PAMs (in green) that may be required to collectively address drivers or barriers (in yellow). The typology is tentative, as categories may overlap depending on the interventions and stakeholders involved.

**REFLECTION POINT**

Of the examples listed above, which PAMs do you think would be most useful in your country? Can you think of others?

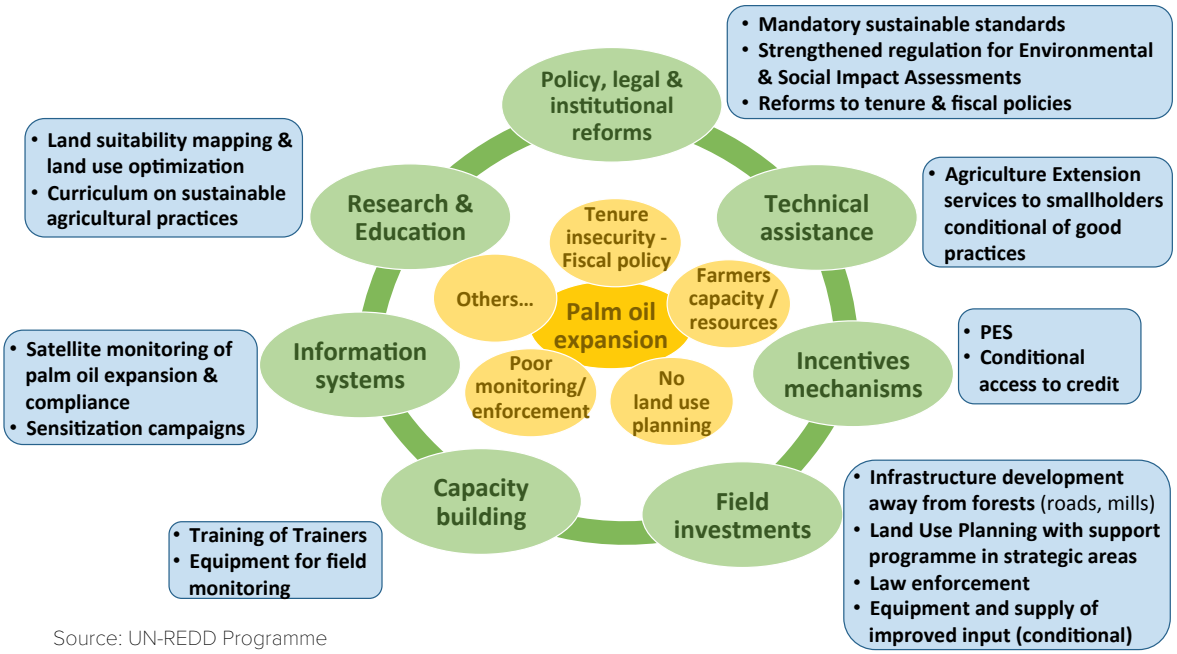
**Figure 7.3: Potential types of PAMs required to tackle a direct - and related indirect - drivers**




Source: UN-REDD Programme

To further illustrate this, Figure 7.4 below provides examples of PAMs that may be relevant to address deforestation as a result of palm oil expansion (i.e. direct driver) and its associated indirect drivers. In this example, the strategy involves agriculture intensification in the context of land use planning, with financial and non-financial incentives conditional on the respect of land use plans and more sustainable practices. It is supported by enabling reforms as well as enhanced monitoring and enforcement. While many PAMs may be roughly the same at this schematic level, more detailed PAMs will likely differ significantly when targeting large-scale producers or smallholders.

**Figure 7.4: Illustration of a potential package of PAMs – the case of palm oil**



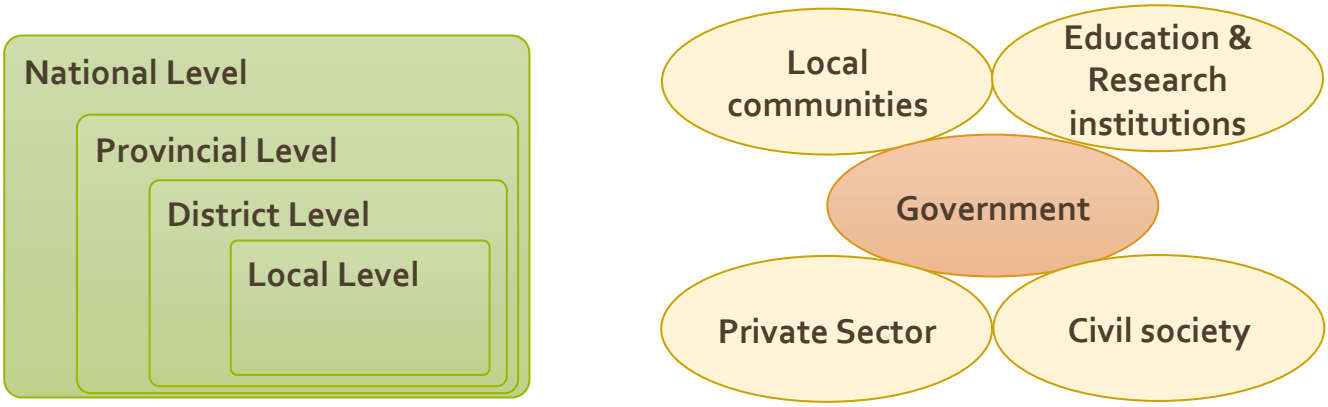

Source: UN-REDD Programme

In the same way, REDD+ implementation is likely to require coordinated intervention at multiple levels of territorial governance, from national to subnational and local levels (Figure 7.5). These various levels encompass diverse stakeholders, including decision-makers, influential actors and agents of deforestation and forest degradation, each with different interests, roles and mandates, and implementation capacities. As relevant in their national context (i.e. decentralization structure, agents of change involved, opportunities and constraints), countries may find it useful to consider their PAMs in the light of these various levels of governance and types of stakeholders (i.e. mandate, capacity).

Countries should ensure that specific PAMs are implemented by the relevant actors at the most effective and efficient level of government, with PAMs at higher levels enabling, strengthening and streamlining implementation at lower levels. Indeed, some issues cannot be addressed properly at lower levels (e.g. policy reforms, displacement of emissions). The national level will have an important role in ensuring horizontal and vertical coherence[2] in implementation, as well as in consolidating information (e.g. monitoring and reporting), allowing economies of scale

2 Horizontal coherence: coherence across entities at the same level of government (e.g. across Provinces). Vertical coherence: coherence across levels of government (national, subnational)

**Figure 7.5: REDD+ implementation (PAMs) across levels of government and stakeholders**




Source: UN-REDD Programme

## Box 7.1: Different 'pathways' to REDD+ planning, an example from DRC

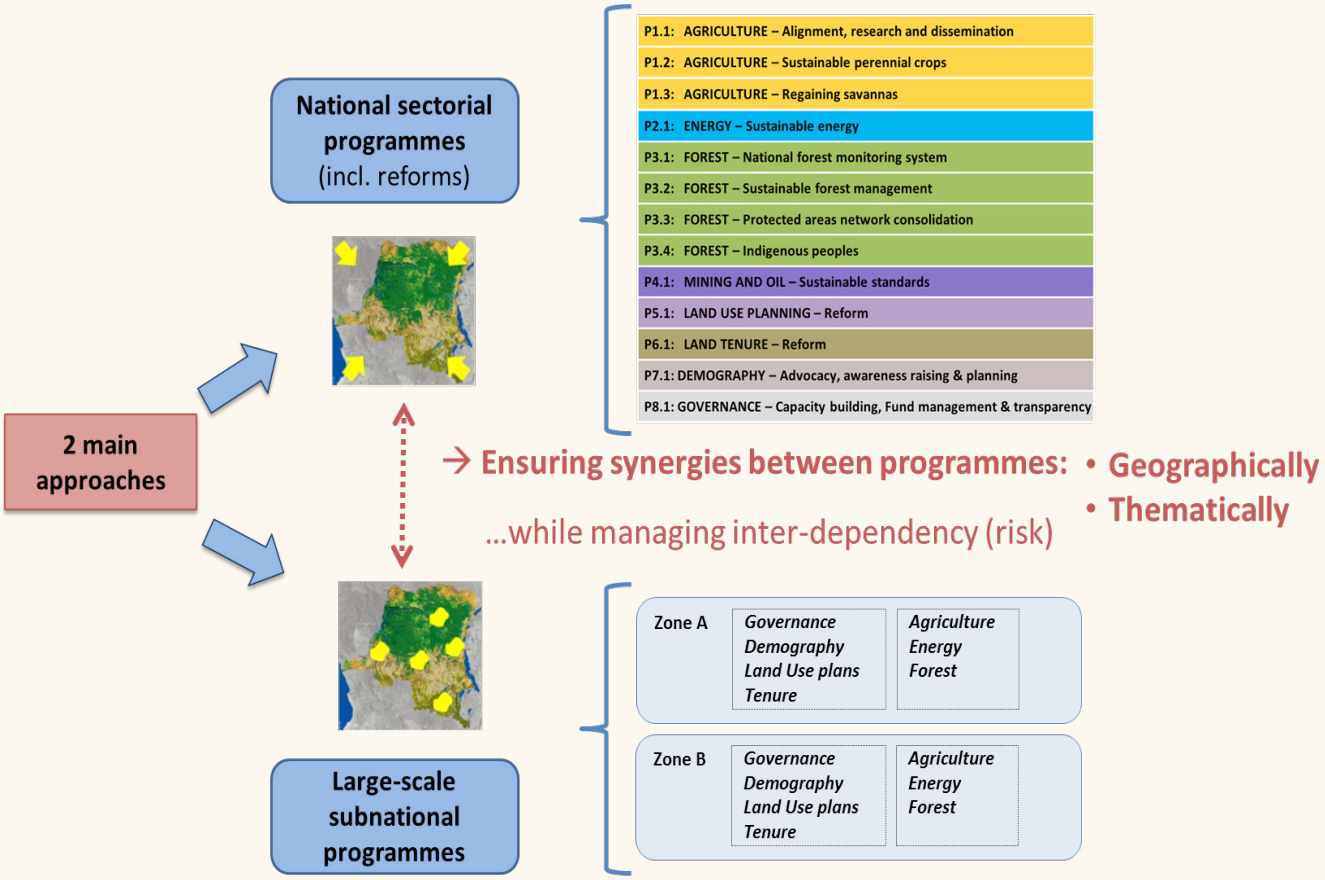
Figure 7.6 shows the approach taken by the Democratic Republic of Congo (DRC). Deforestation in DRC, a vast country with high forest cover, is concentrated around 'hotspots'. To ensure efficiency and effectiveness in REDD+ implementation, DRC has taken a multi-layered approach, whereby:

- Reforms and thematic programmes (land use planning, agriculture, land tenure) will be implemented at the national level, providing necessary guidance and support to:
- Large-scale subnational programmes (see Figure 7.6), focusing on hotspots of deforestation (i.e. high REDD+ potential) so as to maximise opportunities for cost-effective emissions reductions.

These integrated programmes aim to implement the seven pillars of DRC's national strategy (land use planning, tenure security, governance, agriculture, energy, forestry and demography) so as to comprehensively address forest loss.

The national level will ensure coordination and coherence across the subnational programmes (e.g. interventions, methodologies, tools and data), help address the risks of displacement of emissions and reversals of emissions reductions, and ensure economies of scale. Subnational programmes will in turn help inform national reforms with lessons learnt inform the many different contexts of the country.

**Figure 7.6: Strategic approaches to REDD+ implementation planning in the DRC, combining thematic programmes and reforms at the national level with transversal integrated subnational interventions.**




Source: National REDD+ Investment Plan 2015-2020, Democratic Republic of Congo

# ANALYTICAL WORK TO SUPPORT PAMS IDENTIFICATION AND DESIGN

## Analysing the Drivers and Barriers

As mentioned earlier, REDD+ is an opportunity to look at the issues driving forest loss – and their solutions (PAMs) - from a much wider angle than usual approaches, often designed in a sectoral 'silo'. This is arguably one of the main opportunities for 'transformation' that the REDD+ mechanism may help catalyse, along with helping to move forests higher up the national agenda. This requires building a robust analytical base starting with a thorough, cross-sectoral, **spatial**, **qualitative** and **quantitative assessment** of the drivers and of the barriers to 'plus' activities, and related agents, processes, locations, as well as how they relate to the various REDD+ activities. All this is key in identifying the most appropriate PAMs.

Many countries, after conducting such a wide analysis of drivers and barriers at the national level, have particularly relevant, such as a specific agricultural commodity, barriers to the expansion of forest plantations, legal frameworks, or other governance issues. These studies are an opportunity to deepen understanding of complex issues, but also to start the identification of potential entry points for tackling the drivers and barriers, and for developing in detail the PAMs to address them. These studies may also help outreach to specific key stakeholders (e.g. relevant line ministries at the central and subnational level, businesses or research and education institutions), helping build the case for REDD+ to them and with them. This will be key in ensuring their adoption and validation of the PAMs and overall REDD+ national strategy, and secure their necessary active participation in the implementation phase. More information on the analysis of drivers can be found in ***Module 3: Drivers of Deforestation and Forest Degradation***.

## Other Analytical Work supportive of PAMs decision-making

### Decision-support tools

People involved in developing PAMs for REDD+ are often faced with challenging situations due to the wide range of affected stakeholders, the presence of conflicting interests, and the limited availability of information on the consequences of specific choices. A growing and diverse range of tools and guidance are available to assist REDD+ decision-makers. These materials have been developed with different kinds of challenges and decision-making contexts in mind.

Decision points can include:

- How to integrate REDD+ (and, more broadly, cross-sectoral and green economy) considerations into national development objectives;
- The types of PAMs that could be implemented;
- The setting of targets for the implementation of each PAM (e.g. size of the area to be covered);
- The prioritization of locations where these should be implemented.

Decision-support tools can take many forms, ranging from guidance documents and flowcharts to techniques for visualizing decision-relevant information and sophisticated software. There are many examples of decision-support tools that might be useful for PAMs analysis, including IDRISI Selva Land Change Modeller (LCM), the High Conservation Value Forest (HCVF) Toolkit, the World Bank Workbook for estimating opportunity costs of REDD+, the UN-REDD Benefit and Risks Tool (BeRT).

### Spatial Analysis

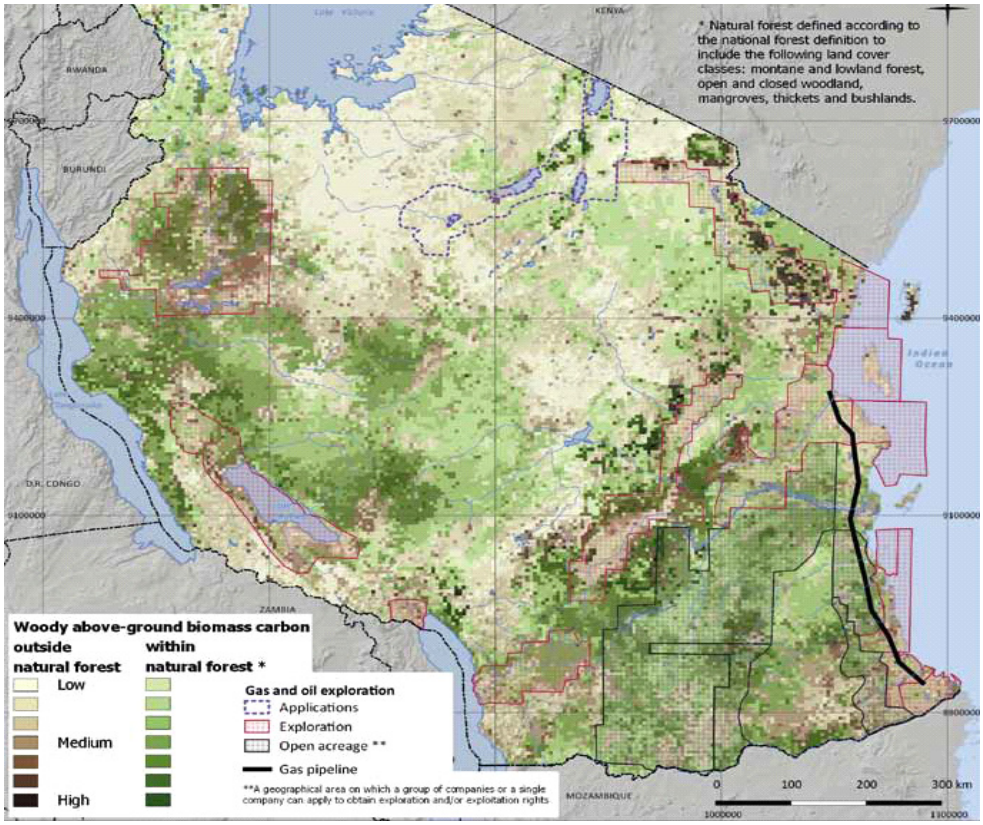
Land-use planning for REDD+ helps to assess alternative uses for land (in a context of limited resources) and identify optimized land and natural resources allocations that can achieve national development priorities while managing REDD+ objectives. It also helps to identify priority locations for the implementation of REDD+ actions, while enhancing potential benefits and reducing potential risks (see ***Module 8: REDD+ Safeguards under the UNFCCC***).

Based on this, maps can be used as decision-support tools for REDD+, helping planners and stakeholders to:

- Better understand the context for REDD+ planning (e.g. maps of forest cover, land use, current/planned infrastructure development and/or population distribution);
- Analyse the suitability of locations for different land uses and priority areas for REDD+ actions;
- Provide inputs for sub-national planning.

For example, the location of pressures, such as oil and gas exploration and population growth, can help identify where REDD+ implementation may best address priority DDFD (see figure 7.7 below).

**Figure 7.7: Mapping of oil and gas exploration areas for REDD+ planning in Tanzania**




Source: UNEP-WCMC.

Maps can help identify locations where certain REDD+ actions may enhance social and environmental benefits (e.g. where biodiversity conservation can be promoted) and reduce risks (e.g. where natural forest may be at risk of conversion to plantations). It is important to be clear about what question each map is intended to address (requiring consultation with the users of the maps), as well as validating the results and exploring with stakeholders how they can best be presented and distributed.

Many decision-support tools relate to spatial planning, which is a key issue in many countries. In a situation of demographic growth and/or constant pressure from various land use sectors (e.g. agriculture and mining), spatial planning supported by adequate multi-criteria spatial analysis may prove a useful tool to promote the coherent use of available land and natural resources, including forests.

### Economic tools

Economic decision-support tools are also important. These have evolved from simply estimating the costs of emissions mitigation to more sophisticated approaches that are integrated with spatial analyses. Economic tools can help assess the costs of REDD+ implementation (opportunity, implementation and transaction costs; see ***Module 9: REDD+ Finance*** for details) and estimate the value of benefits, allowing planners to compare PAMs and/or different ways of implementing them. Further, they can be employed in the planning process to explore how REDD+ objectives can be achieved while working towards broader national development objectives, exploring the costs and benefits of various scenarios.

Various spreadsheet tools for the analysis of REDD+ costs and benefits exist, some of which include all of the costs (i.e. opportunity,

implementation and transaction) as well as multiple benefits. These can be useful for broad analyses of options for PAMs. A specific REDD+ GIS tool is currently in development under the UN-REDD Programme which will be able to carry out a range of spatial economic analyses by exploring different cost and benefit assumptions.

When selecting tools and resources, a number of questions may be relevant:

- Can all relevant criteria and options be covered by the tool/resource? (If not, can the tool/resource be combined with others?)
- Is the tool compatible with the spatial scale at which it is to be applied?
- How much time, expertise, technical capacity and money is needed to apply the tool?
- Is there sufficient data and information available for the tool to generate meaningful results?
- Can the tool provide datasets/layouts that are compatible with other tools or criteria that the government might use for land-use planning and/or decision-making?
- Can the priorities and targets for multiple benefits that result from relevant policies and stakeholder interests be appropriately reflected in the application of the tool?
- If not, are there other economic (or non-economic) tools available to appropriately reflect these priorities?

# DESIGNING AND IMPLEMENTING NATIONALLY-APPROPRIATE REDD+ PAMS

Considering the diversity of potential direct and indirect drivers, the PAMs to address them may be numerous and wide-ranging. As part of the NS/AP design process, and building on the analytical work, various strategic considerations may guide the identification and selection of the most relevant PAMs. Along with various political, socio-economic and technical considerations, this relates ultimately to the country's overall priorities as well as its vision for REDD+, and should include an assessment of the priority REDD+ activities, the scale at which REDD+ will be implemented and where, and which priority drivers to address. These considerations may help ensure a more strategic and focused PAM design and consultation process, increasing cost-effectiveness and the likelihood of successful implementation. Understanding these kinds of priorities will be particularly important when targeting sources of (limited) funding (e.g. GCF).

The decision-making process for PAMs will include many dimensions, from mitigation potential to estimated costs and (multiple) benefits (in accordance with the REDD+ safeguards), existing PAMs, political priorities and acceptability to various stakeholders. Effective and comprehensive stakeholder engagement is important throughout the PAM design process.

## Strategic considerations on the Scope and Scale of REDD+ and priority drivers/ barriers

Strategic decisions on the scope and scale of REDD+, as well as the priority drivers to address, will have strong repercussions on the way REDD+ will be implemented in a country. Decisions on scope, scale and priority drivers are strongly inter-related and should be looked at together. For more information on the scope and scale of REDD+, including the various elements that may contribute to decision-making on these aspects, see ***Module 4: National Strategies or Action Plans***.

### Scope of REDD+

The scope of REDD+ activities relates primarily to which of (or combination of) the five REDD+ activities a country chooses to implement. As discussed previously (see Figure 7.1), some direct drivers are more related to deforestation (e.g. commercial agriculture or cattle ranching), some to degradation (e.g. selective logging or small-scale fuelwood collection), and others to both, depending on the context or point in time (e.g. shifting agriculture that may first cause degradation and later deforestation).

Therefore, a country deciding to focus its FREL (and therefore RBPs) on, for example, the implementation of the 'Reducing emissions from deforestation' activity may want to prioritize only the drivers related to that activity, such as large-scale agriculture (while addressing the

**REFLECTION POINT**

Do you think effective PAMs could be developed using only maps? Why/ Why not?

risks of displacement e.g. from deforestation to degradation). It may consider trying to orientate agricultural expansion towards non-forest land and/or degraded forests through land use planning, using a mix of (i) regulations (e.g. law banning the expansion of commercial agriculture into primary forest, supported by satellite-based monitoring and law enforcement), and (ii) incentives (e.g. access to land titles, infrastructure development, tax breaks).

In the above case, a country may decide not to address legal industrial (selective) logging as it is a driver of degradation rather than deforestation. However, if it decides to also implement 'Reducing emissions from degradation' and/or 'Sustainable management of forests' activities, then that driver of degradation may be relevant and the country may consider the emissions reduction potential as well as costs and (multiple) benefits associated with, for example, regulations and incentives to support certification schemes and the adoption of reduced impact logging techniques.

Decisions on scope will have significant implications for PAMs, as they will influence key issues such as:

- The geographical areas on which to focus, where these processes occur (scale)
- The drivers to address, in line with the targeted REDD+ activities;
- The stakeholders to engage.

**REFLECTION POINT**

Has your country decided the scope of its REDD+ implementation? What influenced the decision?

### Scale

The UNFCCC allows flexibility for countries to start developing their FREL/FRL, as well as monitor and report, at a subnational scale as an interim measure (Decision 1/CP.16, 71b and c). In this context, the scale of REDD+ refers primarily to the geographical area in which the country will take responsibility for implementing REDD+ towards RBPs (FREL/FRL). A NS/AP however, as well as an SIS, should be developed at the national scale (Decision 1 CP/16, 71a and d), as the FREL/FRL eventually.

Whether a country opts for a national scale FREL/FRL or a subnational one as an interim measure, it may want to focus part or all of its REDD-relevant efforts on subnational area(s) presenting the highest REDD+ potential (i.e. potential for emissions reductions and/or removals). These could be hotspots of deforestation and/or forest degradation, or areas where the potential of the 'plus' activities is particularly significant (e.g. areas suitable for afforestation/reforestation). Decisions on scale and priority areas will have significant implications for PAMs, as they will influence key issues such as:

- The drivers to address;
- The stakeholders to engage;
- The REDD+ activities to pursue (scope);
- The capacity required for implementation; and
- The costs and benefits, which may vary greatly from one area of the country to another.

Therefore, though decisions on scale (incl. priority geographical areas) may be taken at different times during the readiness process, considering it early on may help focus the analytical work (e.g. type and geographical scope of studies) and consultations and thus improve the PAMs selection process.

### Prioritizing drivers and barriers

Building on the analytical work on DDFD, a country should consider which driver(s) it wishes to address. Such a prioritization exercise may be done considering, among other things:

- The significance of each direct driver in terms of emissions from deforestation/forest degradation, or potential for removals from 'plus' activities;
- Scope and scale;
- Political priorities;
- The capacity to tackle the driver (technical capacity, political capital, actors involved);
- Implementation cost;
- Potential REDD+ safeguards triggered;
- Non-carbon benefits that could be strengthened.

This prioritization process will help direct a country's attention and resources to the most relevant drivers and/or barriers and geographical areas.

While assessing the feasibility of addressing various drivers, countries may find that addressing related underlying drivers may not be feasible or effective for a number of reasons. These may include market forces (e.g. pressure from the international commodity market), or insufficient political will (e.g. to modify the legal or fiscal framework). This may limit the capacity

of the country to address the associated direct driver. For example, food insecurity may restrict a country's ability to address the expansion of paddy rice in flooded forests if no alternatives are found, or strong commodity prices could make mining expansion too attractive compared to sustainable forestry. This highlights the importance of a good understanding of the underlying drivers and their links to the direct drivers. A further consideration is the capacity of a country to implement PAMs to address a driver, as well as bear the associated costs.

In sum, the most significant driver(s) in terms of potential emissions reductions and/or enhanced removals may not always be the first priority. Such driver(s) may be addressed more effectively at a later stage when the political and financial environment is more conducive.

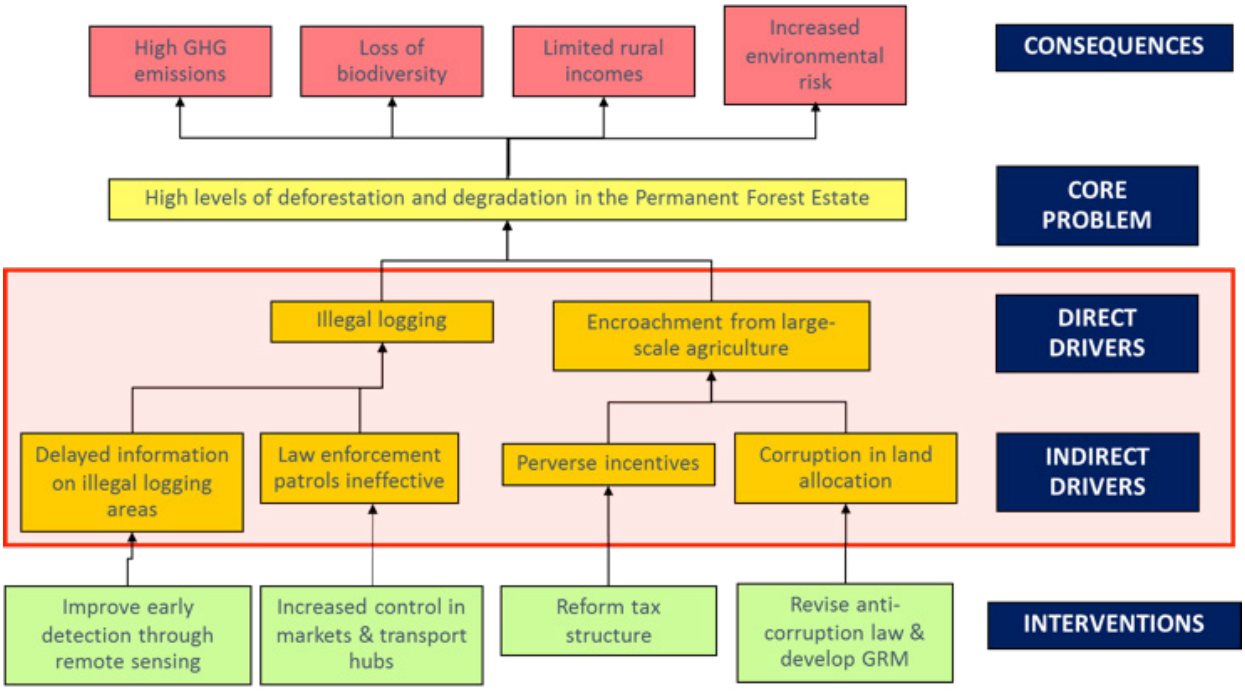
However, discarding significant drivers without adequate justification may strongly undermine the credibility of the overall REDD+ NS/AP, and opportunities to attract international REDD+ finance. The selection of drivers and barriers to focus on should be considered within a pragmatic stepwise approach, ideally framed within an ambitious vision for REDD+ implementation that is part of a country's development agenda.

## A Multi-Dimensional Selection Process for PAMs

The strategic considerations mentioned above underpin a strong process for the selection and development of focused PAMs.

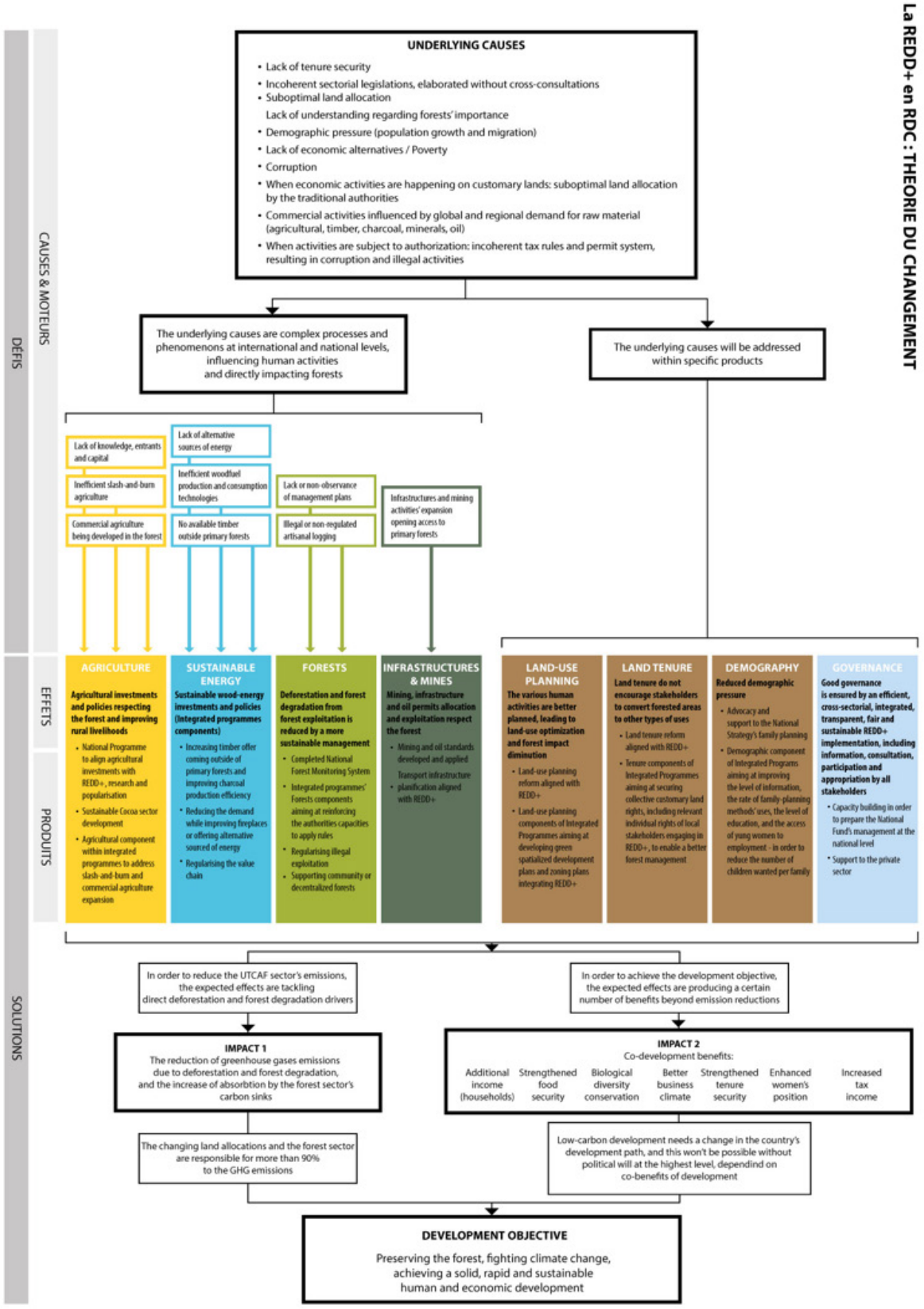
Developing a 'theory of change' can be a useful step in identifying relevant PAMs. A theory of change is a plan or hypothesis of how a set of interventions will achieve long-term objectives and goals. Often starting from the development of a 'problem/solution tree, it explains the expected process of change, outlining the necessary preconditions and cause-and-effect assumptions (see Figures 7.8 and 7.9). For REDD+, this would involve assessing how the various PAMs (inputs) lead to carbon results (impacts) and potentially other goals or co-benefits. It may help to unravel the often complex web of interventions required for impact, underlying assumptions and associated risks. Having worked out a theory of change, practitioners can make more informed decisions about strategy and tactics, which may be improved and refined over time through consultations and analysis. Having a well-developed theory of change for REDD+ in a country will also likely facilitate the development of proposals for donors such as the GCF.

**Figure 7.8: Standard conceptual 'problem/solution tree' for REDD+**




Source: UN-REDD Programme

**Figure 7.9:** Example of theory of change – Democratic Republic of the Congo

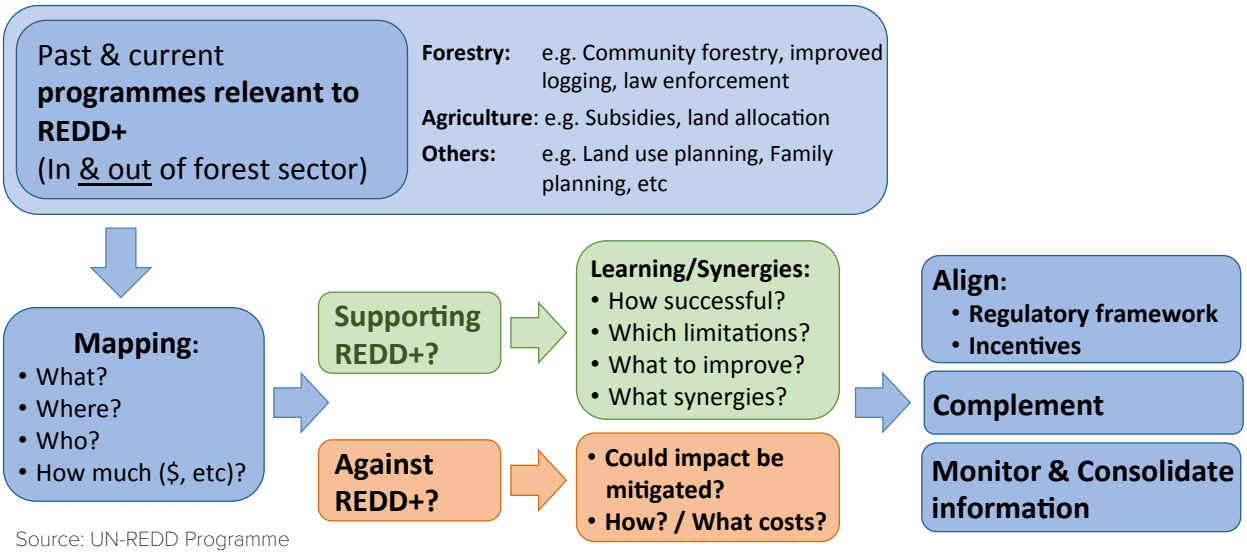



Source: National REDD+ Investment Plan 2015-2020 of the Democratic Republic of the Congo

The design of PAMs should take into account lessons learnt from past and current experiences, and build on existing PAMs relevant to REDD+, analysing their suitability and shortcomings so as to strengthen relevant ones and fill gaps, improving the overall coherence.

It should also contribute to aligning existing investments with REDD+ objectives, mitigating their negative impacts on forests and enhancing positive ones (e.g. public or private investments in agriculture development).

**Figure 7.10: Learning from experience, building on existing PAMs, and alignment with REDD+ objective**



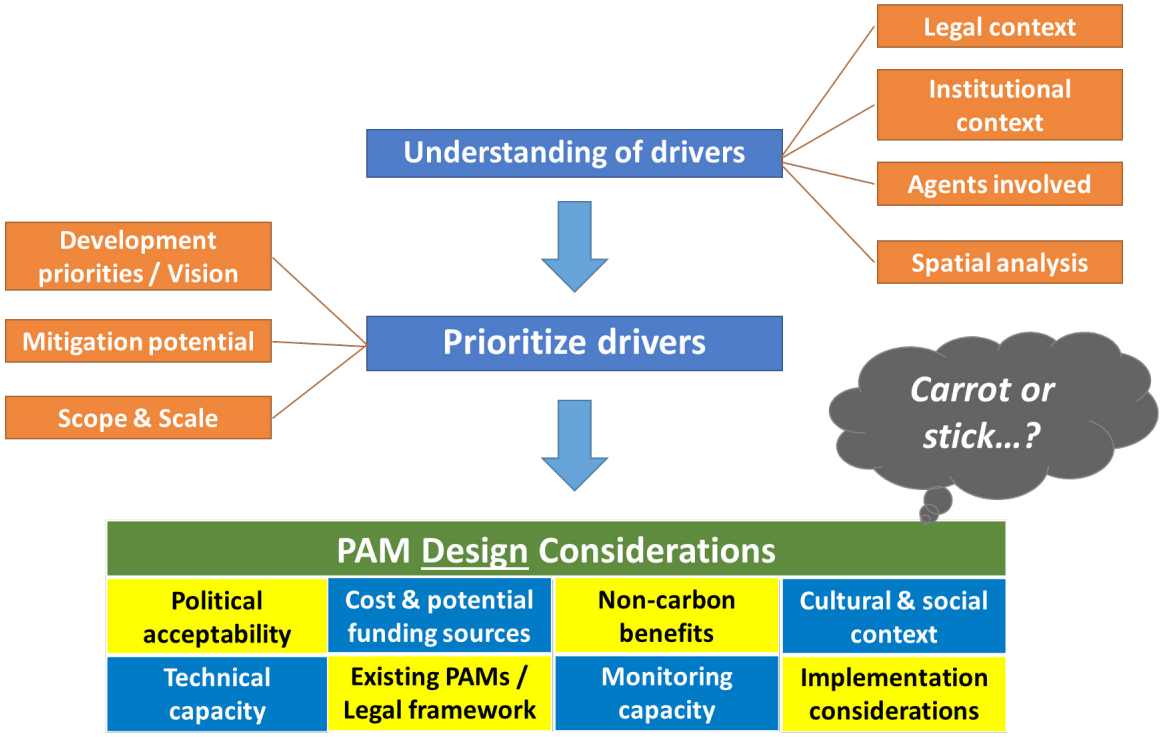

Source: UN-REDD Programme

From the many PAMs that might be relevant for achieving their REDD+ objectives, countries facing budget constraints may want to prioritize options once they begin actual investment planning. While the process of developing a theory of change should in itself greatly assist in identifying the most relevant PAMs, various factors may be taken into consideration, including:

- The mitigation potential of a package of PAMs (and importance of individual PAMs in allowing the package to have an impact);
- Alignment with national (and/or subnational) development priorities and plans;
- The overall feasibility:
  - Political acceptability of/support for particular actions;
  - Financial feasibility, whether through public or private sources, domestic and international;
  - Technical capacity, at national and subnational levels, to implement PAMs effectively and efficiently (adequate human resources and knowledge, as well as logistical capacity);
- The likely costs and (non-carbon) benefits of the PAMs, as well as their potential safeguard risks ;
- Existing PAMs on which to build;
- Ease of monitoring.

Figure 7.11 presents another overview of the main factors to consider when deciding which PAMs to implement.

**Figure 7.11 Dimensions to consider in the decision-making process on PAMs**




Source: UN-REDD Programme

The relevance of PAMs should not be assessed in isolation. Instead PAMs should be viewed as coherent packages of REDD+ actions, sequenced over time, that address both direct and underlying drivers. A theory of change may help a country to assemble this package. Potential or necessary synergies and catalytic effects between PAMs implemented at the national, subnational, and local levels should be considered (e.g. policy or regulatory reforms supporting the implementation of actions at the subnational level). Aside from very specific PAMs such as afforestation/reforestation, countries should be cautious about trying to quantify the carbon impact of individual PAMs. This may prove impossible or fail to account for the cumulated impact of a package of PAMs.

As part of the PAMs design process, particular efforts should be made to consider aspects covered by REDD+ safeguards. For instance, safeguard 'b' on forest governance relates to issues including land tenure, access to justice, grievance redress mechanisms, and corruption risks (see ***Module 8: REDD+ Safeguards***).

A gender perspective should also be built into REDD+ policy formation and associated decision-making processes. The benefits of doing so are multifaceted, and can help promote the ownership and sustainability of REDD+ actions. Undertaking such a gender approach includes analysing whether existing PAMs exclude the rights of certain groups (e.g. women, youth, indigenous people, etc.), account for gendered roles in forest use, as well as acknowledge both women and men's rights over forest resources and within land tenure frameworks. Also crucial in this process is ensuring that associated stakeholder engagement processes are undertaken in a gender-responsive manner, wherein women and men are equitably and meaningfully engaged and any possible issues preventing their involvement (e.g. capacity gaps, timing and location of consultations, etc.) are addressed, so that they both have the opportunity and ability to influence policy making on REDD+. Promoting meaningful and gender-equitable stakeholder engagement, including with marginalized

groups, is likely to facilitate the design, implementation and monitoring of effective, efficient and sustainable REDD+ actions[3], especially at the subnational level. Among other options for participatory methodologies, building a theory of change is an accessible way to create a commonly understood vision of long-term goals, how they will be reached and how progress will be measured.

While trying to clearly identify the most relevant drivers and PAMs on which to focus investment, countries may still want to present a portfolio wide enough, while still coherent, to use their REDD+ strategy as a coordination framework for actors, funding and interventions outside of REDD+.

## Participatory Decision-Making and Selection Process

When defining REDD+ actions and PAMs, countries should ensure equitable and participatory decision-making processes involving all relevant stakeholders, including civil society, government, local communities and marginalized groups (e.g. indigenous people, women and youth). Without adequate participation, it may be challenging to identify and prioritize, and then effectively implement REDD+ PAMs.

Countries will need to strike a balance between the level of participation in the process, and its efficiency and cost-effectiveness, while being mindful of the risk of raising expectations (e.g. some areas may ultimately not be considered for REDD+ investment). It is therefore essential to ensure that the relevant stakeholders are involved at the right time, at the right level and through appropriate channels.

For example, engaging local communities and marginalized groups in target areas while designing subnational REDD+ interventions will be essential. This should be done in ways that facilitate active and meaningful participation by all people (regardless of their initial level of awareness of REDD+) in discussions and legal processes around such issues. In contrast, engaging local stakeholders while making strategic decisions at the national level on elements that are not directly relevant to them, especially if they are from areas that are not likely to receive REDD+ investments, may lead to confusion and unrealistic expectations. In this case, it may be better to engage with civil society groups that represent their interests. While there is no standard approach, stakeholder engagement is essential and more likely to be effective if undertaken with structure, pragmatism and transparency, according to the country context. Similarly important is the active participation of government agencies with mandates in different sectors, as well as of stakeholders directly related to the drivers of deforestation and forest degradation (such as the private sector agro-industry) or those who can help mobilize resources for PAM implementation. More guidance on the involvement of stakeholders can be found in ***Module 11: Stakeholder Engagement in REDD+.***

## Financing PAMs Implementation

Finance will be required to (i) implement the PAMs expected to generate results leading to RBPs, as well as to (ii) build capacity in the development and implementation of the NFMS and SIS (i.e. transaction costs).

In order to move towards REDD+ results as rapidly and efficiently as possible, countries may find it useful to develop an integrated financing plan, identifying confirmed and potential sources of funding for investment. Cost analyses and financial planning can help to identify PAMs for prioritization (i.e. financially unviable PAMs can be modified or discarded) and to calculate implementation costs once such choices have been made. This can help to:

- Show the nature and timing of costs the country will incur;
- Identify sources of finance that match the PAMs options selected;
- Redesign PAMs to create profitable land use activities (e.g. modifying fiscal policies to make a REDD+ activity profitable);
- Design national financial management arrangements to channel funds for implementation.

A more in-depth discussion can be found in ***Module 9: REDD+ Finance***.

3 See the UN-REDD Programme's Business Case for Mainstreaming Gender in REDD+ and Guidance Note on Gender Sensitive REDD+.

### Linking the Safeguards process with PAMs Design

The design processes for PAMs and safeguards/SIS may evolve in parallel and involve different stakeholders, but feedback loops and synergies should be ensured. The PAMs process may contribute to more grounded and focused discussions on safeguards, while the safeguards process may inform the design of PAMs that reduce risks and enhance benefits.

PAMs designed through a coordinated process can yield multiple benefits to stakeholders. They can, for example, help resolve issues related to gender inequality, land tenure, administration and management, forest resource use and rights, and funding structures. Conversely, without adequate planning or consideration of safeguards, PAM design may result in increased risks and reduced benefits and acceptance.

The choice of PAMs, the location in which they will be implemented and their design will influence the ways in which the REDD+ safeguards should be addressed and respected, e.g. which stakeholders should be engaged, how gender considerations should be accounted for, and what actions can be taken to reduce the risk of reversals or displacement. Awareness of the social, environmental and economic benefits and risks of different PAMs will therefore be important in REDD+ planning.

The Country Approach to Safeguards (CAS) framework developed by the UN-REDD Programme based on country experiences aims to help countries following UNFCCC guidance to ensure social and environmental risks are reduced and benefits enhanced (e.g. through the application of the Country Approach to Safeguards Tool, CAST). The approach helps countries to understand UNFCCC decisions and how they relate to their national context (e.g. through a review of relevant policies, laws and regulations). The approach also helps identify the potential social and environmental risks and benefits of proposed REDD+ PAMs through the application of the Benefits and Risks Tool (BeRT); more information on safeguards can be found in ***Module 8: REDD+ Safeguards under the UNFCCC***.

## MONITORING FOR PAMS

### Results Framework for REDD+ implementation

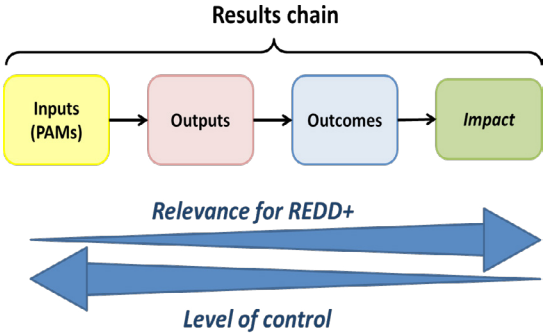
While the implementation of REDD+ activities is voluntary, it aims to generate GHG emissions reductions and/or removals that are measurable against a reference level and can be used to request RBPs. This fundamental objective should be borne in mind while countries develop PAMs.

Some REDD+ actions will generate direct measurable carbon results while others will create enabling conditions for the former to be implemented. Whether at the subnational or national level, emissions reductions will be the result of the collective effect of the various REDD+ PAMs, as well as the effect of many external factors (e.g. policies and programmes that are not aligned with REDD+ objectives and market forces).

The UNFCCC only requires the reporting of results (impact) against a FREL/FRL (along with information on the way REDD+ safeguards were promoted and supported). However, it may be useful for countries to monitor the implementation and the effect of their REDD+ PAMs along a results chain up to the desired impact (Figure 7.12), in order to assess their effectiveness and efficiency. This may be particularly important when implementing REDD+ with funding from sources such as the GCF or bilateral agreements, which may put strong emphasis on phase 2 types of results (policy milestones).

An explicit theory of change may be helpful to identify and develop a robust causal results chain (inputs, outputs, outcomes, impact) and an associated results framework (including indicators, targets, assumptions and risks).

**Figure 7.12 Cause-and-effect results chain underlying the theory of change approach**




Source: UN-REDD Programme

A results framework may help countries monitor how PAMs are implemented and the progress towards results. Countries may then be able to identify the most effective and cost-efficient PAMs, those not performing and requiring modifications or replacement, as well as the need for additional interventions to achieve the desired impact. It is also an opportunity to evaluate a given package of PAMs.

Though not a requirement under the UNFCCC, it will be important for countries to monitor drivers over time to evaluate the appropriateness of their REDD+ PAMs, and to adapt them and/or design new ones to address new drivers/barriers, as necessary. In doing so, it is important to consider how such monitoring can be undertaken and whether it can be integrated into the NFMS (see ***Module 5: National Forest Monitoring Systems for REDD+***) or other relevant instruments the country may already use.

Testing and learning while building capacity is an important aspect of phase 2 REDD+ implementation. It requires strong built-in feedback mechanisms as well as flexibility in the implementation framework to facilitate adaptive management, integrating lessons learnt and adapting to an ever-changing political, social and economic environment.

## Use of Proxy Indicators

Using GHG emissions/removals as a benchmark for performance may often prove impractical and/or not provide appropriate information on PAM effectiveness. It may be difficult and prohibitively expensive to measure carbon impact directly at the implementation site with the required level of precision, while also accounting for factors outside of the scope of the REDD+ intervention.

In contrast, using more direct and easily traceable criteria to track progress can encourage better performance and thus stronger results. Such proxy indicators may also be less complex, costly and time consuming. Though not directly measuring the final impact, they provide information on the implementation of the interventions which *will* contribute to the overall impact, according to the theory of change. Data for proxy indicators should be gathered before and during the intervention so as to track progress and impact.

Examples of proxy indicators for REDD+ PAM implementation are:

- Area/proportion of oil palm plantations installed or certified according to sustainability criteria including deforestation-free policies;
- Number of energy-efficient biomass cook-stoves produced, sold and used regularly, along with their efficiency gains;
- Increase in access to and use of energies other than biomass;
- Volumes of timber, fuelwood or other products extracted from a forest area;
- Area of forest land disturbed in logging/extraction operations;
- Number of convictions for forest-related offences;
- Area planted according to set quality standards;
- Number of tree saplings surviving to a certain age after being planted or as a result of assisted natural regeneration;
- Area of community land unaffected by fire compared to previous years, thus allowing for natural regeneration processes to kick-in.

**REFLECTION POINT**

Why is it so important to keep the fundamental objective ("of generating measurable GHG emissions reductions and/or removals against a reference level") in mind while developing country-specific PAMs?

**REFLECTION POINT**

Look at the list of proxy indicators given; do you see any weaknesses/challenges with using proxies in general, and any in particular, as a way of measuring GHG emissions?

## CASE STUDY

# BRAZIL: REDUCING DEFORESTATION AND SUSTAINING GROWTH?

This case study on the Legal Amazon (the administrative region encompassing the nine Brazilian states located in the Amazon Basin) consists primarily of italicized extracts from the publication 'Deforestation Slowdown in the Legal Amazon: Prices or Policies?' (CPI, 2012: p3, 7 and 35)

The pace of forest clearings in the Brazilian Amazon slowed down substantially beginning in the mid-2000s. After gradually increasing to over 27,000 km$^2$ in 2004, the deforestation rate in the Legal Amazon decreased almost continuously over the following years to about 7,000 km2 in 2009.

On the one hand the annual deforestation rate was highly correlated with variations in agricultural output prices, particularly in the first half of the decade. Market conditions may thus have contributed to the inhibiting of forest clearing for the expansion of farmland. On the other hand, conservation policies aimed at controlling and preventing deforestation in the Amazon underwent significant revisions during the 2000s [...].

The Brazilian Federal Government and the Ministry of the Environment sought to inhibit forest clearings and promote forest conservation by directing their attention towards three main policy efforts:

- the strengthening of command and control strategies;
- the extensive expansion of protected territory;
- and the adoption of conditional credit policies.

Although the pursuit of these efforts led to intense reformulation of conservation policies in the 2000s, two years stand out as important turning points within the country's institutional context: 2004 and 2008.

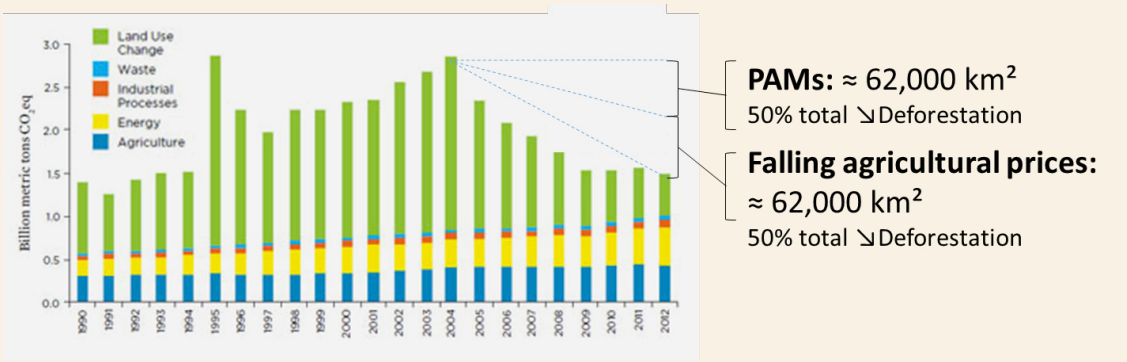
First, the launch of the Action Plan for the Prevention and Control of Deforestation (PPCDAm) in the Legal Amazon in 2004 integrated actions across different government institutions and introduced innovative procedures for monitoring, environmental control, and territorial management. [...] It focused on three main areas:

- Territorial management and land use, with particular attention to be given to land tenure disputes;
- Command and control, as a means of improving monitoring, licensing and enforcement; and
- Promotion of sustainable practices, including a revision of economic incentives for sustainable agriculture and forest management, better use of already-cleared lands, and development of sustainable transportation and energy infrastructure

Second, as novel policy measures were implemented beginning in 2008, the targeting of municipalities with critical rates of deforestation became operationally viable and rural credit became conditional upon proof of the borrower's compliance with environmental regulations. [...] Adoption of conservation policies following these turning points coincide with sharp subsequent decreases in the recorded rate of deforestation. [...]

[Analyses] suggest that conservation policies avoided 62,100 km$^2$ of deforestation in the 2005 through 2009 period [Figure 7.13]. [This represents approximately half of the forest area that would have been cleared had the policies not been introduced]. Using the [2011] conversion factors from the Ministry of Environment of 10,000 tons of C per km$^2$ and of $5 dollars per ton of CO$^2$, this is equivalent to an avoided loss of 621 million tons of stored C, or 2.3 billion tons of stored CO$^2$, valued at $11.5 billion. Analogous calculations for an alternative simulation confirm the sizeable impact of policies.

**Figure 7.13: The reduction in deforestation in the Brazilian amazon: both market slowdown and PAMs**



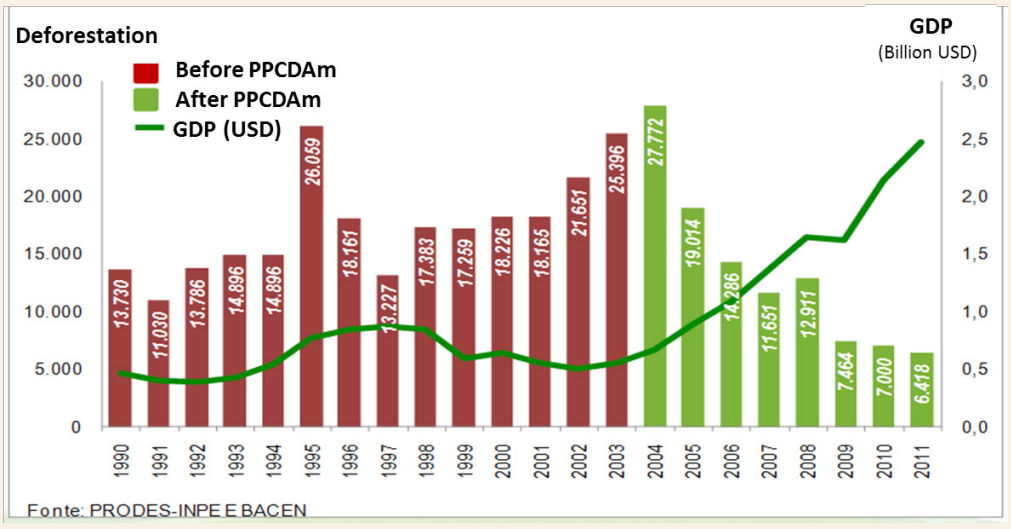

Source: PRODES-INPEE BACEN

Overall, results show that:

- Deforestation rates are indeed responsive to agricultural output prices;
- Changes to conservation policies implemented beginning in 2004 and 2008 significantly contributed to the curbing of deforestation rates, even after controlling for different sorts of price effects; and
- Counterfactual simulations suggest that the policies introduced following the 2004 and 2008 policy turning points avoided substantial forest clearings in the Amazon from 2005 through 2009.

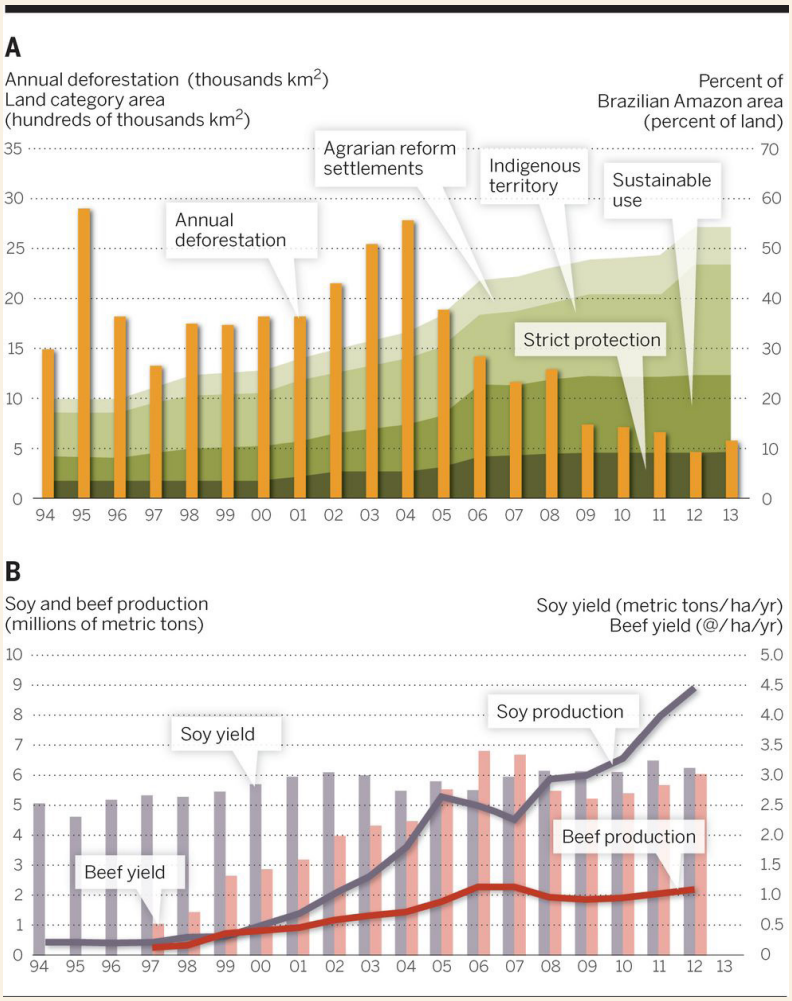
This example highlights the great impact that a change of vision by the government of Brazil had on Amazon forests. Through a coherent and cross-sectoral strategy addressing the significant direct and related indirect drivers, deforestation reduced drastically while gross domestic product (GDP) increased (Figure 7.14), as did agricultural production and rural incomes (Figure 7.15). This demonstrates that growth can effectively be decoupled from deforestation, even in a country which is the world's third-largest agricultural exporter (fourth for food products).

**Figure 7.14: Amazon Deforestation vs. GDP**




Source: PRODES-INPEE BACEN

**Figure 7.15: Deforestation, land use categories, and production (beef and soy) trends in the Brazilian Amazon**



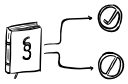

Source: Daniel Nepstad et al. Science 2014; 344:1118-1123

Such a vision was realized through high-level political support, facilitating strong coordination and collaboration across different sectors and levels of government, from federal to state and municipal. A 'Permanent Group of Interministerial Work' was created in 2003. Its goal was to propose and coordinate actions aimed at reducing deforestation in the Legal Amazon. It was comprised of the heads of 13 key ministries, led by the chief of staff (the highest-ranking member of the Executive Office of Brazil).

## EXERCISE 13

**Choose the correct answer:**

PAMs are country-specific commitments to reduce GHG emissions, and can take the form of:

- ☐ Policies
- ☐ Laws 
- ☐ Regulations 
- ☐ Practices 
- ☐ Incentive systems 
- ☐ All of the above

## EXERCISE 14

**Fill Figures 7.16 and 7.17 below according to your perception of the links between drivers and REDD+ activities, as well as between PAMs and REDD+ activities (two ticks indicate a strong and direct link; one tick indicates a potentially less strong or direct link)**

**Figure 7.16: Relation between drivers and REDD+ activities**

| | REDD+ Activities | | | | |
|---|---|---|---|---|---|
| | Reducing emissions from **deforestation** | Reducing emissions from **degradation** | **Conservation** of forest (carbon stocks) | **Sustainable management** of forest (carbon stocks) | **Enhancement** of forest carbon stocks |
| **Direct drivers** | | | | | |
| Large-scale agriculture | | | | | |
| Shifting agriculture | | | | | |
| Fuelwood collection/charcoal production | | | | | |
| Legal logging | | | | | |
| Illegal logging | | | | | |
| Forest fire | | | | | |
| Infrastructure expansion | | | | | |
| **Indirect drivers** | | | | | |
| Tenure insecurity | | | | | |
| Population growth | | | | | |

# EXERCISE 14

**Figure 7.17 Relation between PAMs and REDD+ activities**

| | REDD+ Activities | | | | |
|---|---|---|---|---|---|
| | Reducing emissions from **deforestation** | Reducing emissions from **degradation** | **Conservation** of forest (carbon stocks) | **Sustainable management** of forest (carbon stocks) | **Enhancement** of forest carbon stocks |
| **Agricultural intensification** (when tied to land use planning, as well as conditional incentives and/or enforcement) | | | | | |
| **Removal of subsidies** for activities leading to deforestation and forest degradation, and/or land clearance taxation (fiscal framework) | | | | | |
| **Sustainable biomass energy** programmes | | | | | |
| **Strengthening of protected area networks** and improved management (including community-based management) | | | | | |
| Support to/enhanced **community forestry** | | | | | |
| Strengthening of **forest law enforcement** combined with improved monitoring and traceability | | | | | |
| **Afforestation/reforestation** on degraded land (including agroforestry) | | | | | |
| **Payments for environmental services** programmes and/or other types of incentive schemes | | | | | |
| Improvement of **tenure security**, including of indigenous peoples' lands and women's and men's land use and access rights | | | | | |
| Support to **forest certification** and/or **reduced impact logging** | | | | | |
| Implementation of forest-friendly national or subnational **land use planning**, including infrastructure development (e.g. roads) | | | | | |
| Support to expansion of **microcredit** availability to improve off-farm and/or sustainable business development and employment | | | | | |
| Funding of **fire prevention** programmes | | | | | |

## KEY MESSAGES:

- PAMs can be understood as actions taken and/or mandated by government to mitigate climate change by reducing the concentration of GHGs in the atmosphere and enhancing removals of atmospheric carbon;
- The text of the UNFCCC states that all countries should develop and implement PAMs to support climate change mitigation and adaptation actions, according to their national circumstances and capacities;
- REDD+ PAMs aim to implement all or some of the five REDD+ activities;
- The approach adopted by countries to address their drivers of deforestation and forest degradation and barriers to 'plus' activities will be guided by national circumstances; PAMs may take diverse forms in different country contexts;
- Effective REDD+ strategies are likely to require a coherent set, or 'package', of PAMs, aimed at collectively addressing priority direct drivers and their related indirect drivers, in a coherent way;
- A number of strategic considerations, including identification of priority REDD+ activities, geographical areas and major DDFD, can facilitate a strategic and focused PAMs development process;
- The PAMs decision-making process will include many dimensions, from mitigation potential to estimated costs and (multiple) benefits, to existing PAMs, political priorities and acceptability, and accordance with the REDD+ safeguards;
- PAMs at higher levels of government should enable, strengthen and streamline implementation at lower levels, address issues that can't be addressed lower down (e.g. legal reforms), consolidate information (e.g. monitoring and reporting), allow economies of scale, or address displacement;
- Effective and comprehensive stakeholder engagement throughout the PAM design process is essential, including with the private sector – often a key agent driving deforestation and forest degradation;
- The financing strategy for REDD+ is likely to influence the country vision for REDD+ and the related choice of PAMs, especially as many of the DDFD are economic in nature; and
- The fundamental objective of generating measurable GHG emissions reductions and/or removals against a reference level should be borne in mind while generating PAMs.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

## NOTES

8

# REDD+ Safeguards under the UNFCCC

This module will discuss safeguards requirements under the United Nations Framework Convention on Climate Change (UNFCCC), how countries could go about meeting these requirements, as well as some of the UN-REDD tools available to support country approaches to safeguards.

**The module contains sections about:**

- REDD+ safeguards requirements under the UNFCCC, including the seven 'Cancun' safeguards
- A conceptual framework for country approaches to meeting these (and other) safeguards requirements
- Considerations and generic steps in designing a safeguard information system (SIS)
- Considerations for the content of summaries of safeguards information
- UN-REDD tools available to support countries in designing and applying their country approaches to REDD+ safeguards

**What do you already know about this topic?**

# 8. REDD+ SAFEGUARDS UNDER THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

## REDD+ SAFEGUARDS

'Safeguards' usually refer to processes or policies designed to mitigate risks. The seven safeguards (Box 8.2) associated with REDD+, as agreed under the UNFCCC), are broad aspirational principles that not only help to ensure that REDD+ policies and measures (PAMs) 'do no harm' to people or the environment, but also 'do good' and enhance social and environmental benefits.

## BENEFITS AND RISKS OF REDD+ IMPLEMENTATION

In addition to reducing greenhouse gas emissions, REDD+ implementation has the potential to deliver important social and environmental benefits (also called 'co-benefits', 'multiple benefits' or 'non-carbon benefits' of REDD+). There is, however, also the potential for risks to communities and to the environment. These benefits and risks will vary depending on the REDD+ PAMs that a country implements to address the drivers of deforestation and forest degradation, as well as where and how they are implemented. Table 8.1 summarizes some of the potential social and environmental benefits and risks of REDD+.

**Table 8.1: Potential benefits and risks of REDD+ implementation**

| | Benefits | Risks |
|---|---|---|
| Social | • Strengthened livelihoods and improved access to natural resources<br>• Improved forest governance and law enforcement<br>• Protection of territories and cultures of indigenous peoples and local communities<br>• Increased community voice and participation in decision-making<br>• Clarified/secured tenure and resource rights<br>• Advancement of gender equality and empowerment of women and other marginalized groups | • Land/resource speculation and land conflicts<br>• Conflicts among stakeholders or resource users<br>• Exclusion of indigenous peoples and local communities from decision-making<br>• Contested land and resource rights<br>• Increased exclusion of, and inequalities for, women and other marginalized groups from decision-making processes and accessing opportunities and benefits of REDD+ |
| Environmental | • Maintenance and restoration of:<br>– Biodiversity – forest species and ecosystems of conservation concern<br>– Ecosystem services – e.g. water quality, erosion control, timber and non-timber forest products, pollination, local climate regulation, cultural values<br>• Intact and connected forests are more ecologically stable (resilient and resistant) to climate change impacts | • Displacement of deforestation/degradation pressures to areas important for biodiversity or ecosystem services<br>• Intensified agriculture impacts on non-forest biodiversity<br>• Replacement of natural forest with plantation<br>• Planted forests with few tree species, or non-native species |

# UNFCCC REDD+ SAFEGUARDS REQUIREMENTS

To provide protection against risks, and promote potential benefits beyond climate change mitigation, Parties to the UNFCCC adopted broad guidance and a set of seven safeguards to be applied to REDD+ activities at the sixteenth Conference of the Parties (COP 16) in Cancun, Mexico in 2010. These 'Cancun safeguards' (see Box 8.2) are to be "promoted and supported" when undertaking REDD+ activities, and information is to be provided on how they are being "addressed and respected" throughout REDD+ implementation.

## Box 8.2: The Cancun safeguards

**When undertaking [REDD+ activities], the following safeguards should be promoted and supported:**

**(a) That actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements;**

**(b) Transparent and effective national forest governance structures, taking into account national legislation and sovereignty;**

**(c) Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples;**

**(d) The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in the actions referred to in paragraphs 70 and 72 of this decision;**

**(e) That actions are consistent with the conservation of natural forests and biological diversity, ensuring that the actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the FCCC/CP/2010/7/Add.1 27 protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits;**

**(f) Actions to address the risks of reversals;**

**(g) Actions to reduce displacement of emissions.**

Source: UNFCCC Decision 1/CP.16, Appendix 1, paragraph 2[1]

The UNFCCC guidance related to safeguards, and applicable to REDD+ national strategy/action plan (NS/AP) development processes, as well as the implementation of REDD+ PAMs, can be summarized as follows:

- when ***developing and implementing NS/APs***, address, *inter alia*, drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations and the Cancun safeguards [2];
- ***promote and support*** the Cancun safeguards throughout the implementation of REDD+ actions, regardless of the source and type of funding[3];
- develop a ***system for providing information*** on how the Cancun safeguards are being addressed and respected (i.e. a "safeguards information system" (SIS)[4]; and
- provide ***summaries of information*** on how all the Cancun safeguards are being addressed and respected throughout the implementation of REDD+ actions[5].

1 The UNFCCC has gathered all of the COP decisions relevant to REDD+ in the Decision booklet REDD+ (UNFCCC, 2014).
2 UNFCCC Decision 1/CP. 16, paragraph
3 UNFCCC Decision 1/CP. 16, paragraph 69, Appendix I, paragraph 2
4 UNFCCC Decision 1/CP. 16, paragraph 71 (d); Decision 2/CP.17, paragraph 64; Decision 12/CP.17, paragraph 2; Decision 9/CP.19, paragraph 3
5 UNFCCC Decision 12/CP.17, paragraph 3; Decision 9/CP.19, paragraph 4; Decision 12/CP.19, paragraphs 1-5; Decision 17/CP.21, paragraphs 4-7

# OTHER REDD+-RELEVANT SAFEGUARDS INITIATIVES

A number of international organisations and initiatives have their own sets of safeguards, which are relevant to the REDD+ safeguards agreed under the UNFCCC. There are also nationally determined safeguards frameworks or standards, such as those used in national forest certification systems. Some of the more important safeguard initiatives relevant to REDD+ include:

- World Bank: Operational Policies that apply, as contractual requirements, to REDD+ Emissions Reductions Programs that the World Bank supports or finances through the Forest Investment Program (FIP), Forest Carbon Partnership Facility (FCPF) and BioCarbon Fund. The FCPF applies Strategic Environmental and Social Assessments and Environmental and Social Management Frameworks (SESA and ESMF) to ensure REDD+ readiness and demonstration activities comply with these World Bank Operational Policies.
- Green Climate Fund (GCF): established under, and guided by, the principles and provisions of the UNFCCC, GCF has, as an interim measure, adopted the International Finance Corporation (IFC) Environmental and Social Performance Standards as part of the framework for REDD+ results-based payments. An internal process, with stakeholder consultation, is on-going to determine the permanent safeguard provisions for REDD+ results-based payments. In addition to these, corporate safeguards frameworks of individual 'Accredited Entities'[6] providing financial and technical assistance to countries in implementing REDD+ PAMs also apply. IFC Environmental and Social Performance Standards define voluntary private sector responsibilities in different industries, with particular focus on infrastructure, manufacturing, agribusiness, services, and financial markets, for managing their environmental and social risks. The IFC's Sustainability Framework, which includes the Performance Standards, applies to all investment and advisory companies whose projects go through IFC's initial credit review process.
- REDD+ Social and Environmental Standards (REDD+ SES): an international civil society led initiative, using voluntary best practice standards and multi-stakeholder processes to support effective implementation of and provision of credible information on safeguards, for government-led REDD+ programmes. Countries and subnational territories have participated in the initiative, using the content and process of the REDD+ SES in different ways, either as good practice guidance, as the basis for their SIS, or as a quality assurance standard.
- Climate, Community & Biodiversity Standards (CCBS): developed by the Climate, Community & Biodiversity Alliance (CCBA) and managed by the Verified Carbon Standard (VCS), these are used to evaluate land management projects that will seek to sell carbon credits to a voluntary offset market. The CCBS are used to: a) identify projects that simultaneously address climate change, support local communities and smallholders, and conserve biodiversity; b) promote excellence and innovation in project design and implementation; and c) mitigate risk for investors and offset buyers and increase funding opportunities for project developers.
- Various forest certification schemes (e.g. Forest Stewardship Council, Programme for the Endorsement of Forest Certification), agricultural commodity standards and emissions offset standards (e.g. Verified Carbon Standard Jurisdictional Approach), applied to certify sustainability of production and/or emissions reductions achieved through particular REDD+ projects and programmes.

Adherence to various donor and investor safeguards policies does not always necessitate application of different or additional sets of safeguards. Each country's 'clarification' or 'interpretation' (see below) of the Cancun safeguards, according to their national circumstances, presents an opportunity to cover all relevant safeguard requirements, including those of multilateral development banks, bilateral donors and voluntary standards – although harmonisation of these can pose an operational challenge. A number of countries have highlighted that they are attempting to align donor/investor

6 GCF operates through a wide range of Accredited Entities to channel its resources to projects and programmes. Such entities can be private or public, non-governmental, sub-national, national, regional or international, and carry out a range of activities that usually include the development of funding proposals and the management and monitoring of projects and programmes. Countries may access GCF resources through multiple entities simultaneously.

safeguard-related processes (e.g. SESA and ESMF of the FCPF) with their country approaches to safeguards (see next section). Box 8.3 summarizes the Democratic Republic of the Congo's ongoing efforts to link FCPF and UNFCCC safeguards requirements.

### Box 8.3 The Democratic Republic of the Congo's experience with attempting to link FCPF and UNFCCC safeguards requirements

**DRC began its safeguards work in 2011, and developed national REDD+ standards, through a broad consultative process, involving civil society, based on a set of international normative standards. The national standards contain seven principles, 25 criteria and 43 indicators, covering issues of participation, governance, transparency, sharing of potential social and economic benefits, mainstreaming of gender issues, the promotion of rights and appeal procedures.**

**In a separate process, a SESA was planned and conducted under the FCPF, and began the important step of looking at risks and benefits of proposed REDD+ actions, policies and measures. The SESA was completed in 2015, with finalization of an ESMF consisting of six inter-related documents. Although the SESA process did not use the Cancun safeguards or DRC's national REDD+ standards, the completed ESMF does contain an assessment of the current legal framework, and proposes how the risks and benefits identified can be managed through existing legal instruments. Free, prior and informed consent (FPIC) and grievance redress mechanism (GRM) guidelines are also being developed.**

**A number of actions have been implemented to better link the processes for a more efficient and effective outcome. These efforts are aimed at producing a revised set of national standards drawing on the SESA-ESMF process and responding specifically to the Cancun safeguards. A matrix has been developed that compares the Cancun safeguards with the current set of principles and criteria of the national standards, in order to show coherence and fine-tune the standards for their applicability to all REDD+ actions, at project, jurisdictional and national levels. DRC has also decided to structure the proposed Environmental and Social Impact Assessment (ESIA) to be conducted by REDD+ projects, as well as the associated risks management frameworks, around the national REDD+ standards.**

*Sources: DRC (2014); DRC (2015); UN-REDD Programme (2013)*

## COUNTRY APPROACHES TO SAFEGUARDS

As the Cancun safeguards are general statements of principle, individual countries will need to work out how the safeguards will be applied - or operationalized - in their own specific contexts.

A country approach to safeguards allows a country to respond to international safeguard frameworks by building on existing governance arrangements that, combined with national (and other international) policy goals, can be used to operationalize the Cancun safeguards. The governance arrangements targeted by the country approach comprise three core elements that together can ensure social and environmental risks from REDD+ are reduced and that benefits are enhanced:

- **Policies, laws and regulations** (PLRs) - defining, on paper, what needs to be done in order to support REDD+ activity implementation in a manner consistent with Cancun (and other) safeguards, i.e. how safeguards are being addressed;
- **Institutional arrangements** - the mandates, procedures and capacities of institutions responsible for ensuring that the relevant PLRs are implemented in practice, i.e. how safeguards are being respected; and
- **Information systems and sources** - collecting and making available information on how safeguards are being addressed and respected throughout REDD+ implementation.

A country approach to safeguards may be beneficial for several reasons:

- It can help countries to operationalize the UNFCCC REDD+ safeguards, which aim to ensure social and environmental risks are minimized and benefits of REDD+ are enhanced, and to meet the UNFCCC safeguards requirements to access results-based payments (RBPs);

- It can help countries to assess and understand what the Cancun safeguards mean in their specific national context, and which benefits and risks are most relevant to the REDD+ PAMs planned under their evolving NS/AP;
- It can help countries to determine the safeguards goals that they wish to achieve, taking into consideration existing national policies and international commitments;
- It can contribute to the design of more sustainable REDD+ PAMs, by taking into account wider socio-economic[7] issues and environmental concerns that are likely to be important in addressing the underlying drivers of deforestation and forest degradation (as well as overcoming the barriers to more effective/ extensive 'plus activities'[8]);
- It can help engender country ownership and help ensure that the safeguards goals are appropriate to national circumstances and contribute to national sustainable development and green growth goals;
- It can help build domestic confidence in, and increase the legitimacy of, REDD+ by demonstrating commitment to treating safeguards in a comprehensive yet context-specific manner;
- It can serve as a cost-effective means to help countries achieve and keep track of long-term governance improvements, as it builds upon the existing governance arrangements (policies, institutions and information systems) of a country to address and respect REDD+ safeguards, rather than develop entirely new ones; and
- It can provide countries with the flexibility to explore applying the safeguards not just within the forestry sector, but also in other land-use sectors relevant to REDD+, such as agriculture and energy.

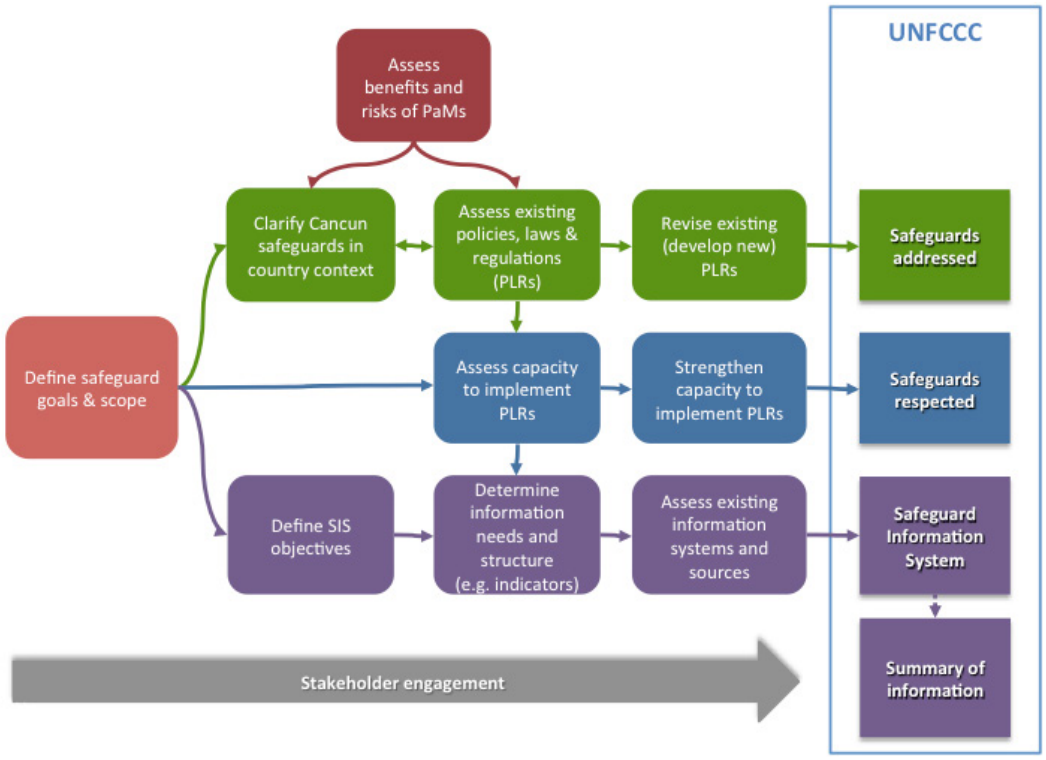
## How to develop a country approach to safeguards

There is no blueprint for a country approach; each will be different and will reflect the specificities of national contexts as well as what the country defines as the overall goals and scope of safeguards application. However, drawing on practical experiences over the past five years, some generic steps that may be useful for countries planning to develop their country approach to safeguards can be identified, as illustrated in Figure 8.4. Countries may decide to undertake any number of these steps, in any sequence, depending on their specific context. The development of a country approach to safeguards may benefit from being carried out in an iterative way, with outputs from one step being used to refine the results of previous steps and inform those that follow. Each key generic step is briefly explained below.

7 Including gender

8 Conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks.

**Figure 8.4 A conceptual framework for country approaches to safeguards**




### i. Defining safeguards goals and scope

In this context, defining safeguards ***goals*** refers to which safeguard framework(s) the country seeks to adopt and apply to REDD+ and whether the country chooses to develop and/or include safeguards beyond those of the UNFCCC. The requirements around the Cancun safeguards are basic preconditions to be eligible for RBPs under the UNFCCC, but a country may also want to consider other bi- and/or multi-lateral safeguards requirements, e.g. World Bank Operational Policies, as part of the FCPF Carbon Fund, in accordance with national and international policy and funding commitments and priorities. Consideration may be given to safeguards requirements and expectations of investors in REDD+ results-based actions, as well as buyers of verified emissions reductions/ enhanced removals. Defining safeguards goals could additionally mean considering what national policies could benefit from addressing and respecting REDD+ safeguards.

Safeguards goals are likely to reflect a trade-off between a country's strategic policy objectives - e.g. what it hopes to achieve in terms of its ambition for REDD+ contributions to broader sustainable development and green growth - and budgetary and capacity constraints. This could mean a focus only on international requirements under the UNFCCC to obtain RBPs for REDD+, or could also include the use of REDD+ to catalyse broader sustainable development and meet domestic policy goals.

Defining the ***scope*** of safeguards application refers to determining what, exactly, the safeguards will be applied to, and will depend on the strategic approach to REDD+, including the scale of implementation, the country intends to adopt. As a default requirement under the UNFCCC, the safeguards should be applied to all REDD+ PAMs to be implemented under the NS/AP. A country may, however, wish to integrate REDD+ into wider forestry sector strategies or, given that REDD+ actions are unlikely to be restricted to the forest sector but may also be cross-sectoral in nature, choose to include sectors that may be related to drivers of deforestation and forest degradation, such as agriculture and biomass energy.

Safeguard goal and scope setting have typically been conducted through a series of stakeholder consultations, led by national government REDD+ focal points (see Section IV on stakeholder engagement below). Box 8.5 presents a brief illustrative example of how Mexico has considered the questions of goals and scope of safeguards application during the development of its National REDD+ Strategy.

### Box 8.5: Mexico's goal and scope of safeguards application

**In terms of safeguards goals, Mexico has given express recognition to the Cancun safeguards in the draft National REDD+ Strategy (ENAREDD+). In addition, in 2012, Mexico reformed its Law on Sustainable Forest Development, legally recognizing the Cancun safeguards as the set of safeguards to be consistent with, and further establishing a set of safeguards to be applied to PAMs related to environmental services regulated by this law.**

**The scope of the Cancun safeguards application in Mexico is linked to the country's approach to REDD+, which promotes a territorial and multi-sectoral approach, in order to reduce the pressures that lead to deforestation and forest degradation. Consequently, the scope of application of the Cancun safeguards is broadly multi-sectoral and the ENAREDD+ is based on inter-sectoral coordination.**

Sources: CONAFOR (2014); CONAFOR (pers. comm., 2015)

#### ii. Addressing safeguards

What 'addressing' the safeguards means will vary by country, but is generally understood to mean that a coherent body of PLRs, and associated institutional arrangements, are in place that deal with the potential benefits and risks associated with REDD+ PAMs, and in doing so, enable the application of the Cancun safeguards in the country context and to meet country safeguards goals. Three generic steps have been identified and taken by various countries to address REDD+ safeguards:

- 'Clarifying'[9] - or 'interpreting' - the Cancun safeguards in the country context;
- Documenting and assessing existing safeguards-relevant policies, laws and regulations (PLRs)[10]; and over time
- Revising existing and developing new PLRs, as necessary, to ensure they cover the identified risks and potential benefits associated with REDD+ PAMs.

The first step entails clarifying the meaning of the seven Cancun safeguards, as well as other international safeguards frameworks the country may wish to apply, in its specific country context. In some cases, this clarification process has led to the definition of country-specific national REDD+ safeguards or standards, the scope of which sometimes goes beyond what is required by the UNFCCC. Clarifying the safeguards can be an important entry point for stakeholder engagement, and can help a country to define a collective understanding of what the Cancun safeguards (and others, if applicable) mean to different domestic stakeholder groups (see Section IV). This is particularly true if the process of clarifying safeguards is based on or linked to a multi-stakeholder assessment of the potential benefits and risks associated with proposed REDD+ PAMs. Many countries have found it useful to have some degree of clarity on proposed REDD+ PAMs before starting to analyse how safeguards can be addressed. At the same time, a number of countries have determined that an assessment of benefits and risks should be carried out before the NS/AP is finalized, so that the results can inform the design and selection of PAMs and any risk mitigation measures to be included in the NS/AP. Box 8.6 provides an illustrative example of how Indonesia has clarified the Cancun safeguards in accordance with national circumstances.

**REFLECTION POINT**

What might the safeguard goals and scope be in your country?

9 Synonymous terms used in the literature and by practitioners include: 'contextualizing', 'elaborating', 'interpreting', 'specifying' and 'unpacking' the Cancun safeguards in accordance with national circumstances.

10 Note that PLRs are largely thought of as national state legislation, but could also encompass subnational ordinance in large federal countries where each state has some autonomy to legislate for its jurisdiction. There can be non-state PLRs too; the private sector typically operates by individual corporate social responsibility policies, as well as collective industry best-practice standards. Indigenous peoples' and local communities' cultural norms could also contribute to addressing and respecting safeguards, in addition to PLRs codified by government.

### Box 8.6 Indonesia's experience of translating the Cancun safeguards into the national context as a key input to safeguards information system design

**Indonesia's process of translating the Cancun safeguards into the national context revealed that REDD+ safeguards are not new to Indonesia's approach to sustainable forest management. A number of existing policies, laws, regulations (PLRs), and standards were identified within the forest sector that provided a basis for developing national principles, criteria and indicators (PCIs) for the Cancun safeguards.**

**An evaluation of the various existing mandatory PLRs and voluntary instruments was an important initial step in determining the content to be provided under each safeguard in the Indonesian safeguards information system (SIS). The evaluation was carried out using the following criteria:**

**a. relevance to the Cancun safeguards with respect to how they could be applied taking into consideration technical feasibility, potential of effectiveness under ideal conditions, and current practices relating to implementation and effectiveness;**

**b. limitations with regards to the scope of the existing instruments; and**

**c. effectiveness of these instruments when applied at varying scales and subnational contexts.**

**The result of this evaluation process provided a strong and reliable basis for developing a set of PCIs for SIS-REDD+ in Indonesia. Clusters of emerging elements were identified, linked to the Cancun safeguards and mapped into a PCI framework, which made reference to the existing instruments for forest management. Seven principles, 17 criteria and 32 indicators have been identified for Indonesia's SIS.**

Source: CSE (2013)

Table 8.7 presents illustrative examples of key issues that may come up when clarifying the Cancun safeguards and could inform country-specific descriptions of each safeguard in accordance with their national circumstances.

**Table 8.7 Illustrative framework for clarifying the Cancun safeguards**

| Safeguard | Possible Key Issues |
|---|---|
| **Safeguard (a) - [REDD+] actions complement or are consistent with the objectives of national forest programmes and relevant international conventions and agreements** | • Consistency with international commitments on climate; contribution to national climate policy objectives, including those of mitigation and adaptation strategies;<br>• Consistency with the achievement of the Millennium Development Goals and post-2015 Sustainable Development Goals; contribution to national poverty reduction strategies;<br>• Consistency with international commitments on the environment; contribution to national biodiversity conservation policies (including National Biodiversity Strategies and Action Plans) and other environmental and natural resource management policy objectives;<br>• Consistency with State's human rights obligations under international law, including the core international human rights treaties[11] and ILO 169[12], where applicable;<br>• Consistency and complementarities with the objectives of the national forest programme;<br>• Coordination among agencies and implementing bodies for REDD+, national forest programmes and policies that enact the relevant international conventions and agreements;<br>• Consistency with other relevant international conventions and agreements. |
| **Safeguard (b) - Transparent and effective national forest governance structures, taking into account national legislation and sovereignty** | • Access to information<br>• Accountability<br>• Land tenure<br>• Enforcement of the rule of law<br>• Adequate access to justice, including procedures that can provide effective remedy for infringement of rights, and to resolve disputes (i.e., grievance mechanisms) (NB: overlaps with Safeguard (c)).<br>• Gender equality<br>• Coherence of national/subnational legal, policy and regulatory framework for transparent and effective forest governance<br>• Corruption risks<br>• Resource allocation/capacity to meet institutional mandate<br>• Participation in decision-making processes (overlaps with Safeguards (c) and (d)) |

11 These include the following: International Convention on the Elimination of All Forms of Racial Discrimination (1969), International Covenant on Civil and Political Rights (1976), International Covenant on Economic, Social and Cultural Rights (1976), Convention on the Elimination of All Forms of Discrimination against Women (1981), Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1987), Convention on the Rights of the Child (1990), International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (2003), International Convention for the Protection of All Persons from Enforced Disappearance (2010), Convention on the Rights of Persons with Disabilities (2008).

12 The Indigenous and Tribal Peoples Convention, 1989 (No. 169) , the only international treaty open for ratification that deals exclusively with the rights of these peoples.

| Safeguard | Possible Key Issues |
|---|---|
| **Safeguard (c) - Respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations, national circumstances and laws, and noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples** | • Definition/determination of indigenous peoples and local communities<br>• Recognition of rights to lands, territories and resources<br>• Right to compensation and/or other remedies in the case of involuntary resettlement and/or economic displacement<br>• Right to share in benefits when appropriate<br>• Right to self-determination<br>• Right to participate in decision making on issues that may affect them<br>• Free, prior and informed consent (FPIC)<br>• Recognition and protection of indigenous peoples' and local communities' traditional knowledge, cultural heritage, intellectual property |
| **Safeguard (d) - The full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities [in REDD+ PAMs]** | • Identification of relevant stakeholders - those who may affect, or be affected by, specific REDD+ PAMs<br>• Legitimacy and accountability of bodies representing relevant stakeholders<br>• Mechanisms or platforms to facilitate participatory processes during 1) design, implementation and monitoring of REDD+ architecture, particularly national strategies/action plans, and associated social and environmental safeguard measures<br>• Functional feedback and grievance redress mechanisms<br>• Recognition and implementation of procedural rights, such as access to information, consultation and participation (including FPIC) and provision of justice<br>• Transparency and accessibility of information related to REDD+ (NB: overlaps with Safeguard (b)) |
| **Safeguard (e) - [REDD+] actions are consistent with the conservation of natural forests and biological diversity, ensuring that REDD+ actions are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits** | • Definition of natural forest (consistent across legal framework, forest reference/ forest reference emission levels (FREL/FRL), NS/AP) and understanding of the spatial distribution of natural forest<br>• Design, prioritization and implementation of REDD+ actions in a way that avoids or minimizes adverse impacts, including through indirect land-use change, on natural forests, carbon stocks, biodiversity and other ecosystem services, both within and outside forests, and that instead promotes their conservation<br>• Design, prioritization and implementation of REDD+ actions in a way that avoids or minimizes adverse social impacts and that promotes and enhances economic and social well-being, with special attention to the most vulnerable and marginalized groups<br>• REDD+ actions are not used for the conversion of natural forest, including conversion from natural to planted forest<br>• Where significant deforestation and forest degradation is ongoing, prioritization of REDD+ actions that incentivize the protection and conservation of natural forests and avoid or minimize degradation of natural forest, over other types of REDD+ actions<br>• Identification and use of opportunities to incentivize enhanced environmental and social benefits through the way REDD+ actions are designed, located and implemented;<br>• Promotion of actions that involve the management of planted and natural forests to maintain or restore biodiversity and ecosystem services |
| **Safeguard (f) - Actions to address the risks of reversals** | • Selection and design of REDD+ actions, taking into account the risk of reversals; this may involve consideration of the long-term financial and ecological sustainability of planned actions, legal and regulatory frameworks including tenure, support and ownership among stakeholders, and potential changes in environmental conditions and the drivers of deforestation and forest degradation, and the barriers to sustainable management, conservation, enhancement of forest carbon stocks;<br>• Design, prioritization and implementation of REDD+ actions that address the underlying and indirect drivers of deforestation and forest degradation, and barriers to sustainable management, conservation, enhancement of forest carbon stocks and land use change rather than only addressing direct drivers at specific locations<br>• Analysis of the risk of reversals of emissions reductions, also referred to as 'non-permanence'<br>• National Forest Monitoring System (NFMS) - including satellite land monitoring system, national forest inventory, GHG-inventory- designed, maintained and implemented with the appropriate frequency to detect and provide information on reversals and to perform the functions of monitoring, measuring and reporting results of REDD+ PAMs |

| Safeguard | Possible Key Issues |
|---|---|
| **Safeguard (g) - Actions to reduce displacement of emissions** | • Preparation, endorsement and continuous updating of a REDD+ NS/AP covering the entire national territory;<br>• Plan to move towards national scale REDD+ implementation, including all significant REDD+ activities<br>• Design, prioritization and implementation of REDD+ actions that address the underlying and indirect drivers of deforestation and forest degradation, and barriers to the conservation, enhancement, and sustainable management of forests, as well as other land-use changes, rather than only addressing direct drivers at specific locations<br>• Design, prioritization and implementation of actions to reduce displacement of emissions from specific REDD+ actions at the local, sub-national and national scales, taking into account the potential impacts of REDD+ actions on livelihoods, as well as the demand for and supply of forest and agricultural products<br>• Selection and design of REDD+ actions taking into consideration the risk of emissions displacement; displacement risk analysis for the selected REDD+ actions, including risk of emissions displacement to other ecosystems, e.g. through draining of peatlands for agricultural use or displacement of pressures on forests to another region or area<br>• NFMS designed, maintained and implemented with the appropriate frequency to detect and provide information on displacement (i.e. to detect land use changes) at national, subnational and local levels, and human resources and technical capacities institutionalized<br>• Analysis of possible reasons for displacement of emissions, such as ineffective implementation of REDD+ actions, or REDD+ actions that are not designed to address underlying (local, subnational, national) drivers of deforestation and forest degradation and the barriers to sustainable management, conservation and enhancement of forest carbon stocks |

The breakdown of the broad *principles* embodied in the Cancun safeguards into country-specific themes or key issues, such as those illustrative examples included in Table 8.7, can be used to develop *criteria*, *indicators* or *narrative statements* as a means to document what the safeguards mean in the country context. A clarification of the safeguards can also be central to the design of a country's SIS (see determining information structure below and Box 8.6) and preparation of summaries of safeguards information.

In addition to clarifying the Cancun safeguards, another potential step in addressing the safeguards is documenting and conducting an assessment of how effectively the existing PLRs address, on paper, the benefits and risks of planned REDD+ PAMs in a country, with findings being validated through stakeholder workshops. This assessment should identify any significant weaknesses, gaps and inconsistencies in the PLR framework that may need to be strengthened, filled or resolved in order to better address Cancun safeguards throughout REDD+ implementation. Based on the findings of such an assessment, existing texts of laws might be amended or new provisions drafted in order to strengthen the PLR framework, or new regulations drafted to support the operationalization of PLRs. These processes are often time-consuming, and as such it may be a good idea to build on ongoing reform processes.

| REDD+ PAM | Potential benefit or risk | Relevant PLR | Relevant key issue(s) and safeguard(s) |
|---|---|---|---|
| | | | |
| | | | |
| | | | |

**REFLECTION POINT**

How do the potential key issues shown in Table 8.7 relate to some of the proposed REDD+ PAMs in your evolving NS/AP? What are some of the priority benefits and risks associated with proposed REDD+ PAMs, and how could key PLRs address these?

### iii. Respecting safeguards

As with 'addressing' the safeguards, what it means to 'respect' them will depend on the country. There is a growing consensus, however, that to respect safeguards means ensuring effective application of relevant PLRs, through associated institutional capacities, such that they are implemented in practice and effect real and positive outcomes on the ground. In the context of the conceptual framework for country approaches as illustrated in Figure 8.4 this may entail demonstrating: a) how well the PLRs identified under 'addressing' are actually being implemented in practice; and b) the environmental and social *outcomes* of PLR implementation. Do the PLRs put in place to mitigate, manage or remove environmental and social risks of REDD+, and enhance the benefits, actually work in practice? Generic steps identified and taken by various countries to assess whether – and how – they respect REDD+ safeguards are similar to those used for addressing the safeguards:

a. Assessing institutional mandates, procedures and capacities to implement PLRs, and their operation in practice; and

b. Strengthening those institutional arrangements to improve PLR implementation.

Assessing government institutional capacities to implement national and subnational PLRs may, ultimately, involve collecting information on the outcomes of REDD+ implementation in terms of social and environmental benefits and attempting to link them to the institutions' effectiveness in supporting PLR implementation.

Assessing institutional capacities is likely to be more challenging than identifying how PLRs address safeguards on paper, but periodic assessment should be able to demonstrate incremental improvements in respecting safeguards, which can help assure those entities providing REDD+ RBPs that the risks are being avoided, or mitigated, and the benefits enhanced. As with PLR assessments, the results of institutional capacity assessments for respecting safeguards might best be shared and validated through a multi-stakeholder consultation process (see Section IV below).

Box 8.8 summarises how Mexico has assessed existing governance arrangements (both PLRs and institutional capacities to implement them) as a key step to addressing and respecting REDD+ safeguards.

**Box 8.8 Mexico's experience with identifying and assessing existing governance arrangements to address and respect safeguards**

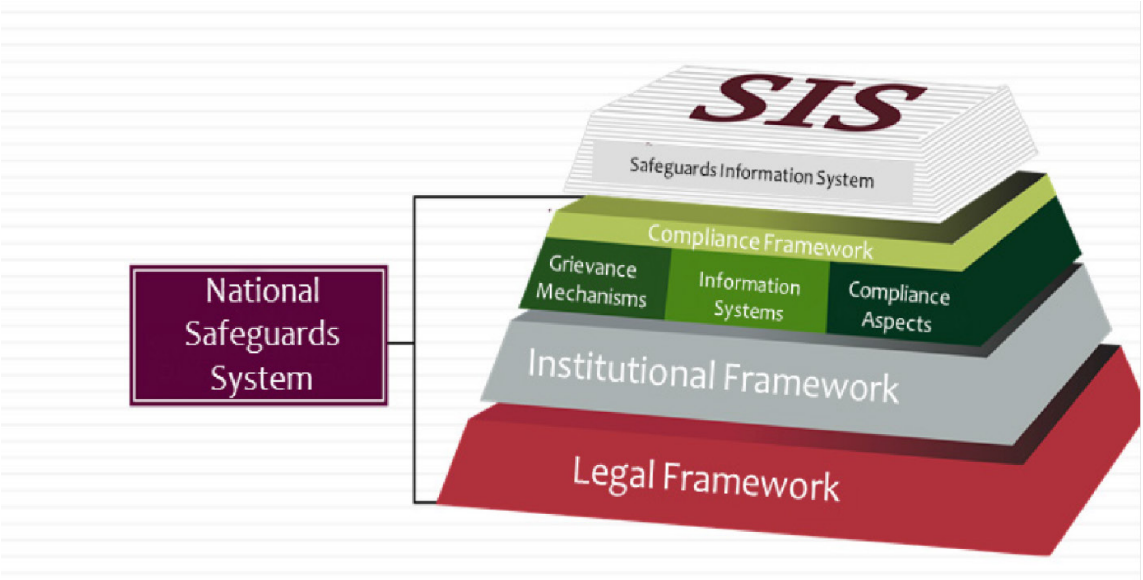
**Mexico's draft National REDD+ Strategy outlines the development of a National Safeguard System (NSS). The three elements that make up Mexico's NSS are the:**

1. **legal framework: serves to define how safeguards are to be adhered to when implementing REDD+ activities;**
2. **institutional framework: serves to define who will be responsible for ensuring safeguards are adhered to when implementing REDD+ activities; and**
3. **compliance framework: serves to ensure compliance with the safeguards, and is composed of three sub-elements:**
   - **information systems;**
   - **grievance redress mechanisms; and**
   - **non-compliance mechanisms.**

**To design the NSS it was important to carry out the identification and analysis of the existing legal, institutional and compliance frameworks in order to identify which aspects of these frameworks are relevant to REDD+ safeguards, i.e. what specific aspects exist in the legislation, procedures and institutions to ensure compliance with the safeguards and facilitate their reporting. The analysis of the legal framework for REDD+ safeguards was conducted in 2013. In 2014, Mexico started analysis of existing information systems, which might contribute to design of a SIS, with initial focus on the reporting mechanism provided for in the existing Planning Act (which aims to systematize information reported at the federal level).**

**Mexico has subsequently developed an inventory of existing information systems and mechanisms for monitoring and reporting, derived from and linked to, the national and international legal framework to see if these are relevant to the SIS. The results of analysis of the relevant legal framework were used as a key input to determine which systems and mechanisms would be explored.**

**Figure 8.9 Mexico's National Safeguards System**




Sources: CONAFOR (2014); CONAFOR (pers. comm. 2015)

### iv. Stakeholder Engagement

Engaging stakeholders - and facilitation of their informed participation in REDD+ processes - is essential for developing inclusive and transparent country approaches to safeguards (see also ***Module 11: Stakeholder Engagement in REDD+***). The success of a country's approach to safeguards and its resulting products (e.g. SIS, summaries of information, any other domestic reporting) will, to a large extent, depend on stakeholder engagement and ownership across a wide range of constituencies, particularly national and subnational government, private sector, civil society, and women, men and youth of indigenous peoples and local communities. Consulting with a diverse range of stakeholders in this process, ensuring all relevant groups are represented and free to express their ideas and opinions, can also contribute to respecting Cancun safeguard (d) itself. Furthermore, targeted and gender-responsive[13] involvement of stakeholders at different steps of a country approach to safeguards process, such as during the review of technical assessments, presents opportunities for ongoing improvement.

Two main issues are emerging from countries' initial experiences from engaging stakeholders in their country approaches to safeguards. These are the need to:

- **Raise awareness and build capacities** on UNFCCC (and other, as relevant) safeguards requirements, thematic issues and stakeholder responsibilities, to engage stakeholders in safeguards processes. Awareness raising, capacity building and dissemination activities are critical throughout the entire process of a country approach to safeguards, and require dedicated human, financial and time resources to yield effective results.
- **Ensure consultation and participation** in decision-making processes in a cost-effective way throughout country approaches to safeguards. Key consultative or participatory steps in country approaches to safeguards can encourage broad stakeholder ownership and support for safeguards, and REDD+ in general. Relevant stakeholders will, in part, be determined by the REDD+ PAMs comprising the evolving NS/AP (e.g. at national, subnational local level). Experience indicates that the presence of national government-led technical and/or political coordinating bodies is highly conducive to advancing multi-stakeholder safeguards processes.

An example of how one country - Tanzania - has engaged stakeholders as part of a country approach to safeguards is given in Box 8.10.

**REFLECTION POINT**

Select two or three PLRs from the previous reflection point. How are these PLRs implemented? Do they work in practice?

13 Gender-responsive approaches proactively identify, understand, and implement interventions to address gender gaps and overcome historical gender biases in policies and interventions. Gender responsiveness in application attempts to re-define women and men's gender roles and relations and contributes pro-actively and intentionally to the advancement of gender equality. More than 'doing no harm', a gender-responsive policy, programme, plan or project aims to 'do better'.

### Box 8.10 Tanzania's experience in stakeholder consultation and capacity building as an integral part of a country approach to safeguards

Under the National REDD+ Task Force, a technical working group was established to take part in the REDD+ safeguards development process. The National REDD+ Task Force oversees the country safeguards approach and provides guidance to the technical working group on how best the process could be accomplished. Members of both teams (i.e. technical working group and National REDD+ Task Force) were trained on the subject of safeguards prior to engaging in the process.

Consultations were held at the subnational level, while stakeholders attending these meetings were trained on REDD+ safeguards and the country's approach before engaging in discussions on the principles, criteria and indicators framework. This framework encompasses the risks that would need to be mitigated, and the benefits that could be enhanced, when implementing all proposed REDD+ actions, irrespective of financing source.

In addition, consultations were held at the sectoral level with actors and agents in forestry, agriculture, livestock, lands, environment, local government and local communities, as well as with bodies such as the Members of the Environmental and Natural Resources Standing Committee of the Parliament and that of the National Climate Change Steering and Technical Committees.

The process of developing REDD+ safeguards has not yet been completed and it is envisaged that more stakeholders, both state and non-state actors, will have their capacity built in order to embark on development of the country's SIS. Stakeholders will also be part of a process to discuss how REDD+ is mainstreamed into the sector plans and programmes in Tanzania.

#### v. Safeguard information systems and summaries of safeguards information

Key elements and expected outputs of a country approach to safeguards include the development of a safeguards information system and summaries of safeguards information, both of which are requirements for countries under the UNFCCC. These elements are discussed in more detail in the following sections.

## SAFEGUARD INFORMATION SYSTEMS

A SIS is one of the four core elements for REDD+ implementation, agreed under the UNFCCC (COP 16), that need to be in place in order for a country to access RBPs.

Further guidance on SIS design was provided at COP 17 in Durban (see Box 8.11) and at COP 19 in Warsaw.

### Box 8.11 Guidance on SIS design from COP 17, held in Durban in 2011

"[The COP] Agrees that systems for providing information on how the safeguards … are addressed and respected should …

a. Be consistent with the [Cancun guidance for policy approaches and positive incentives on issues relating to REDD+];
b. Provide transparent and consistent information that is accessible by all relevant stakeholders and updated on a regular basis;
c. Be transparent and flexible to allow for improvements over time;
d. Provide information on how all of the [Cancun safeguards] are being addressed and respected;
e. Be country-driven and implemented at the national level;
f. Build upon existing systems, as appropriate"

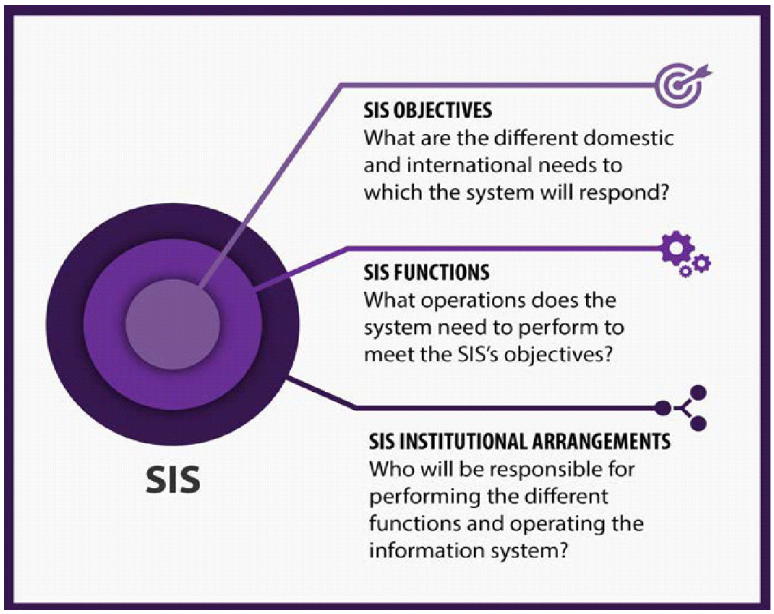
Source: UNFCCC Decision 12/CP.17, paragraph 2

The broad nature of the principles in the UNFCCC guidance does not answer three priority questions typically asked by countries when considering design of a SIS:

- What does a SIS look like?
- How do we go about designing one?
- How much will a SIS cost to build and operate?

A number of key SIS design elements have, however, begun to emerge from initial country experiences and stakeholder perspectives on this issue (Figure 8.12).

**Figure 8.12 Key safeguards information system design elements**




## Potential steps to develop a safeguards information system

An iterative approach to developing a country approach to safeguards is advisable. This should take into consideration the country's goals and scope for REDD+ safeguards, and consider what is already in place, building on the results of each successive step. The same is true for the development of a SIS; each country's SIS will differ according to its national circumstances, including other elements of its broader approach to safeguards.

While the specifics of SIS design and operation will necessarily vary country by country, three key elements of SIS design are identified based on initial country experiences as outlined in Figure 8.11 above. Throughout the process, stakeholder engagement, with state and non-state actors (see Section IV above), will be important. The three elements are: defining SIS objectives; determining information needs and structure; and assessing existing information sources or systems relevant to safeguards. They are discussed in turn below.

## Defining SIS objectives

This may entail the different domestic and international information needs to which the SIS should respond, and at a minimum would include the UNFCCC requirement of providing information on how the safeguards are being addressed and respected throughout the implementation of REDD+ PAMs. Information on how environmental and social benefits and risks are being managed in forestry and other land-use sectors could also contribute to a range of other domestic objectives, such as:

- providing information to address reputational risk for donors funding readiness and demonstration phases of REDD+;
- attracting financing by demonstrating reduction in risks for (both private and public sector) investment in results-based actions for REDD+;
- meeting safeguards requirements of international entities that are likely to make RBPs for REDD+;
- enabling access to funding sources for safeguards-related policy goals, such as sustainable rural development, biodiversity conservation, etc.;

- improving existing information systems' functioning and resultant improvements in information quality;
- improving NS/AP implementation by informing the design of more environmentally sustainable and socially equitable REDD+ PAMs;
- enhancing domestic legitimacy of REDD+ by increasing transparency through full, effective and gender responsive stakeholder engagement in various aspects of SIS design and operations, as well as provision of available and accessible information to domestic stakeholders;
- contributing to evidence-based policy reform in various sectors – forestry, climate change adaptation, disaster risk reduction, etc.;
- contributing to demonstrating compliance with other international conventions beyond that for climate change; and strengthening institutional capacities of existing or planned information systems

An example of how SIS objectives have been identified in Costa Rica is given in Box 8.13.

### Box 8.13 Costa Rica's proposed objectives for its safeguards information system

**Costa Rica's SIS is expected to serve national objectives first and foremost. The national SIS will require institutional structures responsible for compiling, adding and packaging information for these various reporting objectives:**

1. **Collect and submit relevant information to show the UNFCCC how the safeguards adopted by COP 16 are addressed and respected during the implementation of REDD+ PAMs;**
3. **Allow for taking timely decisions on risks that must be addressed;**

a. **Contribute to the preparation of country reports related to the state of the environment through the National System of Environmental Information (SINIA) official platform and ensuring the use of its protocols to generate quality information; and**

4. **Offer information accessible to different relevant REDD+ stakeholders, including agencies that constitute sources of funding and cooperation.**

Source: FONAFIFO (2015)

## Determining information needs and structure

This could include identifying key issues from the national clarification of the Cancun safeguards, and deciding on a framework for structuring and aggregating the information within the SIS. This step comprises two inter-related sub-steps that need to be considered together:

- ***Information needs*** – what *specific* information is needed, in relation to the *specific* benefits and risks of proposed REDD+ PAMs, to demonstrate appropriate PLRs are in place (addressing safeguards) and are being adequately implemented (respecting safeguards); and
- ***Information structure*** – how will this information be aggregated and organized in the SIS?

Safeguards information needs will be determined by the identified benefits and risks of REDD+ PAMs, together with the PLRs required to mitigate these risks and maximize the benefits. A country need not attempt to compile information on all possible aspects of each safeguard, but can focus efforts on compiling the information most relevant to priority benefits and risks associated with key REDD+ PAMs comprising the NS/AP. Of course, those PAMs and priorities may change over time, and safeguards information needs can be expected to evolve with a phased implementation of the NS/AP as different REDD+ PAMs are implemented.

Based on identified information needs, existing sources of information should be identified and assessed, and if necessary, means of collecting new information should be accommodated to help fill information gaps, and in order to demonstrate that all Cancun safeguards are being addressed and respected.

The information structure will depend on many factors including, among other things:

- The scope of safeguard application chosen by the country;
- The scale[14] of REDD+ intervention (national, subnational or local);

14 The UNFCCC calls for a national-level SIS, but the NS/AP may be operationalized through a variety of different modalities of differing scales, e.g. national-level policy intervention; subnational land-use planning; registry of site-based projects; hybrid of these and other modalities; etc. Information for the SIS may be generated/available at a subnational level; aggregation of information from different geographic scales will be an important consideration when determining the information content and structure of the SIS.

- The specific objectives of the SIS and the different end users of the information; and
- The capacity and resources available to existing institutions that will comprise the SIS.

Two basic options present themselves on how to structure information in a SIS:

i. A narrative description of how the key elements of each safeguard have been addressed and respected, through policies, laws, regulations and their implementation on the ground. This would likely rely on the clarification of the safeguards; or

ii. A hierarchical structure of principles, criteria and/or indicators.

Although not required by any UNFCCC COP decision, some countries working towards articulating their SIS have chosen to structure information in a hierarchical form, comprising one or more of the following components (which are sometimes collectively referred to as PCIs):

- **Principles** (P) – broad aspirational statements of intent, i.e. statements of objective. A number of countries are choosing to adopt, or adapt and augment, the Cancun safeguards as national REDD+ safeguard principles.
- **Criteria** (CI) – more specific statements of thematic content that elaborate the principles. The step of clarifying the Cancun safeguards, in effect, could establish sets of criteria for each safeguard.
- **Indicators** (I) – detailed information used to demonstrate changes over time. Wherever possible, identification of indicators should be based on existing sources of information. Novel indicators may be considered in cases where a distinct information need to demonstrate safeguards are being respected is not met by existing sources[15].

When taking decisions on what exactly to assess, in terms of demonstrating safeguards have been addressed and respected, (e.g. how many indicators to use, or the extent of any field-based research), it is important to take into account capacity and resource limitations or needs, keeping in mind that developing an SIS is likely to be a stepwise process. An example of how information has been structured in Malaysia's SIS design is given in Box 8.14.

15 Some countries, however, have chosen to establish large numbers of novel indicators for their SIS; and there is growing concern about the sustainability - due to a lack of institutional mandate and operational budget to collect information against these novel indicators - of this approach.

### Box 8.14 Structuring safeguards information using existing systems and sources in Malaysia

**The scope of Malaysia's national REDD+ strategy, at least in its first iteration, is focused on the 'plus' activities of REDD+, specifically sustainable management of forests and carbon stock conservation. Given this intended scope, an existing framework of principles, criteria and indicators (PCIs), based on the existing Malaysian Timber Certification Scheme (MTCS), will be applied so as to structure information on how the Cancun safeguards are being addressed and respected. Malaysia is also considering incorporating the relevant Aichi Targets (for the Strategic Plan for Biodiversity 2011–2020 of the Convention on Biological Diversity) into their safeguards information structure.**

**The MTCS comprises nine principles, 47 criteria, 97 indicators and 307 verifiers of sustainable forest management (SFM). Five of the existing SFM principles under this certification scheme have been assessed to be directly related to the Cancun safeguards:**

**Principle 1: Compliance with laws and principles**

**Principle 2: Tenure and use rights and responsibilities**

**Principle 3: Indigenous peoples' rights**

**Principle 4: Community relations and worker's rights**

**Principle 5: Benefits from the forest**

**Periodic reviews of the PCIs, with the engagement of civil society and grassroots stakeholders, have already taken place; the most recent review was in 2012. The PCIs of the existing SFM certification scheme are expected to be revised again in 2017 to be more REDD+-relevant (in terms of safeguards as well as measurement, reporting and verification of emissions reductions and enhanced removals).**

**The approach to structuring for information contained within the SIS, which is currently in the final stages of stakeholder consultation, is envisaged to have three main components:**

1. **narrative descriptions of the interpretation of each Cancun safeguard in accordance with national circumstances;**
2. **progress against PCIs drawing largely from the existing MTCS (which includes third party audits) for subnational information on environmental and social safeguard processes and outcomes, coupled with national-level information on policy implementation; and**
3. **feedback from the public to foster transparency and more reliable information.**

Sources: UN-REDD Programme (2015)

## Assessing existing information sources or systems relevant to safeguards

In order to make best use of the country's existing information systems and sources, and ensure sustainability, countries should, to the extent possible, 'build upon existing systems' in order to meet their safeguards information needs. The mandates and reporting responsibilities (e.g. to international conventions) of institutions involved in REDD+ can help identify systems and sources of relevance to the SIS. As mentioned above, undertaking an assessment of PLRs related to safeguards can help map out these institutional mandates and responsibilities.

An assessment of information systems and sources should not only identify existing information, but also information gaps and analyse whether modifications to accommodate new information needs are feasible, such as adding or amending indicators, or adjusting information collection methods. An important consideration in the compilation of safeguards information to enable an assessment of how safeguards have been respected in practice, is the scale and resolution at which the information is generated and whether this scale and resolution is commensurate with that of REDD+ implementation. A number of countries, for example, are opting to design national REDD+ registries in such a way that project-level initiatives are required to document how they address and respect safeguards; these could constitute a valuable source of site-specific information for a SIS. Another evolving information system of potential relevance to the SIS is the National Forest Monitoring System (NFMS); the extent to which it can contribute information relevant to safeguards will depend on country circumstances, and the design of the NFMS, including for instance whether it tracks changes in natural forests. Given the array of themes covered by the safeguards, one information system (or source) is unlikely to be able to provide all of the information needed for a SIS.

Examples of information systems and sources that may provide relevant contributions to an SIS include, but are by no means limited to:

- National or subnational policies, laws and regulations;
- National and subnational population censuses;
- Land registries and cadastral databases;
- National forest monitoring processes, including remote sensing/satellite monitoring, forest inventories, and greenhouse gas inventories;
- National and alternative reports to human rights conventions;
- Living Standards Measurement Studies (LSMS);
- Sustainable forestry, biofuel, land use and agricultural commodity standards or certification schemes (including auditing reports);
- Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreements (VPA), Timber Legality Assurance Systems (TLAS), etc.;
- Grievance redress mechanisms[16];
- Other government institutions' statistical data;
- Information sources used to assess SFM;
- Systems supporting national implementation of other international conventions, e.g. biodiversity data centres and networks;
- Other sources of relevant nationally validated information, collected by non-state actors such as indigenous peoples, local communities or civil society (e.g. community-based or collaborative forest monitoring); and
- Registries of site-based projects, e.g. expansion of sustainable management of forests through certification of production forest management units.

In assessing existing information sources and systems, two key aspects will be critical:

i. What **functions** will the SIS need to perform to meet the desired country objectives?

ii. What **institutional arrangements** are - or need to be - in place to ensure these functions are adequately operational?

Each of these two core aspects is described in more detail here:

i. What **functions** will the SIS need to perform to meet the desired country objectives?

An effective and operational SIS may perform some or all of the following generic key functions, as decided by the country (Figure 8.14):

- ***Information compilation and management*** – primarily concerned with determining what information is to be included in the SIS, where this information will come from and how it will be brought together. Also includes identification

**REFLECTION POINT**

How might information be structured in your country's SIS?

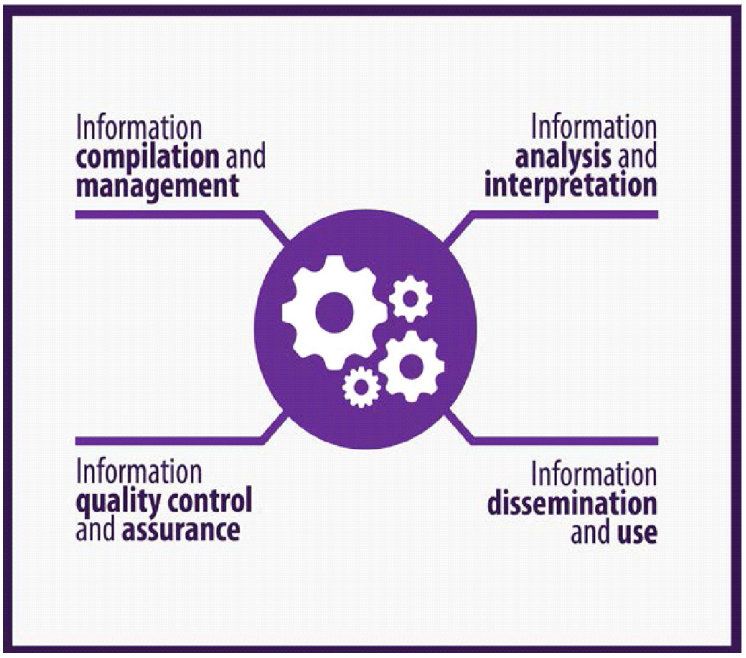
16 Grievance redress mechanisms could be a particularly cost-effective source of safeguards information, in particular for safeguards related to social issues and stakeholders' rights, as they can demonstrate how problems have been tackled and resolved, rather than trying to present a more costly comprehensive assessment of how safeguards are being addressed and respected (particularly in terms of demonstrating outcomes on the ground).

or selection of information collection and management methods, in addition to assessing the advantages and disadvantages of modifying existing systems to include new information and methods of collection and management;

- ***Information analysis and interpretation*** – making sense of the information, particularly important if primary/secondary (unprocessed) data are to populate the SIS. Different analyses and interpretations will serve the different objectives of the SIS, including the preparation of a summary of information for submission to the UNFCCC, as well as other domestic information products for different stakeholders at national, subnational and local levels;
- ***Information quality control and assurance*** - two entirely optional SIS functions[17], which can also be considered as information verification (at the point of collection – making sure information is accurate) and validation (post-analysis – making sure interpretation of that information is accurate). It should be noted, however, that the quality of the SIS, and the robustness of its information can be significantly improved with inclusion of quality control and/or assurance functions[18]; and
- ***Information dissemination***[19] ***and use*** – once analysed and interpreted, information should be communicated to, and may be used by, the different target audiences – both international (e.g. donors) and domestic (e.g. local communities) - indicated in the SIS objectives. Information dissemination may involve exploration of a range of technological solutions (such as existing and novel web portals, local radio, mobile telephones, etc.), which provide access to information to different users.

Assessing safeguards-relevant PLRs can help determine which government (and possibly non-government) institutions are mandated and capacitated to carry out the desired functions of the SIS (and prepare the summary of information on safeguards).

**FIGURE 8.15 Generic safeguards information system functions**




The role of non-state actors – such as civil society, indigenous peoples and local communities, and the private sector – in complementing government institutional mandates and capacities, could be considered during the process of assigning functional responsibilities within the SIS, e.g. private forest and agricultural landowners, together with indigenous peoples and local communities, could contribute or validate information on outcomes of implementation of REDD+ PAMs; third party verification of practices adhering to sustainable forestry and agricultural commodity standards could provide information on whether the safeguards are being respected; etc.

Compilation, analysis, validation and dissemination of information have all been identified by various countries as important functions to include in SIS design. Countries have also highlighted that, in many cases, the existing information systems and sources they intend to utilize for their SIS already encompass internal analysis and external assessments of the information they collect and provide, and that this should be considered in designing the SIS. Box 8.16 outlines the functions identified by Ecuador for their SIS.

17 There is no UNFCCC requirement to verify or validate safeguards information.

18 Particularly as these functions, compared to others, lend themselves to greater levels of civil society or local community participation (resulting in greater stakeholder trust) in the SIS's operations. To further promote the inclusiveness of quality control and assurance process, countries may wish to ensure more marginalized stakeholders (e.g. women, youth, disabled, poor, etc.) are equitably involved and can effectively contribute to these functions.

19 Information dissemination is the only SIS function required under the UNFCCC. All other potential SIS functions, with the exception of quality control and assurance, are implied, i.e. information cannot be disseminated if it has not first been collected, managed, analysed and interpreted.

### Box 8.16 Ecuador's safeguard information system functions

**Ecuador's SIS is expected to be a flexible and multipurpose system, which provides information on the design and implementation of REDD+ measures and actions. The SIS functions that Ecuador envisions are:**

1. **Compilation: of primary and secondary information, collating information from different sources in relation to the country specific safeguards approach and scope;**
2. **Analysis: of information, which includes processing and synthesizing information;**
3. **Revision and validation: of the safeguard-related environmental and socio-economic information that has been compiled and analysed; and**
4. **Report: on addressing and respecting safeguards, which will entail dissemination of information required under the UNFCCC and for national purposes.**

Source: Ministry of Environment of Ecuador et al. (2015)

**REFLECTION POINT**

What existing information systems and sources may be able to provide information on how the safeguards are being addressed and respected for your SIS?

ii. What **institutional arrangements** are - and need to be - in place to ensure these functions are adequately operational? The existing PLR framework will define the mandates and functions of existing public institutions that might contribute to the SIS. Consideration should be given to how those mandates and functions operate in practice to see what institutional (financial, human, technological) capacities could be strengthened to improve SIS functioning. This will be particularly relevant when attempting to demonstrate how the safeguards have been respected, which ultimately may necessitate information on outcomes of national PLR implementation.

New institutional arrangements, such as information sharing arrangements, might be considered horizontally, across government line ministries and between departments, and also vertically up (and down) administrative hierarchies, to feed subnational information, from multiple localities, into a single national SIS. Lastly, the role of non-state institutions and actors should also be considered. Industry standards, certification schemes and corporate social responsibility policies, and provision of information on the state of a country's forests and related livelihood outcomes by indigenous peoples and local communities, could contribute to SIS functions as well as being valuable sources of safeguards information.

Where the assessment of existing information sources or systems has highlighted that some information requirements cannot be met on the basis of what is already available, suitable arrangements may need to be found for closing those gaps. This may involve building the capacity of relevant institutions to collect and manage information on PLR implementation, as well as expanding, changing or creating mandates and protocols for information collection and management.

## SUMMARIES OF SAFEGUARDS INFORMATION

Provision of summaries of information on how all the Cancun safeguards are addressed and respected throughout REDD+ implementation is one of the three key safeguards requirements that countries need to meet under the UNFCCC to access RBPs. Summaries of information should be submitted to the UNFCCC via National Communications (or, voluntarily, directly to the UNFCCC REDD+ Web Platform) and starting when REDD+ activities are first implemented[20]. Guidance on ensuring transparency, consistency, comprehensiveness and effectiveness when informing how the Cancun safeguards are being addressed and respected through the content of summaries of information has subsequently been agreed[21].

Countries should provide information on which REDD+ activity or activities are included in the summary of information, and are strongly encouraged to include the following elements, where appropriate:

a. Information on national circumstances relevant to addressing and respecting the safeguards;

b. A description of each safeguard in accordance with national circumstances;

c. A description of existing systems and processes relevant to addressing and respecting safeguards, including the SIS, in accordance with national circumstances; and

20 UNFCCC Decision 12/COP.17, paragraphs 3 and 4
21 UNFCCC Decision 17/COP.21

d. Information on how each of the safeguards has been addressed and respected, in accordance with national circumstances.

Countries are also encouraged to provide any other relevant information on safeguards in the summary of information, and to improve the information provided over time, taking into account a stepwise approach.

Elements of country approaches to safeguards, including for example a country-specific clarification of the Cancun safeguards, PLR assessment and SIS, can complement the UNFCCC guidance and help countries meet requirements for the summary of information. Similarly to a SIS, a summary of information might take the form of a simple narrative summary, of information summarized according to indicators, or of a detailed PCI framework, or any combination of these structures.

Countries may provide a basic summary of information on how they are respecting and addressing the Cancun safeguards; however, a more detailed summary of information may do more to assure investors in REDD+ activities and buyers of verified emissions reductions/enhanced removals that any social or environmental risks associated with their investments have been mitigated or avoided, and benefits enhanced. REDD+ countries may consider viewing the submission of information on safeguards as an opportunity to showcase what is underway as well as planned (rather than a risk if all Cancun safeguards are not yet comprehensively addressed and respected).[22] Summaries of information provide an opportunity for countries to demonstrate to the international community - including donors, civil society and other stakeholders interested in the environmental and social integrity of REDD+ implementation - that safeguards are being addressed and respected. Although domestic stakeholders are likely to have interest in more detailed information than that provided in the summary of information to the UNFCCC, the summary may be of value to some in-country (particularly national-level) stakeholders as well. Furthermore, summaries could form the basis of domestic safeguards information products tailored to specific stakeholders' needs (e.g. subnational government agencies tasked with implementing REDD+ PAMs, private companies investing in results-based actions, or local communities).

Summaries of information can also be viewed as key tools to ensure legitimacy of (and possibly greater levels of financing for) REDD+ as a viable policy option contributing to the Sustainable Development Goals. Some of the key steps emerging as good practice from collective experiences of country approaches to safeguards – such as benefit and risk assessments, clarification of Cancun safeguards, and assessments of existing systems, processes, etc. - can be drawn upon to inform the contents of summaries of information.

The only example available to date of a first summary of information submitted to the UNFCCC is that of Brazil, which is described in Box 8.17. Note that Brazil's first summary was submitted before the UNFCCC agreement setting out guidance on contents of summaries of information in 2015 (COP 21).

### Box 8.17 Brazil's first summary of safeguards information

**Brazil's first summary of information presents how the Cancun safeguards have been applied throughout the implementation of actions for reducing emissions from deforestation in the Amazon biome (through the Action Plan for the Prevention and Control of Deforestation in the Amazon - PPCDAm), and the projects funded with REDD+ RBPs received through the Amazon Fund, between 2006 and 2010. The summary explains how REDD+ Social and Environmental Principles and Criteria, a product of a civil society-led, multi-stakeholder process in 2010, served as a reference for defining the Amazon Fund safeguards, which are then compared to the Cancun safeguards.**

**The summary of information also describes the existing legal and institutional frameworks that are relevant to addressing and respecting the Cancun safeguards, as well as listing some existing environmental information systems that are expected to be relevant in the future development of Brazil's SIS.**

**This first summary presents itself as a non-exhaustive preliminary assessment of the implementation of the Cancun safeguards by Brazil. The goal is to take the first step towards the creation of an effective dialogue process with Brazilian society about the implementation of Cancun safeguards and about the creation of the SIS, acknowledging that its effective implementation should rely on a gradual and participatory approach.**

Source: Brazil Ministry of the Environment (2015)

22 For details about how different elements of a country approach to safeguards could contribute to the contents of summaries of information, see UN-REDD (2016) Info Brief - Summaries of information: How to demonstrate REDD+ safeguards are being addressed and respected

# UN-REDD SAFEGUARDS TOOLS

The UN-REDD Programme has developed a pair of tools that can support the development of country approaches to safeguards:

## Country Approach to Safeguards Tool (CAST)

CAST is an Excel-based, flexible and process-oriented tool, designed to help countries to:

- Make an informed assessment of /plan for development and application of their country approach to safeguards;
- Identify, prioritize and sequence relevant steps in a country approach;
- Identify available information resources; and
- Clarify how the processes under various safeguards initiatives correspond.

CAST can be used at any stage of safeguards planning.

## Benefits and Risks Tool (BeRT)

BeRT – and its accompanying workshop facilitator's kit – is designed to help countries to:

- Identify benefits and risks associated with REDD+ PAMs, in the context of the Cancun safeguards;
- Determine how the country's existing PLRs already address the risks or promote the benefits identified;
- Identify gaps in the PLR framework that may need to be addressed in order to address and respect the Cancun safeguards in REDD+ implementation;
- Utilize information on the benefits and risks of specific REDD+ PAMs/options to inform decisions on which PAMs to include in the REDD+ NS/AP; and
- Provide content for use in the summary of information on how countries are addressing and respecting the safeguards through existing PLRs.

BeRT is Excel-based, and contains three modules (Table 8.18):

**Table 8.18 Three modules of Benefits and Risks Tool (BeRT)**

| | |
|---|---|
| ***Module 1*** | Objective: Documenting REDD+ PAMs that are anticipated in the country (or if this is not clear yet, REDD+ PAMs that might be feasible) and how these fall under the 5 REDD+ activities listed by the UNFCCC.<br>Output: Table of REDD+ PAMs |
| ***Module 2*** | Objective: Identifying the potential benefits and risks of the REDD+ PAMs documented in Module 1.<br>Output: Table of potential benefits and risks under each of the Cancun safeguards, with a qualitative assessment of the impact and probability of benefits and risks identified. |
| ***Module 3*** | Objective: Identifying existing PLRs that address the benefits and risks; identifying gaps in coverage; and whether there are any PLRs that conflict with the safeguards.<br>Output: Table of existing PLRs that address the Cancun safeguards, an assessment of how well they address the benefits and risks identified and a list of gaps in PLRs. |

## EXERCISE 15

**What are the three fundamental safeguard-related requirements developing countries are required to meet to be eligible for RBPs and what are some possible challenges countries might face in meeting each of these requirements?**

i.

ii.

iii.

## EXERCISE 16

**In the space below write down some examples of benefits and risks of possible REDD+ PAMs specific to your own country context.**

| **REDD+ policy or measure:** | |
|---|---|
| Potential benefits | Potential risks |

| **REDD+ policy or measure:** | |
|---|---|
| Potential benefits | Potential risks |

## KEY MESSAGES:

- The seven Cancun safeguards are broad aspirational principles that can help to ensure that REDD+ activities "do no harm" to people or the environment, as well as "do good" and enhance social and environmental benefits;
- Developing countries seeking to implement national REDD+ NS/APs under the UNFCCC should meet three fundamental safeguard-related requirements in order to be eligible for RBPs:
- Operationalizing safeguards - countries should ensure REDD+ PAMs, regardless of the source and type of funding, are implemented in a manner consistent with the Cancun safeguards;
- Safeguards information system (SIS) - countries should develop a system for providing information on how the Cancun safeguards are being addressed and respected; and
- Summaries of information - countries should provide summaries of information to the UNFCCC on how all the Cancun safeguards are being addressed and respected throughout the implementation of REDD+ PAMs.
- Individual countries will need to work out how the safeguards will be applied - or operationalized - in their own specific contexts. There is no blueprint for a country approach; each will be different and will reflect the specificities of national contexts as well as what the country defines as the overall goals and scope of safeguards application.
- There are two main areas of synergy between safeguards work and other pillars of the Warsaw Framework: the NS/AP and the NFMS. Early on in both NS/AP and safeguards processes, an assessment of environmental and social benefits and risks of proposed REDD+ PAMs can serve to sharpen the scope of both work areas and strengthen the selection and design of strategic options comprising the NS/AP. PLRs identified as addressing the safeguards may also contribute to REDD+ implementation overall, i.e. they might constitute some of the PAMs described in the NS/AP. The NFMS may contribute information relevant to some of the Cancun safeguards, notably (e – natural forest), (f - reversals) and (g - displacement), for example on forest cover change resulting from REDD+ PAMs, including whether natural forests are being converted.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

9

# REDD+ Finance

This module considers finance as a multi-faceted means to achieve REDD+ objectives i.e. reducing emissions and increasing removals of greenhouse gases.

**The module includes sections about:**

- What is REDD+ finance?
- Financing REDD+ readiness
- REDD+ finance as part of policies and measures
- Designing and managing a REDD+ financial plan
- Financing the implementation of policies and measures
- Accessing results-based REDD+ finance

**What do you already know about this topic?**

# 9. REDD+ FINANCE

## WHAT IS REDD+ FINANCE?

### REDD+ finance in the context of UNFCCC

**Under the United Nations Framework Convention on Climate Change (UNFCCC), REDD+ finance is mainly associated with results-based finance from international sources. This is the essence of the REDD+ mechanism**. The aim is to financially reward developing countries for their verified reduction in emissions or increase in removals of greenhouse gases compared to a reference level.

Through decisions adopted by its Conference of Parties (COP), the UNFCCC has set out the process for developing countries to have the results of their REDD+ activities recognized for results-based payments and results-based finance.

For example, the Warsaw Framework[1] includes a decision on enhancing the coordination of support for the implementation of REDD+ activities, including institutional arrangements. A first decision on aspects related to finance for results-based actions was also adopted.

Key decisions relating to results-based actions include:

- Decision 1/CP.16, paragraph 73: results-based actions that should be fully measured, reported and verified;
- Decision 1/CP.16, paragraph 77: Ad Hoc Working Group on Long-term Cooperative Action under the Convention to explore financing options for the full implementation of the results-based actions [these actions require national monitoring strategies];
- Decision 2/CP.17, paragraph 64: for developing country Parties undertaking the results-based actions referred to in decision 1/CP.16, paragraphs 73 and 77, to obtain and receive results-based finance, these actions should be fully measured, reported and verified;
- Decision 9/CP.19: progression of developing country Parties towards results-based actions occurs in the context of the provision of adequate and predictable support for all phases of the actions and activities referred to in decision 1/CP.16, paragraphs 70 and 73;

There are also several references to results-based payments and finance, for example in Decision 9/CP.19:

- That results-based finance provided to developing country Parties for the full implementation of the activities referred to in decision 1/CP.16, paragraph 70, that is new, additional and predictable, may come from a variety of sources, public and private, bilateral and multilateral, including alternative sources;
- For Parties undertaking the results-based actions referred to in decision 1/ CP.16, paragraph 73, to obtain and receive results-based finance, those actions should be fully measured, reported and verified, in accordance with decisions 13/CP.19 and 14/ CP.19 … and developing country Parties should have all of the elements referred to in decision 1/CP.16, paragraph 71, in place, in accordance with decisions 12/CP.17 and 11/ CP.19.

### A variety of perceptions

Under the UNFCCC, REDD+ results-based finance can be seen as the payments or finance that a country receives for the actual reductions of emissions or enhancement of removals of forest carbon that have been verified according to the UNFCCC process, and measured against an established FREL/FRL, and with the application of relevant safeguards. Under the UNFCCC, finance will generally be provided for results (ex post) and not for actions.

However, the scope of REDD+ finance can vary widely depending on the approach to REDD+ itself. For instance, by introducing the phased approach, the UNFCCC recognizes that REDD+ needs to go through readiness and demonstration or investment stages that require finance beyond a results-based approach. There is actually no single and comprehensive definition of REDD+ finance.

The sources of REDD+ finance also can be perceived differently. The 'spirit' of REDD+ under the UNFCCC includes the idea of international

1 The Warsaw Framework comprises seven decisions for REDD+ taken at the 19th Conference of Parties to the UNFCCC (COP 19) in 2013 in Poland. The text of all decisions relevant to REDD+ are gathered in the 'Decision booklet REDD+' (UNFCCC, 2014).

transfer. Decision 2/CP.17, paragraph 65, introduces various potential sources for REDD+ finance but implies an international origin, in that it:

■ *"Agrees that results-based finance provided to developing country Parties that is new, additional and predictable may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources".*

Decision 9/CP.19, paragraph 5, provides further guidance when it:

■ *"Encourages entities financing the activities referred to in decision 1/CP.16, paragraph 70, through the wide variety of sources referred to in decision 2/CP.17, paragraph 65, including the Green Climate Fund in a key role, to collectively channel adequate and predictable results-based finance in a fair and balanced manner, taking into account different policy approaches, while working with a view to increasing the number of countries that are in a position to obtain and receive payments for results-based actions".*

The provision of international results-based finance is the key defining feature of REDD+, yet the UNFCCC provides little guidance on what this means in practice. Finance has been a thorny issue, lagging behind in the wider context of the climate change negotiations, and REDD+ is no exception.

Moreover, the UNFCCC also requests countries to formulate REDD+ national strategies or action plans that comprehensively address drivers, which has led some REDD+ countries to develop strategies and plans that mobilize and leverage co-finance from national sources. Pilot negotiations between donor institutions and REDD+ countries on results-based payments, for instance through the REDD+ Early Movers programme or as part of bilateral agreements, also demonstrate that a national direct or indirect contribution to REDD+ finance is sought from international partners, particularly in the context of limited and uncertain international development assistance.

Finally, some might also consider transitional REDD+ finance from sources outside the UNFCCC. Forest carbon-based payments from voluntary markets or institutions and programmes like the Carbon Fund of the Forest Carbon Partnership Facility (FCPF) are being labelled as REDD+ finance despite the fact that they do not fall under the strict UNFCCC definition and criteria, as they do not relate to results at the national level in a UNFCCC-compliant framework including safeguards and reference level instruments. Such projects are often considered as pilots towards the international REDD+ mechanism, and intend to bridge the gap with UNFCCC requirements through nesting and harmonization efforts.

## REDD+ finance from the perspective of developing countries' needs

**In this module, REDD+ finance is considered in the sense of the financial means and instruments required for developing countries to achieve REDD+ results**, i.e. from readiness to demonstration, implementation and eventually results-based payments. This module examines finance in each of the three phases in detail, with some specific focus on formulating financial plans and exploring finance as a REDD+ policy and measure (PAM) when transitioning from readiness to implementation. When considering the different stages and what is required to achieve REDD+ results, Box 9.1 below can offer a general overview of the financial landscape for REDD+ countries.

### Box 9.1 REDD+ finance – a fundamental shift since the origins of REDD+

When it first emerged under the UNFCCC, REDD+ was generally perceived as a stand-alone instrument, consisting of a transfer of international finance to incentivize and reward developing countries' activities and results in slowing down and halting emissions from deforestation. From 2005 and in the run-up to the Copenhagen Conference in December 2009, the context was favorable, marked by growing political momentum and supported by economic studies like the Stern Review in 2006 and a series of publications from McKinsey on forest emissions abatement cost-curves, notably in Brazil and Indonesia. First, fighting deforestation was expected to be less expensive than other options for reducing emissions (e.g. deforestation could be halved for less than $5 per ton of $CO_2$). Second, the carbon price in emissions trading was reasonably high and REDD+ was expected to mobilize massive international finance should it be fully implemented.

In 2016, the REDD+ context has changed: research looking beyond superficial opportunity cost figures has concluded that significant change in global deforestation will come at a price of approximately $25 per ton of $CO_2$ (Rakatama et al., 2016); carbon prices have fallen substantially; and international sources of REDD+ finance have remained scarce and uncertain, with REDD+ results-based agreements being negotiated at $5 or less per ton of $CO_2$. Under these conditions, REDD+ as a mechanism to finance the fight against deforestation "on its own" is unrealistic. Until the circumstances improve, REDD+ needs to be integrated into a broader approach to slow down and halt deforestation in developing countries.

Some positive developments can still be highlighted. For example, the air transport industry under the International Civil Aviation Organization (ICAO), is currently developing a mechanism to stabilize emissions from rising numbers of aircraft in the coming decades. If implemented, this mechanism could deliver considerable new demand for REDD+ credits to offset emissions that cannot be mitigated by other means. This would certainly increase REDD+ finance, though the overall impact on climate mitigation will remain debated. A further positive outcome is the prominent inclusion of REDD+ in the 2015 Paris Agreement, the only such mechanism to receive specific mention. This adds global significance to the REDD+ mechanism as a framework and financing mechanism to combat climate change under the UNFCCC.

## FINANCING REDD+ READINESS

Readiness attracted major attention from international donors in the initial negotiations around REDD+. The UN-REDD Programme and the FCPF Readiness Fund were created in 2008, while REDD+ was still in the process of being framed and formally included in the UNFCCC negotiations and regime. Both programmes provided early support, technical assistance, platforms for dialogue and limited finance (typically $3-5 million per applicant) to a large number of developing countries. In 2016, FCPF counted 47 partner countries and UN-REDD Programme had 64. These programmes have become the major multilateral instruments to initiate readiness activities across REDD+ countries. Between 2008 and 2015, the FCPF Readiness Fund received $298 million and disbursed $88 million, while the UN-REDD Programme received $255 million and disbursed $240 million.

National readiness processes have also received significant support from bilateral donors. In many countries, bilateral donors have financed parts of national readiness plans. Box 9.2 below provides key figures of international REDD+ finance. The support from domestic budgets is difficult to assess, particularly because some readiness elements can be established before or in parallel to national REDD+ processes. Various countries, for instance, have already developed national forest inventories and some, like Brazil, already had advanced forest monitoring systems and capacities before engaging with REDD+.

**Box 9.2 Key figures in international REDD+ finance (data from Norman and Nakhooda (2014), Norman et al. (2015), and the Voluntary REDD+ Database).**

- It is not possible to fully dissociate REDD+ finance from more traditional forest finance in developing countries, and there are no comprehensive reviews of forest and REDD+ finance covering the full scope of REDD+ finance as captured in this course, including domestic, private sector, parallel or enabling finance.
- Public finance accounts for about 90 per cent of total international finance to forests in developing countries. This support has increased steadily since the introduction of REDD+ under UNFCCC, from an annual average of $450 million between 2000 and 2005, to $600 million between 2006 and 2010, and $1.25 billion between 2011 and 2014.
- Between 2006 and 2014, a total of $9.8 billion was pledged for REDD+ by the international public and private sector.
- Bilateral institutions managed about 51 per cent of international REDD+ finance. 33 per cent was provided to recipient countries through multilateral institutions. NGO channeled 8 per cent of international REDD+ finance.
- Despite there being more than 20 REDD+ donors and 80 recipient countries, major flows are concentrated on a few players. In terms of pledges, five donors account for 77 per cent of the total (Norway, United States of America, Germany, Japan, United Kingdom), and two countries are the destination for 35 per cent of those funds (Brazil and Indonesia). A further four countries (Peru, Guyana, Democratic Republic of Congo (DRC) and Liberia) are the destination for a further 15 per cent.
- 58 per cent of international REDD+ finance has been pledged as upfront grants, and 42 per cent as ex post results-based payments.
- Based on figures gathered by the Overseas Development Institute and Heinrich Böll Stiftung, 52 per cent of total international REDD+ finance has been pledged for readiness activities (25 per cent deposited), 13 per cent for implementation activities (21 per cent deposited) and 35 per cent to results-based payments (54 per cent deposited).

With guidance from multilateral programmes, the formulation of a readiness plan has become the norm for a country to engage in REDD+ readiness. Such readiness plans have been extremely heterogeneous, as demonstrated by their total costs, ranging from a few million dollars to over $30 million. Such differences reflect the difficulty in understanding and clearly defining what constitutes readiness.

A narrow and technical approach to readiness focuses on establishing the minimum REDD+ instruments required by UNFCCC, i.e. the four pillars of the Warsaw Framework. Readiness plans will then differ depending on:

- What already exists in the country in terms of both structures such as forest monitoring systems and the capacity to engage and deliver
- The level of ambition, notably in terms of technical robustness, or participation and inclusion.

Most REDD+ countries have progressively explored broader dimensions as part of their readiness activities, including political, governance, regulatory or financial readiness. It has become more and more obvious to them that:

- The conditions required to effectively implement REDD+ PAMs go far beyond the four pillars of the Warsaw Framework
- Readiness is most a continuous and iterative process with a moving target, and instruments like safeguards information systems or national forest monitoring systems will keep evolving and improving over time, in line with the UNFCCC-supported step-wise approach to REDD+

Some instruments have been formulated to help assess the level of readiness of a country, like the FCPF readiness assessment framework. In practice, such instruments are used to assess progress, take stock of achievements and estimate the overall readiness of a country in terms of thresholds, rather than to determine once and for all if a REDD+ country is ready or not.

On this basis, a review of REDD+ finance targeted at readiness activities will vary widely depending on the scope. For instance, pilot activities in the field have sometimes

started before or in parallel to core readiness activities, and are often directly contributing to the formulation of key readiness instruments. However, they could also be considered as demonstration and REDD+ investment under phase 2.

In light of the above, countries willing to engage in REDD+ need to assess their national circumstances and determine what basic conditions need to be established to allow them to implement REDD+. Financial sources and volume will largely depend on such an assessment and target, but in a broad sense:

- A mix of domestic and international sources is most realistic. International donors are more and more turning their attention to REDD+ implementation and results-based payments, and windows for multilateral support like the UN-REDD Programme and the FCPF Readiness Fund are closing.
- The design of national REDD+ instruments like safeguards systems or national strategies can also receive support from traditional multilateral sources like the Global Environment Fund, from programmes focusing on REDD+ implementation like the Forest Investment Programme, or from non-REDD+ focused programmes with institutions like regional development banks, United Nations agencies or non-governmental organizations. New instruments like the GCF could increasingly play a role in financing readiness. Approaching bilateral donors with activities in country remains a case-by-case opportunity.
- There is little rationale to mobilize private finance for readiness activities. It may make sense in some very limited circumstances, for instance when formulating PAMs for commodity supply chains.
- In reference to figure 9.3, readiness finance is generally upfront, not connected with carbon finance or markets, direct and subsidy based.

## REDD+ FINANCE AS PART OF POLICIES AND MEASURES (PAMS)

During the readiness phase, REDD+ countries build on studies, reviews and consultations to formulate their national strategy or action plan (see ***Module 4: National Strategies or Action Plans***). Such strategies encompass a set of PAMs to effectively reduce emissions and increase removals. By differentiating between 'direct' and 'enabling' finance, countries will address the finance issue at two different levels:

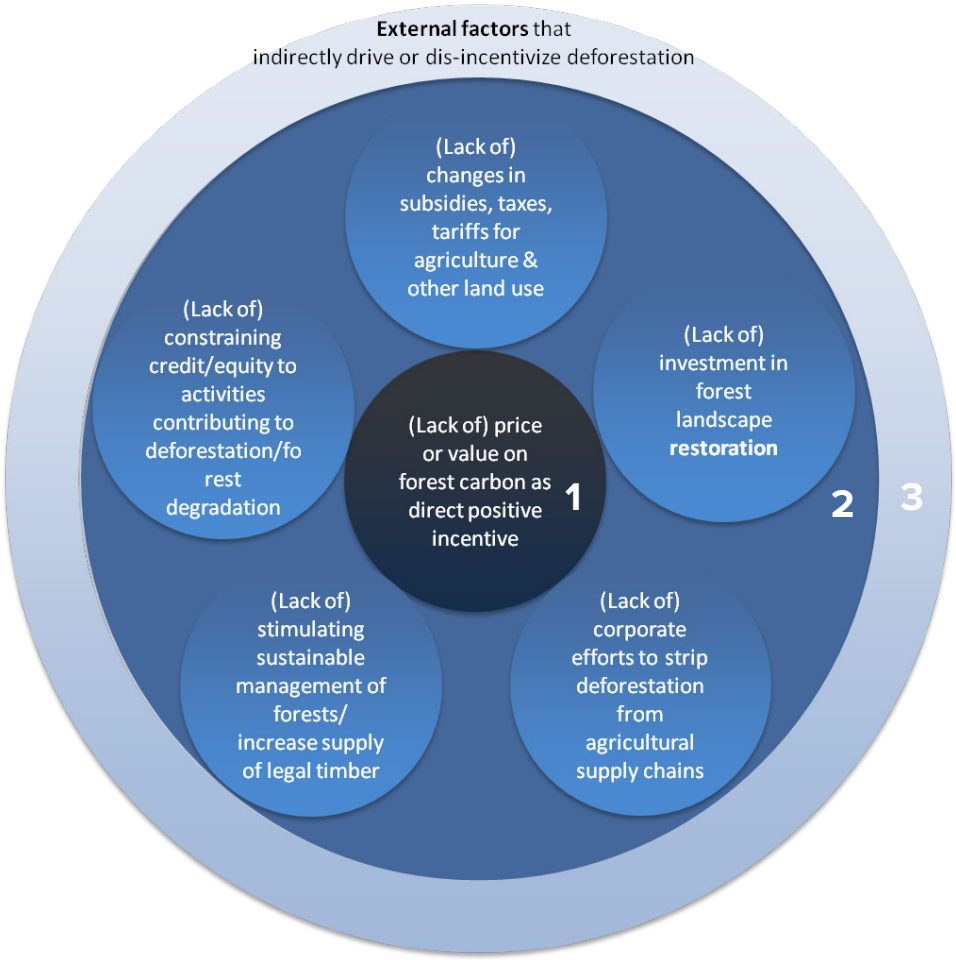
1. What financial instruments can be mobilized as part of the process of drawing up PAMs for REDD+ (enabling finance)?
2. What financial sources and means can be mobilized to support the implementation of PAMs (direct finance)?

For details on the first question, see ***Module 7: Policies and Measures for REDD+ Implementation***. In this module, we will review the different financial instruments that a country can explore when looking to finance the implementation of PAMs.

***Module 4*** already underscored the rationale for embedding REDD+ within a country's broader vision and plan to transition towards sustainable development and a low-carbon, resource-efficient and equitable economy. REDD+ can act as a catalyst for countries to make such a transition. However, in order for REDD+ to become an attractive proposition for developing countries, a balance will have to be sought between reducing emissions, support for forest-dependent communities, protection of biodiversity and other pressing social and economic needs, such as food security, continued availability of timber and non-timber forest products (e.g. rubber, fruits, nuts, etc.) and higher outputs from agriculture and mining.

A broader perspective on REDD+ finance includes building a 'government and business case' to transition to a green economy. This involves understanding and addressing the economic and financial drivers that contribute to deforestation or prevent effective improvement of forests as well as assessing the effect of reducing deforestation and enhancing forests on gross domestic product. Figure 9.1 below shows financial drivers and barriers that may need to be addressed through REDD+ PAMs.

**Figure 9.1 Financial drivers and barriers for REDD+**




Source: UN-REDD Programme

| **Level 1 - Pricing or valuing forest carbon** | **Level 2 - Direct and indirect financial issues that can affect deforestation/ forests** | **Level 3 - External factors** |
|---|---|---|
| Valuing forest carbon and other ecosystem services that forests provide (e.g. through a carbon tax) can incentivize landowners (public and private) to reduce deforestation and forest degradation | Different PAMs can tackle direct and indirect financial drivers of deforestation to generate REDD+ results-based payments/finance (for verified emission reductions/removals) | For example, macro-economic policies can influence agricultural commodity prices and exchange rates that can lead to deforestation |

By exploring each level, REDD+ countries can identify financial instruments with the ability to change the conditions under which agents are incentivized to convert forests rather than protect them.

**Level 1** refers to the opportunity to set a (high) price or value on healthy forests, for its carbon content as well as other ecosystem services such as water regulation. The more a healthy standing forest is valued, the less likely it is to be degraded or converted. There are usually two major instruments to directly set such a carbon price: through a tax, or through a market.

Various countries are currently exploring how to establish a carbon tax or carbon markets, which have the ability to directly increase the financial value of forest. Also, putting a price on carbon is not the only way to increase the financial value of forests. As discussed above, forests provide many more benefits that traditionally are poorly valued. A scheme of payment for environmental services, whether it values carbon or other services like water regulation, soil and infrastructure protection, recreation, ecotourism etc. will contribute to improving the enabling environment for REDD+.

Mexico has explored the use of both a carbon tax and a carbon market (ICAP, 2016). The General Climate Change Law has paved the way towards an emission trading scheme (ETS), and the country set up a National Emissions Register in 2014 that monitors all factories across the country emitting more than 25,000 $tCO_2e$ in the energy, industrial, transport, waste, commercial, service and agriculture sectors. A pilot ETS began in August 2016 focused on energy, manufacturing and transport. Mexico also launched a carbon tax on fossil fuels in 2014, set at $3.5 per $tCO_2e$. Developed countries are more advanced in setting up such financial instruments, but REDD+ countries are catching up.

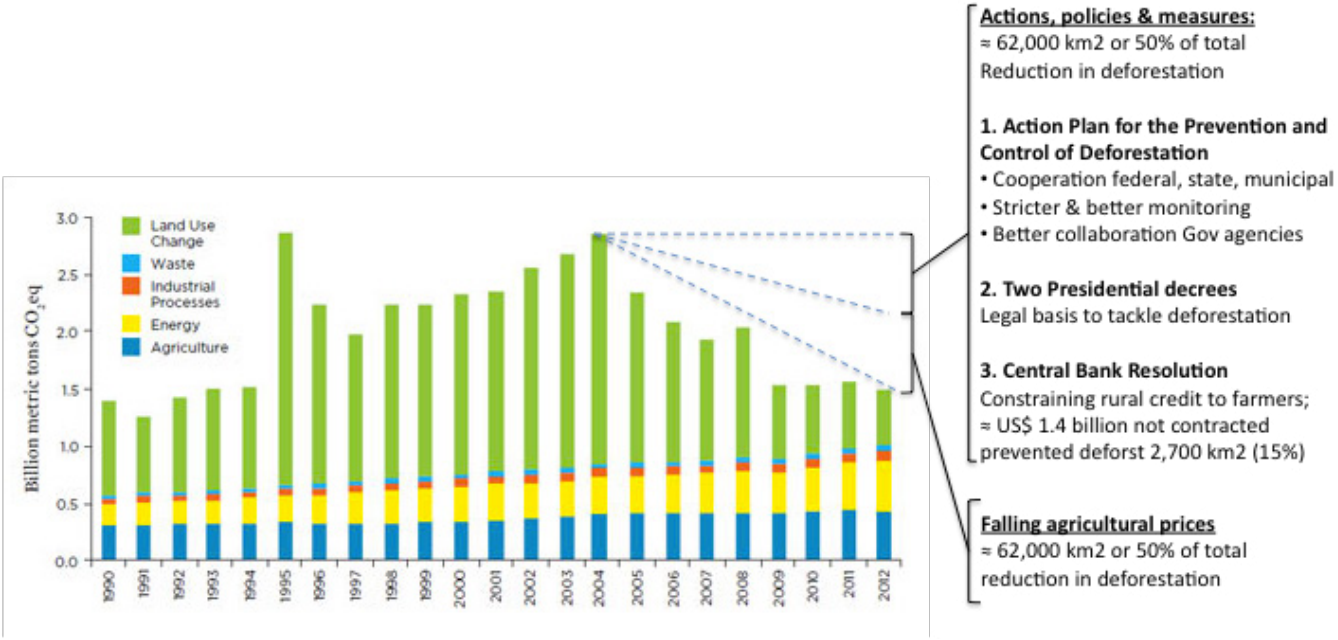
Both mechanisms can be directly or indirectly connected to REDD+. In the case of Mexico, for instance, the carbon tax is not targeting forest emissions specifically, and the carbon market is not setting a cap on forest emissions. But in both cases, REDD+ can benefit from the mechanisms if revenue from carbon taxes are directed towards REDD+ and forest protection activities, and when REDD+ emissions reductions units can be converted into credits to be sold on carbon markets.

Payments for environmental services offer a good illustration of how a carbon or non-carbon tax or fee can raise finance for forest-related activities. In 2013, a study from the European Commission identified 457 such payments worldwide, 85 per cent of them in developing countries (Schomers and Matzdorf, 2013). Most are project level schemes, but developing countries are increasingly establishing payments for environmental services at national or larger jurisdictional scale, following the lead of Costa Rica (1997) and Mexico (2003). In Viet Nam, a national system focused on payments for forest environmental services was created in 2010 and generates about $60 million per year, mainly from hydropower plants and water users, to be redirected to forest watersheds.

**Level 2** refers to addressing direct and indirect financial drivers of deforestation. Incentives in favour of competing land use like industrial crops or mining are the best illustration of financial mechanisms that have a massive impact on deforestation and conversely offer opportunities for massive improvement. For instance, in Indonesia, subsidies for agriculture are estimated at $27 billion per year, dwarfing $660 million of forest aid (ODI, 2014). The picture is similar in many places across the world, revealing the potential of reforming fiscal policies to better incentivize forest protection. It also demonstrates that financial PAMs for REDD+ don't always come at a high financial cost, even though the impact of shifting subsidies from particular sectors needs to be assessed carefully. In this case, reducing incentives to agriculture, or redirecting incentives towards REDD+ compliant practices like agroforestry instead of industrial palm oil plantations, can be as effective as increasing direct incentives for forests, and actually offer sometimes more potential for impacts at scale.

Obviously, direct government subsidies are not the only financial driver. Taxes, import/export tariffs, and credit/equity constraints are indirect economic and financial tools that can either increase or reduce pressure to convert forests to other land uses. Figure 9.2 below shows how Brazil's policy of improving the link between rural credit and environmental law enforcement has helped massively reduce deforestation.

**Figure 9.2 Major factors reducing deforestation in Brazil between 2005 and 2012**




Source: UN-REDD Programme

**Level 3** refers to external financial and economic factors, which have not usually been considered when formulating REDD+ PAMs. Reversing this situation would require a thorough understanding of the macro-economic factors at play and close dialogue with national financial institutions, which is challenging for forest-focused and REDD+ institutions. While there are few examples to report at this stage, the potential for such PAMs is massive and REDD+ countries with advanced cross-sectoral dialogue and close connections with national economic and financial institutions are encouraged to explore them.

External factors include exchange rates, sovereign credit ratings and debt, international market prices of (soft) commodities and fossil fuel prices. These factors need to be understood in the context of each country. Some external factors can be influenced by governments, such as exchange rates, which respond to monetary policy. For example, if the currency of a soft commodity producing country drops against the currency of an important consumer country, it becomes relatively cheaper to export, which in turn can add pressure to convert forests. Similarly, if the currency of a soft commodity producing country appreciates because of overall substantial economic growth, it can reduce the pressure on forests as the crops produced become relatively more expensive for consumer countries to buy.

The Brazilian success story illustrated in Figure 9.2 reflects falling international prices for agricultural commodities, which contributed about half of the total reduction in deforestation. Obviously, Brazil's ability to influence the price of beef and soy on international markets is limited. As a large producer, it has an interest in pushing for high prices. However, considering import and export tariffs or monetary policies during dialogues and international negotiations can still have major effects on the conditions that enable deforestation. Thus, while REDD+ considerations alone may lack the traction to influence policymaking at this level, they can still contribute to broader agendas. For instance, commodity price stability can be seen as a national priority for agricultural and rural development, as well as for poverty alleviation policies. Such broad approaches to rural development and land use can be strategic vehicles to promote a better economic and financial environment for REDD+, notably in countries with a large rural population.

In summary, a carbon tax, forest carbon markets, payments for environmental services, and fiscal, trade and monetary policies are all financial instruments or mechanisms that should be explored by REDD+ countries at the stage of formulating their PAMs (see box 9.3 below showing Costa Rica aligning its emissions reduction programme with payments for environmental services). Each has the ability to positively or negatively impact the enabling conditions for agents to protect forests, and can support the shift towards a green economy and sustainable development. While some of them can be costly, others can generate revenue and, on top of their enabling impact, help pay for the implementation of REDD+ PAMs.

## DESIGNING AND MANAGING A REDD+ FINANCIAL PLAN

Once the country progresses through the readiness phase and defines REDD+ PAMs as part of its national strategy or action plan, it will naturally be confronted with the question of financing the implementation of the PAMs. This section explores how to design a financial plan, and the next section proposes a review of potential sources and modalities.

### General considerations

During the readiness stage, REDD+ countries can usually rely on a handful of partners or national budget lines to cover the costs. But as countries move from readiness to investment and finally to results-based payments, financial sources, channels and forms become more diverse and fragmented. This raises two challenges: promoting diversity on the one hand, and ensuring coordination on the other. Designing and implementing REDD+ financial plans has become an important step for countries seeking to master these challenges as they transition from phase 1 to phase 2 and begin to implement their national strategies and related PAMs.

Designing such a REDD+ financial plan is closely related to the process of formulating PAMs. As REDD+ countries develop PAMs, they are encouraged to run a cost-benefit analysis of each policy or measure, explore the potential sources of finance, and prioritize or deprioritize options depending, among other criteria, on their economic feasibility and financial return. Two processes can be particularly useful at this stage:

- A bottom-up analysis, policy by policy, measure by measure of cost-benefit ratio and potential financial sources (see ***Module 7: Policies and Measures for REDD+ Implementation***)
- A top-down review of all potential financial sources to identify opportunities for REDD+

- Considering the results of both processes will help a country to finalize its selection of PAMs, and also to formulate a comprehensive financial plan for their implementation. Some countries, including Ecuador, DRC and Sri Lanka, are first presenting an overall approach to financing in their national REDD+ strategies while developing, in parallel or as a second step, a more detailed financing plan.
- Ideally, such plans should cover the full cost of implementing the PAMs, while allowing for the combination and leverage of various financial sources. Some interventions might rely fully on public sources, while others might combine several sources, such as public and private finance. The risk of formulating a plan for a tightly focused group of PAMs, or for a specific financial opportunity, would be to miss such potential for leverage. In practice, even when such plans have been formulated with a specific financial window in mind, they have proved to be comprehensive and propose an integrated picture of financial needs and solutions. This is the case of the investment plan of DRC with a particular contribution expected from the Central African Forest Initiative, or the action plan from Ecuador targeting significant support from the GCF.

### Box 9.3 Looking for financial breakeven in Costa Rica

As part of its Emission Reduction Programme submitted to the FCPF Carbon Fund in May 2016, Costa Rica identified four financing levels:

**Level 1**: REDD+ Program Administration, including the operation of REDD+ instruments like safeguards, grievance redress mechanism, measurement, reporting and verification system.

**Level 2**: REDD+ National Policies, including transaction costs to establish new policies or improve existing policy and legal framework, communicate and implement then, carry out supporting studies etc.

**Level 3**: REDD+ Sub-programs, to carry out the scheme of programmatic actions for implementing policies

**Level 4:** REDD+ activities, including costs associated with activities to reduce emissions or enhance carbon stocks carried out by non-governmental organizations

The cost of the national REDD+ programme for the period 2016-2020 is estimated at $1.5 billion. Contributions from national instruments like the National System of Conservation Areas and the National Fund for Forestry Financing (mainly domestic sources) are expected to cover 92 per cent of the total. Costa Rica estimates that financing of $30 per ton of $CO_2$ saved or removed is necessary for the programme to break even, though emission reductions are only one of the expected benefits.

A country's vision for REDD+ shapes its national strategy and action plan, including the selection of PAMs. Financial planning can serve as a feasibility check once the vision and the resulting objectives are quantified. Where a strategy remains vague, financial planning can help to translate its ambitions into practical and quantified work plans. As already illustrated, not all PAMs come at an additional cost. Also, the type of funding targeted and the level of reliance on external sources are also likely to influence what information is required for the strategy or subsequent investment/financial plan. The level of detail and the technical and financial analysis required to back it up will vary depending on these factors, and should be thought through early on when preparing for financial planning.

Countries are encouraged to explore the various sources and types of REDD+ finance discussed at the beginning of this module in the light of existing data and the needs of the country. Countries should also be aware of and respond to specific windows of opportunity. For instance, following the 2015 Paris Agreement, there has been more discussion within REDD+ countries about carbon taxes, carbon markets, private sector engagement and transitioning to a green economy. National REDD+ process should align with and contribute to such developments.

## Introduction to major sources

The next section of this module introduces eight dimensions to consider when preparing a REDD+ financial mix. While their scope is wide, a financial plan is likely to focus on a small number of primary sources.

International public finance is likely to be necessary for many countries to (i) complement and catalyze their own domestic efforts in implementing REDD+ PAMs and to generate results, as well as to (ii) raise and strengthen the profile of the REDD+ agenda in the country, and (iii) possibly support some of the costs of the full development and running of the REDD+ infrastructure (e.g. safeguards and forest monitoring systems), at least initially. Countries should build their likely requirement of the targeted financial sources into their readiness phase and strategy design process to ensure cost-efficiency.

## Box 9.4 The Green Climate Fund's criteria to access public finance

The Green Climate Fund's investment framework identifies 6 criteria and 15 sub-criteria for appraising programme and project proposals. A REDD+ country aiming to access GCF finance for REDD+ implementation should consider these criteria when formulating their work plans and proposals.

### III. Investment guidelines

4. The Fund's initial investment guidelines will represent the activity-based allocation mechanism and will be composed of the 6 criteria and 15 initial sub-criteria shown in table 2:

**Table 2: Initial criteria for programme and project funding**

| Criterion | Definition | Sub-criteria |
|---|---|---|
| **Impact/result potential** | Potential of the programme/project to contribute to the achievement of the Fund's objectives and results areas | – Climate-related impact<br>– Sustainable development impact |
| **Paradigm shift potential** | Degree to which the Fund can achieve sustainable development impact beyond a one-off project or programme investment through replicability and scalability<br><br>Systemic change towards low-carbon and climate-resilient development pathways | – Potential for scaling-up and replication<br>– Knowledge and learning potential<br>– Contribution to the creation of an enabling environment (i.e. achieving systemic change) and to sustainable development, including social, economic and environmental co-benefits for a paradigm shift<br>- Ability of a proposed activity to demonstrate its potential to adapt to the impacts of climate change and/or to limit and reduce greenhouse gas emissions in the context of promoting sustainable development and a paradigm shift |
| **Needs of the beneficiary country/ alternative funding sources** | Financing needs of the beneficiary country, or fewer available funding sources | – Absence of alternative sources of financing<br>– Income levels of affected population |
| **Country ownership and institutional capacity** | Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions) | – Existence of a national climate strategy<br>– Coherence with existing policies<br>– Capacity of implementing entities or executing entities to deliver |
| **Economic efficiency** | Benefit-cost ratio of activity: impact per US dollar[6] delivered by the Fund | – Cost-effectiveness<br>– Amount of co-financing<br>– Industry best practices |
| **Financial viability (for revenue-generating activities)** | Financial soundness of activity | – Project or programme financial return (net of subsidy element) and other financial indicators exceed predefined benchmarks |

International finance for the implementation of PAMs may come from a number of private and/or public sources, such as:

- Bilateral agreements (for investment but also as results-based payments);
- Multilateral programmes such as the Central Africa Forest Initiative (investment), the Forest Investment Programme (investment), or the FCPF Carbon Fund (mainly results-based payments);
- GCF (both investments and results-based payments, see box 9.4 above); and
- Private sources

While UNFCCC decisions emphasize the international nature of results-based payments, it does not mean that investment will necessarily come from international sources or only from such sources. Countries are currently competing for limited international public REDD+ finance. Even with more substantial international support,

countries must line up resources from multiple sources, domestic and international, public and private, and not all specifically for REDD+.

Many REDD+ PAMs may not be new, since countries have been taking steps for decades to address deforestation or to promote the conservation and sustainable management of forests. As such, countries could start by identifying and quantifying relevant existing domestic financial efforts and showcase them (see box 9.5 below), as well as the most critical gaps to be filled.

Still, beyond injecting more resources into existing PAMs, these may need to be strengthened and complemented, often through a more cross-sectoral approach (see ***Module 7***). This is an opportunity to build a broader domestic financial base for REDD+. It also illustrates once again the importance of embedding REDD+ into the national development priorities of a country as well as of the sectors driving forest cover change (i.e. the many reasons to implement REDD+ beyond emissions reductions, including jobs and livelihood opportunities, increased resilience of communities and businesses to natural hazards, etc.).

Showcasing existing and new efforts in domestic financing for REDD+ in the national strategy and investment plan will in turn help strengthen and demonstrate national ownership as well as the longer-term sustainability of REDD+ implementation. These are important elements in making the case for international contributions to REDD+ implementation. International REDD+ finance may then be used to help integrate forest issues into existing policies, legal frameworks, programmes and projects (REDD+ alignment).

### Box 9.5 Estimating public domestic REDD+ finance

**Global estimates place domestic REDD+ financing in the region of $10 billion per annum (Streck and Parker, 2012) or twice the level of international REDD+ pledges (Tennigkeit *et al*, 2013). However, data at the national level (reported through Forest Trends' REDD*X*) suggests that governments are responsible for up to 50 per cent of REDD+ finance. For example, the Mexican government reports domestic contributions of $333 million or 43per cent of Mexico's total REDD+ finance, while the government of Ghana reports that it has provided over $39 million or 37 per cent of total REDD+ finance tracked in-country.**

**As of January 2015, the REDD+ Partnership reports $1.6 billion in domestic investments across 40 countries. But this figure is likely significantly higher, requiring more complete understandings of what 'counts' as REDD+ finance within countries, and more systematic frameworks for reporting which ensures that international finance is not re-packaged or double counted as new and additional finance. Many countries are now investing in systems to identify and monitor domestic spending on climate finance, including through the use of climate public expenditure reviews. For example, UNDP recently supported Indonesia to complete an analysis of expenditure related to mitigation, which sought to quantify domestic spending on REDD+ activities.**

Source: Norman and Nakhooda (2014)

## Institutional arrangements

As discussed above, following the detailed formulation of its PAMs and the general review of financial opportunities, countries will be in a position to consolidate their REDD+ financial plan, by matching their objectives, their needs and their means. At this stage, institutional arrangements to coordinate the funding of REDD+ implementation might need to be upgraded from provisions of the national strategy or action plan. Whatever financial means are available to support REDD+ implementation need to be coordinated, aligned, and monitored.

Countries face various options when deciding how to target, generate and manage REDD+ funds. Box 9.6 below provides a few illustrations. The arrangements include terms of reference and mandates for institutions and teams to access data from various sources, run assessments and studies, and produce analyses and reports. It can also include dedicated financial instruments like a national REDD+ fund, tailored windows in climate or green growth funds etc. In short, countries need to consider:

- Human resources: Coordinating and monitoring the implementation of REDD+ PAMs, including their financial dimension, is crucial. A centralized and well-staffed team is highly recommended. Countries also have the option of building on staff scattered among the various ministries and institutions involved.
- Processes and procedures: To access data from multiple sources, carry out effective analytical work guide constant improvement in financial management during implementation, and possibly carry out monitoring, roles and responsibilities need to be clearly assigned, particularly if the human capacities are decentralized.
- Financial instruments: Traditional instruments can be used, from specific national funds (e.g. for forests, conservation, biodiversity) or schemes (e.g. payments for environmental services) to national budget allocations using ministries' programming and incentive channels. Financial instruments also refer to mobilizing investments from development banks or financial institutions. The option of pooling some or all REDD+ resources into a dedicated financial facility or window can also be considered. Many countries are setting up REDD+ national funds, or creating REDD+ windows in broader sustainable development funds. This can attract international donors, as governance and operations can be adapted to meet their expectations or conditions. Such funds can also be connected to other funding instruments, serving as sources (e.g. for domestic or international carbon markets) or as channels for disbursement (e.g. for payments for environmental services).
- Engagement of stakeholders: To help promote the take-up of REDD+ financing sources and approaches and fund disbursement arrangements, effectively and actively engaging and consulting with stakeholders, who are involved in REDD+ policy design and implementation, should also be undertaken throughout decision-making processes on REDD+ fund design and management. In addition to promoting ownership, this is can help ensure funds are set up and managed in a fair, transparent and equitable manner. These stakeholders can include relevant government agencies, private sector entities, civil society, and women, men and youth from forest-dependent communities, indigenous groups and smallholders, etc.

### Box 9.6 Comparing different financial arrangements for REDD+

**Brazil launched the Amazon Fund in 2008 to finance the sustainable use of forests, recovery of deforested areas, conservation and sustainable use of biodiversity, plus environmental control, monitoring and enforcement. The fund is administered by the national development bank BNDES. It pools REDD+ results-based finance received from Norway as part of a bilateral agreement, as well as domestic public and private financial resources.**

**In Costa Rica, REDD+ support from the FCPF Carbon Fund will be managed by FONAFIFO, the National Fund for Forestry Financing, which also manages the national Payment for Environmental Services scheme. No new institution has been created. Further REDD+ finance to be managed by FONAFIFO is expected to be leveraged from other sources, including from the domestic carbon market, and channeled through various windows, including the Sustainable Biodiversity Fund.**

**In DRC, a REDD+ national fund was created in 2013, with initial funding from the Central African Forest Initiative. The fund was created to meet international partners' requirements and attract international public support. The facility is expected to evolve and open up to other financial sources, and also propose various financing modalities. A first window supports capacity building, policy reform and integrated investments. A second window will receive results-based payments when the source requires specific arrangements including incentive allocation plans. The fund is expected to serve as a critical financial and coordination platform to support the implementation of the national REDD+ framework strategy and, more specifically, its associated investment plan.**

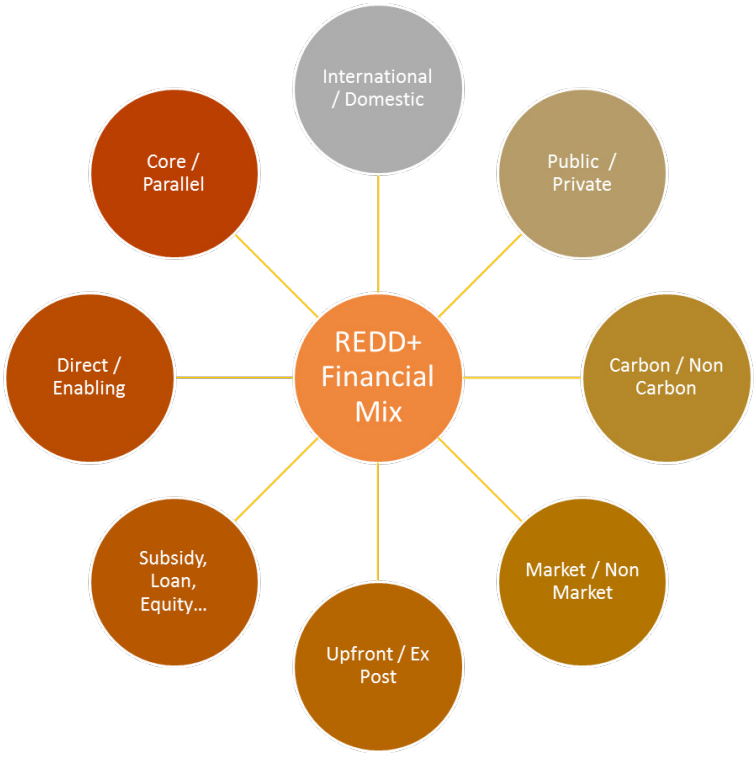
Below are a set of questions to help REDD+ countries scope their REDD+ financial architecture:

- **Step 1** – What are the needs of the country?
  - What sources of funding are expected to be mobilized?
  - What kind of disbursements are being considered (grants, loans or equity, size of disbursements)?
  - Who will be the beneficiaries (households, communities, companies, government, NGOs, aid agencies)?
  - Is there need for intermediaries?
  - What type of projects will be supported (capacity building, policy reform, investments in productive activities, carbon)?
- **Step 2** – Assessment of existing institutional arrangements
  - How do existing arrangements ensure coordination with national policies?
  - Are the arrangements transparent?
  - Where do the funds come from?
  - What are the disbursement capacities (to whom, what size, what sort of payment)?
  - How efficient are the procedures (complexity, speed, cost)?
  - How effective are the arrangements (earmarking, carry-overs, multiyear budgets, ring-fencing, leakage, additionality, permanence)?
  - What are the co-benefits?
- **Step 3** – Assessment of the arrangements that can be created
  - What are the specific shortcomings in the existing arrangements?
  - Can they be adapted?
  - Or should a completely new structure be created?
  - What are the cost/time implications of this decision?

## FINANCING THE IMPLEMENTATION OF POLICIES AND MEASURES

A major financial challenge faced by most REDD+ countries is the implementation of REDD+ national strategies or action plans. Finance will be required to implement the various PAMs leading to REDD+ results, as well as for coordination and capacity building, and for the deployment (and continuous improvement) of REDD+ pillars like safeguards and forest monitoring systems. After a country has developed a comprehensive understanding of deforestation and degradation drivers and barriers to enhancement and removals, and while formulating relevant PAMs as part of its national strategy or action plan, the question of financial means and instruments to support implementation becomes central. In this context, REDD+ finance can be defined as a mix of financial sources, instruments and arrangements determined along eight key dimensions (see Figure 9.3).

**Figure 9.3 Implementing REDD+: combining various sources and features into a comprehensive financial mix**




Source: UN-REDD Programme

### 1. International and domestic sources

As discussed above, REDD+ countries are strongly encouraged to mobilize domestic finance to support the REDD+ process at every stage. REDD+ has significantly increased – about doubled - the international donor contributions for forests. By early 2015, nearly $9 billion had been pledged (although a much smaller amount disbursed) for REDD+ from international public sources (Lee and Pistorius, 2015). However, the international public finance raised so far or expected to be raised in the future falls short of supporting the major financial needs identified during the formulation of countries' national strategies and action plans (see Box 9.6).

The need for domestic finance is illustrated by experiences in Brazil and Chile.

Back in 2005, when REDD+ was just an emerging concept, the government of Brazil committed $661 million of its budget to implement its Action Plan for the Prevention and Control of Deforestation in the Legal Amazon. By 2012, Brazil had reduced its deforestation by 76 per cent compared to its 1996-2005 baseline, representing 2.2Gt$CO_2$ in emission reductions (Boucher, 2013). Given the limited availability of international public funding, this figure demonstrates that domestic sources of finance are a must for REDD+.

In Chile, the implementation of the estimated $218 million National Strategy for Climate Change and Vegetal Resources 2017-2025 relies on $37 million in unconditional commitments from domestic public funding. The strategy stresses that the remaining $180 million of expected new and additional funding will be raised from both national and international sources.

### 2. Public and private sources

Depending on the nature of REDD+ interventions, public and private sector finance can be complementary. Most readiness activities or policy reforms usually rely on public finance. Public finance can also be used for pilot interventions and models on the ground, which can be scaled up later through private finance. The private sector encompasses very diverse players and interests. National forest administrations are usually quite familiar with the timber industry, but the private sector relevant for REDD+ usually also includes agricultural commodity supply chains, and non-timber forest-related sectors like tourism,

hydropower, water companies and mining. From grass roots organizations and small enterprises to medium and large-sized companies, a variety of private players can be approached. Last but not least, financial institutions including banks, investors and insurance companies and other service providers also offer high potential to scale up REDD+ finance and impact. See box 9.7 below on major approaches to leveraging private sector investment, and box 9.8 for a case in Viet Nam.

### Box 9.7 Supporting private sector investment

Several elements are crucial to redirect private capital away from business-as-usual activities to those that are conducive to achieving REDD+ results. Most forest administrations have traditional relations with their domestic timber industry, but more rarely with sectors offering alternative opportunities for sustainable and profitable use of forests (like ecotourism, non-timber forest products supply chains), or those representing a major threat, like agricultural commodity producers. When preparing their REDD+ financial plan, countries should consider engaging closely with these sectors, and might need support from relevant external experts. Dialogue with the private sector can explore the following areas of potential cooperation:

- **Clear regulatory frameworks**: the regulatory framework of a country needs to make clear the roles and responsibilities of all key actors. It ranges from the overall business environment of a country (e.g. ease of setting up a business, governance) to targeted and sector-specific aspects. Policies that are consistent over a longer timeframe are needed to encourage private businesses to invest for change.
- **Economic incentives**: to redirect finance away from carbon intensive/high forest impact investments to alternative models that decouple productive activities from forest impacts, economic incentives such as tax breaks, subsidies, tariffs or carbon payments/payments for environmental services are likely needed.
- **Business models**: REDD+ can reveal ways to strengthen sustainable and profitable business models that are not achieving their full potential. The private sector, including the financial sector, usually needs robust data and a good understanding of the potential risks and opportunities, and REDD+ can support the emergence of high potential business models when working closely with pioneers from the private sector.
- **Access to finance**: Bridging the gap between potential investors and the financial institutions that could lend to them can also help unlock sustainable finance, and public policies and support can contribute significantly to improving capacities and reducing costs
- **Timeframe**: enabling conditions as described above need to be established and upgraded over the long term to secure and promote private investment.

### Box 9.8 Viet Nam: Leveraging private finance on profitable models that enhance carbon and other ecosystem benefits

In Viet Nam, a major opportunity for REDD+ implementation consists of increasing forest carbon removals while enhancing multiple ecosystem services. Improving the quality and management of plantation forests through diversification with native tree species and extending the rotation periods of short-rotation plantation forests is beneficial for forest owners, the climate and biodiversity. Suitable models have been developed by UNIQUE forestry and land use GmbH, Climate Focus and IREN of Hue University, with financial support from the German International Climate Initiative. The models are being piloted in North Central Viet Nam. The feasibility study demonstrates that, over 20 years, switching from current practice to better and sustainable forest management practices can significantly increase CO2 removals from the atmosphere – depending on the model and local circumstances, by some 70 to 100 tons CO2 per hectare – while increasing the Internal Rate of Return for the forest owner by 50 to 100 per cent (UNIQUE 2015, unpublished). The models illustrate how REDD+ measures can tap significant synergies between different environmental and economic objectives, and leverage private finance as part of the overall REDD+ financial mix. This represents a major opportunity for REDD+ countries to trigger investments into implementation activities with a direct mitigation result.

### 3. Carbon and non-carbon oriented finance

REDD+ PAMs can be implemented by institutions and agents with diverging interests related to carbon as a commodity. This distinction is particularly important when it comes to building the appropriate narrative to engage with targeted partners. Some private companies but also NGOs, communities or public institutions might be looking at carbon as a commodity they are willing to manage, invest in and market, for instance. These players will seek carbon credits as a way to directly benefit from REDD+. However, most players have no interest in engaging with carbon as a commodity, and will be encouraged by other means. For instance, private timber company A might look at potential carbon credits as an integrated part of its business model, while timber company B has no experience or interest in diluting its core timber business. Engaging the first and second companies would require tailored messages, granting access to carbon credits for the first, supporting with adapted monetary or non-monetary incentives for the second. Overall, mobilizing partners to implement specific REDD+ measures in order to secure carbon credits might prove cost-effective and relevant only in limited cases.

- Cambodia, for example, has worked with the private sector through voluntary market projects since 2008. Based on their experience, the process from project scoping to the issuance of verified credits takes four to five years, and costs between $1 million and $1.2 million per project. This does not include legal service fees and other transaction costs. The Royal Government of Cambodia has had to rely on the assistance of NGOs -and development partners to navigate through the process. Only 1.5 % of available carbon credits yielded from the Oddar Meanchey project have been sold since market entry in 2010. Revenues from the sales currently remain in an escrow account [...] (quote from UN-REDD, 2016). It should be noted, that the poor sales of carbon credits are not due to an inherent fault in the REDD+ process, but are mostly due to a lack of demand in the compliance sector for carbon credits. Without this intervention by governments to create it, sales must rely on the voluntary market whose price remains relatively low and volumes small.

### 4. Market and non-market mechanisms

Market or non-market approaches cut across public and private, domestic and international finance. Market-based finance for REDD+ usually refers to the conversion of emissions reductions or removals, once achieved and certified, into REDD+ carbon credits, and the sale of such carbon credits. The sale occurs on voluntary or compliance markets. Voluntary markets, mainly leveraging philanthropy, corporate social responsibility or reputational and marketing concerns, have supported some pilot scale REDD+ initiatives on the ground, but are not expected to generate enough finance for scaled up interventions and impacts. Compliance markets offer more potential in the medium to long term. They can be international as well as domestic. In 2016, California and Australia were trading 99 per cent of forest carbon credits under a 'pre-compliant' format. California could accept REDD+ credits in fully compliant mode in the future, while Australia's market has become voluntary in connection with the set-up of the Emissions Reductions Fund in 2014. Several REDD+ countries are in the process of setting up domestic compliance markets that could be open to REDD+ credits. Examples include Mexico, South Africa and Viet Nam. Box 9.9 below provides key figures about carbon markets.

Carbon pricing is a critical incentive for climate and REDD+ action. Whether such pricing is determined by markets or not, public policies are instrumental. In the case of compliance markets, it is public policies that determine the conditions to access the market (and particularly to accept or not REDD+ credits and against which standards) and the ambitions that eventually translate into carbon demand and pricing.

Public policies referred to as 'market-linked' can also directly leverage finance from markets, like levies on plane tickets or financial transactions. This form of levy often covers payments for environmental services schemes, particularly at national level when the price-setting and the idea of a direct transaction between a service provider and the beneficiary of such a service becomes blurred.

### Box 9.9 Accessing REDD+ payments from carbon markets – an uncertain journey

**Voluntary and compliance markets are evolving differently.**

**The voluntary carbon market keeps shrinking. In volume, it dropped from an average 115 million tons of $CO_2$ equivalent traded per year between 2008 and 2012, to an average 76 million tons per year between 2013 and 2015. In value, it shrank to the all-time low average price of $3.3 per ton in 2015, resulting in a total market value of $278 million, the lowest since 2006. More specifically, the voluntary market for credits from REDD+ activities declined by 26 per cent in volume in 2015 (to 11.1Mt$CO_2$eq), for a total annual value of $37.5 million (Hamrick and Goldstein, 2016).**

**Compliance markets offer better potential for REDD+ in the longer term, even though forest carbon trading on such markets remains at an early stage, Australia's market has reverted to a voluntary market, and new markets in developed and developing countries might not open up to REDD+ credits for several years. In volume, compliance markets traded 10.6Mt$CO_2$eq in 2014, at an average price of $12.7, for a total value of $129 million (Goldstein and Neyland, 2015).**

**A significant new source of demand could come from the aviation industry. In 2013, the ICAO, the UN body responsible for setting standards for international flights, pledged to cap aviation greenhouse gas emissions at 2020 levels, delivering "carbon neutral growth from 2020". In October 2016, ICAO agreed the principal and initial framework of a Market Based Mechanism, which could create considerable demand for REDD+ credits if they are approved as offsets within the mechanism. This could prove transformative to REDD+ demand, even though the overall climate mitigation impact remains debated.**

### 5. Upfront and ex post finance

REDD+ finance can include incentives, investments or compensation disbursed before the actions are implemented and the results are achieved. This is usually the case for readiness and demonstration activities in phases 1 and 2. However, the ultimate stage of REDD+ is phase 3, when results-based payments are made to REDD+ countries against demonstrated and recognized results. This is ex post finance. Some programmes like the FCPF Carbon Fund or REDD+ Early Movers focus almost exclusively on such ex post, results-based payments (even though some minimal ex ante support can usually be negotiated). In theory, carbon markets are also an ex post modality, as they involve trade in credits for already achieved emissions reductions. In practice, deals on the voluntary market are negotiated bilaterally and often imply some upfront support from the buyer. Ex post finance is the essence of REDD+, and is seen as key to its sustainability. Countries are expected to invest upfront to achieve results, with payments for such results sustaining the shift towards the end of deforestation. In practice, this vision needs to be adapted to challenging circumstances, notably that the price that buyers expect to pay for forest emissions reduction credits is usually much lower than the cost of delivering those credits, and that many developing countries lack the capacity to make upfront investments due to limited public resources and access to private sector financial networks.

### 6. Grants, loans, equity

REDD+ finance can take several forms. Public finance has been mainly delivered as grants and subsidies, particularly for readiness activities. As countries move towards the investment and full implementation stages, financial needs increase along with the opportunities for diversified forms of finance. REDD+ countries look more and more at leveraging the financial and private sectors, and formulate PAMs that include opportunities to invest in profitable alternatives to deforestation, opening the door for loans, concessional loans and equity investments (see box 9.10 below). Loans make sense when the implementing entity is a for-profit organization expecting a return on investment, but can also be appropriate when the end user is a public non-profit organization that only expects a limited financial return, but many more indirect socioeconomic, environmental and even political benefits. For example, several countries are considering issuing REDD+ bonds, which would involve borrowing on capital markets to support the implementation of PAMs. This approach is based on the premise that multiple non-financial benefits will make otherwise unprofitable REDD+ interventions worthwhile. It could also promote the use of loans from domestic public finance. Loans are the instrument of choice when the activity's cash flows are more certain and the general risk profile is low, which results in lower cost of borrowing and the confidence that the activity is not going to lead to the borrower defaulting on its obligations.

### Box 9.10 Cote d'Ivoire investment plan to the Forest Investment Programme

**The Forest Investment Programme, a $785 million funding window under the World Bank Climate Investment Fund, is an example of a facility meant to financially support countries aiming to ultimately access results-based payments. The finance comes upfront, usually through a mix of grants and loans. In June 2016, the Forest Investment Programme endorsed and agreed to support the investment plan of Cote d'Ivoire. This REDD+ funding of $24 million comprises a concessional loan of $15.8 million, and a grant of $8.2 million. The primary focus of the plan is restoring the country's forest cover by working with small-scale farmers to introduce agroforestry techniques and improve agricultural productivity. Beyond environmental benefits, it offers various socioeconomic benefits including job creation, diversification and increase of incomes notably for vulnerable groups, improvement of livelihoods and increased sustainability of production systems. The investment is expected to trigger a 550Mt$CO_2$eq emissions reduction over the next 20 years, demonstrating a strong leveraging effect and the potential for eventually accessing significant results-based payments. It thus offers a robust rationale for accessing concessional loans in combination with grants.**

REDD+ finance can also encompass private sector investments. Leveraging private sector finance can be enabled with subsidies or improved access to credit. In some cases, major REDD+ actions can be implemented by companies investing their own resources, without any external transfer of funds. As in other cases, this type of REDD+ finance does not necessarily fit the UNFCCC definition, but can result from the implementation of the UNFCCC guidelines.

#### 7. Direct finance and enabling instruments

One of the primary drivers of deforestation is that individual agents often have an economic or financial interest in cutting trees and turning forests into other land uses, even if it makes sense to protect forests from a collective and long-term perspective. This driver is strongest where the costs of deforestation are borne by the wider community. The fundamental idea behind REDD+ is to increase the value of healthy forests by valuing their carbon component, at least partially (as a flow against a baseline, not as a stock). As reflected in many REDD+ national plans and strategies, REDD+ has a transformational dimension, meaning that it helps to change the very structure of economic incentives and disincentives to deforestation and forest protection. It is not only about triggering or preventing directly a specific action through a financial transfer. It is also about creating the enabling conditions for individual agents to change their decision patterns in favour of healthy forests.

As a consequence, REDD+ finance should be seen not only as a set of additional financial transfers, but also more generally in the frame of fiscal and broader policy instruments that indirectly trigger the implementation of REDD+ PAMs. Fiscal systems are actually a critical starting point to move towards REDD+, as they often allow for impactful change in the enabling environment, including at low direct cost. This kind of 'enabling' finance can be seen as part of PAMs, as discussed earlier in this module and as illustrated in box 9.11 below, while 'direct finance' refers to the financial means that are necessary to support the implementation of PAMs.

### Box 9.11 Illustration from Brazil of the potential of credit reforms for REDD+

**Rural credit, which the Brazilian government subsidizes via low interest rates, is an important source of financing for rural agricultural producers in Brazil. Introduced in mid-2008, Resolution 3545 placed a condition on rural credit for producers in the Brazilian Amazon Biome. To obtain credit, borrowers had to present proof of compliance with environmental regulations, the legitimacy of their land claims, and that their operations are otherwise in compliance with the law. The resolution has restricted credit and helped to contain deforestation in the Amazon Biome, while still allowing production of soy and beef to increase. Over 2,700 square kilometers of forest would have been cleared between 2009 and 2011 without the resolution.**

Source: UN-REDD Programme (2016)

### 8. Core and parallel REDD+ finance

Under the UNFCCC, REDD+ results-based finance must comply with UNFCCC decisions and guidelines. For example, it must relate to actions that are measured, reported and verified and comply with REDD+ safeguards. On the other hand, the UNFCCC also recognizes the need to align REDD+ with broader national development agendas. That raises two major issues in practice. First, it is very difficult or impossible to associate a specific emission reduction with one single REDD+ action, as it is usually a combination of direct and indirect factors, policies and interventions, which will generate REDD+ results. In that situation, how can factors that are labelled REDD+ be separated from those that are not? This issue is exacerbated by the need to mainstream REDD+ into larger agendas, like climate change, green growth, and the sustainable development goals.

- For instance, a comprehensive REDD+ national strategy or action plan could aim to direct agriculture finance towards REDD+ friendly practices. Where a REDD+ country decides to allocate some of its agriculture budget to promoting agroforestry in critical buffer zones around protected areas, it does not seem realistic to require the application of REDD+ safeguards to the project, or to omit the related emissions reductions from national REDD+ results under UNFCCC because safeguards were not addressed.

Despite this ambiguity, REDD+ countries are strongly encouraged to look at options beyond strictly labelled core REDD+ finance when designing the financial plan to support the implementation of PAMs. Parallel funding in related sectors, including from public international and national programmes as well as the private sector, represent a major opportunity for REDD+ if connections can be made and these programmes can be leveraged to contribute to REDD+ objectives and results (see box 9.12 below for examples).

Put another way, "REDD+ finance has the largest potential when integrated into development planning and aligned with relevant private sector actors – a lack of engagement by those who profit from depleting or converting forest resources is a key weakness of many REDD+ programs" (Lee and Pistorius, 2015).

#### Box 9.12 Examples of private sector actors with the potential to complement or catalyze core REDD+ finance

Motivated by a desire to combine strong financial returns for their clients and shareholders with a clear engagement in long-term sustainable investments, a number of private financial companies were set up to explore opportunities in sectors with high environmental, social and governance (ESG) standards, such as renewable energy, sustainable forestry and low carbon intensity agriculture.

These specialized financial actors form a heterogeneous group, from private equity firms specializing in agribusinesses (such as Black River Asset Management, Phatisa or Acorn Private Equity) to impact asset managers (Mirova, a subsidiary of Natixis) to boutique funds (e.g. Moringa Fund, focusing on profitable large scale agroforestry projects with high environmental and social benefits). While these companies rely on different approaches and methods to screen and select their investments, they share an investment model that seeks to combine attractive returns with positive environmental impacts. The value they create for their clients comes from their capacity to identify and engage in projects with strong environmental integrity and economic potential, two dimensions that are also central to many REDD+ activities. This makes them possible funding partners for the implementation of certain REDD+ activities, as long as these can generate positive economic returns.

For instance, Mirova launched the Land Degradation Neutrality Fund in partnership with the United Nations Convention to Combat Desertification with a commitment to restore 12 million hectares of land per year. This is to be achieved by directly or indirectly financing projects and entities that promote land rehabilitation and sustainable land management globally. Initially, the fund aims to focus on existing initiatives involving like-minded players in order to significantly increase the scale and impact of the efforts deployed globally towards the achievement of SDGs, with agriculture, forestry, conservation and land reclamation as key targeted sectors.

In a different context, Althelia Ecosphere, a boutique fund specializing in investments in natural capital preservation and restoration with the aim of addressing the drivers of deforestation and unsustainable land-use, is setting up a fund to mobilizing private finance for ecosystem conservation, agroforestry and access to energy in Madagascar. The Madagascar Climate and Conservation Fund addresses a critical gap between grant financing (difficult to replicate and to scale) and the more traditional banking system that remains out of reach for small community-based organizations.

Other projects have managed to combine REDD+ objectives with financial and operational contributions and expertise from private sector actors. A recent REDD+ Forest Bond issued by the IFC is innovating by giving investors the option to receive coupon in the form of carbon credits generated from avoided deforestation instead of cash coupon. The bond supports the Kasigau Corridor REDD project in Kenya implemented by Wildlife Works Carbon LLC. BHP Billiton provides a price support for the carbon credits in order to secure a predefined minimum quantity of carbon credits every year. This price support provides the certainty needed to attract institutional investors while still generating verified reductions in deforestation, in the form of REDD credits.

**Key message:**

**There is no single definition of REDD+ finance. For instance, approaches to REDD+ finance can be determined by a strict reference to UNFCCC decisions, or by pilot experiences outside the UNFCCC framework. Taking a REDD+ country's perspective, REDD+ finance in this module is defined as all relevant financial means and instruments to support REDD+ readiness, the implementation of REDD+ national strategies or action plans, and eventually achieve REDD+ results and access payments. Eight dimensions have been identified to support countries in determining their financial mix to support REDD+ from readiness to full implementation. Together, they set out the theoretical scope of REDD+ finance, which can then be translated and adapted to the circumstances in each REDD+ country.**

## ACCESSING RESULTS-BASED REDD+ FINANCE

Countries can receive REDD+ results-based payments once they demonstrate results in terms of emissions reductions or removals against their reference level. Under the UNFCCC, this reflects a situation where a country has reached REDD+ phase 3, even though phase 2 and phase 3 are expected to be concurrent more than sequential. It is unlikely that the volume of payments eventually received for emission reductions or removals matches that needed to sustain REDD+ investments, for instance due to limited cost-effectiveness of some PAMs, limited demand for emissions reduction units including carbon credits and/or their low price. In practice, countries currently receiving results-based payments like Brazil or Guyana are also fully engaged in implementing further REDD+ policies and measures. This reflects, in effect, a double conditionality for results-based payments: demonstrate results, but also demonstrate how payments will be used to sustain REDD+ interventions and enable future results.

By definition, results-based finance is ex-post, collected after investments are made and results are demonstrated. However, results-based finance can be considered at an early stage of designing a national strategy and financial plan. A results-based carbon payment agreement with an international partner, whether bilateral (e.g. with Norway or Germany), multilateral (e.g. Carbon Fund) or even indirect (access to the carbon market in California), can send a positive signal to local, national and international partners in terms of commitments and opportunities. As REDD+ is still at an early stage, many results-based mechanisms include arrangements to provide some payments up front. Finally, some financial mechanisms and intermediaries, like banks and investment funds, can also turn an agreement for ex post payment into ex ante investments, at a cost depending on the perceived risk and timeframe.

### Box 9.13 Piloting results-based payments

**A REDD+ results-based payment approach can be considered part of a broader trend in international relations that seeks to improve the delivery of official development assistance. This is based on the premise that it can improve official development assistance's efficiency and performance, notably by increasing ambition, strengthening national ownership, reducing transaction costs, improving monitoring, transferring risks and possibly scaling up finance (Climate Focus, 2015). However, several risks have been identified, including the channeling of direct finance toward 'low-hanging fruit' opportunities and away from costlier and uncertain transformational changes.**

**Institutions working on REDD+ results-based payment systems, like the GCF, must answer critical questions including the level of incentive and payments to be made in order to be both effective and attractive, in a context where capital availability, the cost-effectiveness of REDD+ PAMs, or the stakeholders critical to improved forest governance can vary widely from one country to another. Researchers point to four key issues to assess and measure performance for REDD+ results-based finance: incentivizing reforms, identifying indicators, managing the politics of numbers (in setting reference levels for instance), and securing funding (Wong et al., 2016).**

## UNFCCC and expected sources

Article 5 of the Paris Agreement consolidates UNFCCC direction in terms of REDD+ results-based finance as follows:

■

*"Recognizes the importance of adequate and predictable financial resources, including for results-based payments, as appropriate, for the implementation of policy approaches and positive incentives for reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks; as well as alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests; while reaffirming the importance of non-carbon benefits associated with such approaches; encouraging the coordination of support from, inter alia, public and private, bilateral and multilateral sources, such as the GCF, and alternative sources in accordance with relevant decisions by the Conference of the Parties."*

In practice, REDD+ countries are expected to demonstrate their results under the UNFCCC by following the decisions and guidelines agreed, notably on reference levels, national forest monitoring systems, monitoring, reporting and verification systems, safeguards and national strategies or action plans. However, the modalities for accessing payments from demonstrated results are still unclear (see box 9.13 above). UNFCCC does not provide guidelines to operate REDD+ results-based payment systems. As a major financial arm under the UNFCCC, the GCF is expected to play a central role in providing REDD+ results-based finance, but the mechanism for this is still under construction (see Box 9.14 below). Regarding new market mechanisms and the 'internationally transferred mitigation outcomes' mechanism included in the Paris Agreement, discussions are still at an early stage and their relation to REDD+ results-based payments in the future remains largely to be negotiated and clarified.

### Box 9.14: The Green Climate Fund

**The GCF was created to receive and channel resources for climate change mitigation projects, policies and activities. So far it has managed to mobilize about $10 billion. Land use is one of the four windows that have been established as part of the mechanism to reduce greenhouse gas emissions.**

**The GCF offers an opportunity to support REDD+ during phase 2 demonstration and investments, as well as through a phase 3 results-based payment mechanism. This mechanism is yet to be formulated, but its logical framework is based on the UNFCCC Warsaw Framework or "REDD+ rule book". At the 12th meeting of the GCF Steering Committee in March 2016, it was agreed to operationalize the mechanism by the end of 2016.**

**The GCF is an operating entity of the UNFCCC's financial mechanism. Recipient countries can submit funding proposals through national designated authorities. Recipient countries will be allowed direct access through accredited sub-national, national and regional implementing entities they propose and set up as long as these implementing entities fulfill certain fiduciary standards. The modalities of access remain to be agreed. GCF funds can also be accessed through multilateral implementing entities, such as accredited multilateral development banks (e.g. African Development Bank and others) and UN agencies (e.g. UNDP).**

**A private sector facility will also be established that allows direct and indirect financing by the GCF, using loan, equity or guarantees, to leverage private sector investments and activities. National designated authorities are to ensure that private sector interests are aligned with national climate policies.**

**In October 2016, the GCF approved its first allocation to a REDD+ programme in Ecuador. The grant of $41.2 million will support the implementation of the national REDD+ action plan "Forests for Well-Being" in full compliance with the Warsaw Framework. The formulation took about a year with support from UNDP and the UN-REDD Programme, despite the fact that the country was already relatively advanced in terms of REDD+ readiness. It demonstrates the technical challenge to access GCF funding, but it also offers a concrete example and opens the way for the channeling of GCF funding towards REDD+ programmes in other countries.**

**GCF finance can also support REDD+ objectives indirectly. The $29.5 million project on "improving the resilience of vulnerable coastal communities to climate change related impacts in Viet Nam" was approved by the GCF in March 2016. Even though it is classified as an adaptation project, its ecosystem-based approach also encompasses an $11 million component for coastal reforestation, which is definitely aligned with national REDD+ objectives.**

## Transition period, pilot sources and methodologies

Donors have supported programmes to pilot REDD+ results-based finance, first in the absence of a mechanism under the UNFCCC, and then as a way to test operational modalities that could, eventually, help make the UNFCCC mechanism operational. These initiatives have been carried out outside the UNFCCC, but with the aim of eventually bridging gaps and securing consistency. Such initiatives include:

- Norway's International Climate and Forests Initiative, which has committed about $2.7 billion in results-based payments for REDD+ in Brazil, Indonesia, Guyana, Peru and Liberia.
- Germany's REDD Early Movers programme (see Box 9.15)
- The Forest Carbon Partnership Facility's Carbon Fund has a pipeline of 18 countries, and expects to sign 12 to 14 emissions reduction payment agreements in the future. It hasn't made a REDD+ results-based payments yet, though the funds committed and pledged total $750 million. The BioCarbon Fund, another instrument from the World Bank, is also expected to provide REDD+ results-based payments in the future, with agreements in Colombia, Ethiopia and Zambia.

Payments for results are expected to take various forms. Payments for emissions reductions units can be received as a 'reward' for good performance and contribution to climate change mitigation without generating offsets, like in the case of the agreement between Norway and Brazil and most other results-based payments agreements so far. Units can also be turned into titles/assets, usually referred to as REDD+ carbon credits, which are transferred to buyers against payment, as with the Carbon Fund. In this case, the transaction refers to the purchase of carbon titles or credits, which can then be used for public relations and to offset emissions, for instance by a company or industry. This approach can impact the capacity of a REDD+ country to account for its REDD+ results under its nationally-determined contribution under the Paris Agreement. In both cases, countries need to keep a transparent accounting system, database or registry, to ensure no double counting and double payment for emissions reductions units.

Other key features of results-based payments are currently being explored by pioneering initiatives. Climate Focus (2015) has proposed eight dimensions along which pilot initiatives are advancing the results-based finance framework:

- Defining results, including if the mechanism can pay retroactively for past performance
- Conditionalities, including safeguards and financial management
- Timing of payments, including negotiating advance payments
- Status of emissions reductions (see above)
- Managing risks, notably leakage and non-permanence
- Attribution, with some donors keen to see the relation between interventions and results clearly demonstrated
- Additionality, in financial and environmental terms
- Scale, using national or large jurisdictional approaches

Interestingly, project-level REDD+ as piloted in the earliest stages and oriented towards voluntary carbon markets, are not considered in REDD+ results-based payment initiatives explored by major national or multilateral institutions. Also, the nesting of REDD+ projects into national results-based architecture shows little priority to harmonization or the learning of lessons at the international level.

Also, when defining results, there is a clear interest in exploring results beyond carbon, notably as part of a cash-on-delivery model. Norway and Ethiopia are using this type of model, where "fixed payment is offered to recipient government for each additional unit of progress toward a commonly agreed goal" including policy reforms (Wong *et al.*, 2016). This could offer another step-wise type of approach to progressing towards full REDD+ results-based payments, while incentivizing transformative approaches and multiple benefits beyond carbon.

### Box 9.15: REDD Early Movers

**The REDD Early Movers programme was commissioned by the German Federal Ministry for Economic Cooperation and Development and implemented by the KfW Development Bank and the Gesellschaft für Internationale Zusammenarbeit. The programme promotes forest conservation and is designed to strengthen performance-based payments for demonstrated emission reductions and provides accessible bridging finance for countries that have already taken independent action towards mitigating climate change. It aims to assist in closing the funding gap by supporting REDD+ early actions – financing for 'early movers'. It supports emission reduction efforts achieved at a national, sub-national or biome level. One of the eligibility criteria is that a subnational or biome approach is integrated into national strategies and aligned with policies to reduce deforestation and associated emissions.**

**It includes payments for investment or capital requirements upfront (ex ante) as well as payments for results (ex post). Some of the countries and entities that have been supported include:**

- **Acre State, Brazil - payment made for emissions reductions verified in 2012. Further payments were expected over the following four years for emissions reductions of 8 $MtCO_2$;**
- **Colombia and Ecuador - a letter of intent was signed at COP20 and is expected to lead to a more formal agreement.**

## Challenges and arrangements to unlock REDD+ results-based finance

Results-based finance in general, and for REDD+ in particular, is still in an early phase, characterized by an agreed framework but a lack of commonly agreed operational guidelines, and being explored through a variety of pilot schemes. "To achieve scale and deliver finance that is both adequate and predictable, REDD+ [results-based finance] programs will require a greater degree of alignment than is currently the case. High-level cooperation between donors, and emerging norms established by the UNFCCC and Green Climate Fund does suggest movement in this direction" (Climate Focus, 2015).

For REDD+ countries, two challenges relate specifically to accessing REDD+ results-based payments, beyond the challenge of achieving and demonstrating REDD+ results themselves.

First, funding volumes, sources and modalities remain uncertain in the short and long run. This suggests that REDD+ countries should approach results-based finance as an experimental mechanism as part of a larger REDD+ financial mix, with major objectives still mainly related to gaining experience and improving cooperation with international partners rather than securing core financial resources for sustainable REDD+ implementation.

The second challenge relates to the lack of experience and institutional capacities in accessing and managing results-based finance. In a context where such finance remains attached to conditions, financial management capacity, the quality of the dialogue with the targeted partners, the coherence of policies to support relevant sectors, and the scale of PAMs are critical factors. This is particularly true in a landscape of scattered results-based payments initiatives with different modalities and conditions.

# CASE STUDY

## REFORMING INDIA'S FISCAL TRANSFER FORMULA TO INCLUDE FOREST COVER

### Issue

India has 69.7 million hectares of forest. There are significant pressures on these forests, particularly from the demand for timber and fodder. While India is preparing for REDD+, and considering UN-REDD and FCPF participation to leverage resources for capacity building for implementation, the country is moving ahead to directly address the perverse incentives that impact forests by reconfiguring its intergovernmental transfer system.

### Action

***Types of fiscal incentives and where in the supply chain*:**

India's intergovernmental fiscal transfer system is the mechanism by which the central government distributes the net proceeds of taxes back to states. As significant amounts of forestland are utilized and managed at local scales, for example, in Panchayats and Gram Sabhas, fiscal policies and decisions at these scales are important. The system previously did not include a way to recognize the fiscal implications of natural resource and forest management decisions.

***Reason for intervention:***

India's 14th Finance Commission recognized the perverse incentives that state and local governments had to undervalue and mismanage forests, and observed that declining revenue from forests was a concern to some states.

***Evaluation of trade-offs:***

Charged with considering the need to balance the management of ecosystems, the environment and climate change with sustainable economic development, the Commission concluded:

***"Forests and the externalities arising from them impact both the revenue capacities and the expenditure needs of the States. We have noted that there is a need to address the concerns of people living in forest areas and ensure a desirable level of services for them. At the same time, it is necessary to compensate the decline in the revenues due to existing policy prescriptions. In our view, forests, a global public good, should not be seen as a handicap but as a national resource to be preserved and expanded to full potential, including afforestation in degraded forests or forests with low density cover. Maintaining a green cover, and adding to it, would also enable the nation to meet its international obligations on environment related measures. We recognise that the States have to be enabled to contribute to this national endeavour and, therefore, we are designing our approach to transfers accordingly."***

***Action taken to reverse or reform fiscal incentives:***

India took action on two fronts:

1. Increasing the amount of revenue allocated to states by 10 per cent, and
2. Assigning a 7.5 per cent weight to forest cover in the formula for allocating revenue to states.

The criteria and weights in the new allocation formula are as follows:

| | % |
|---|---|
| Population | 17.5 |
| Demographic Change | 10 |
| Income Distance | 50 |
| Area | 15 |
| Forest Cover | 7.5 |

### Impact

The weight allocated to forest cover is expected to deliver $6 billion a year to Indian states. Provinces with higher or growing forest cover will get a bigger or increasing share of budget. This works out at roughly $120 per hectare of forest per year and is competitive with agriculture production earnings, thus providing significant support to states that can grow their agricultural output without clearing forests.

Source: Kissinger (2015)

## EXERCISE 17

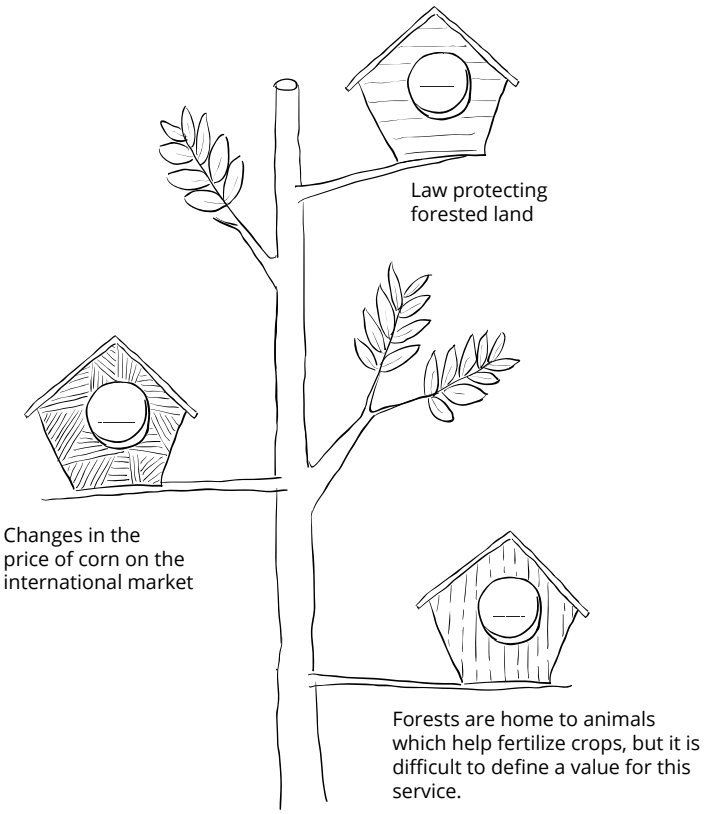
**Using the eight dimensions of the REDD+ financial mix, how would you characterize the following typologies of REDD+ finance as accessed or leveraged by:**

- Brazil, as payment for emissions reductions under the Norway-Brazil bilateral agreement
- Cote d'Ivoire, receiving support from the Forest Investment Programme
- India, when reforming budget devolution criteria to include forest cover
- Costa Rica, mobilizing its payment for environmental system to support implementation of its REDD+ strategy
- Nestle supporting capacity building of coffee farmers in Viet Nam to switch to deforestation-free practices
- Ecuador, accessing the GCF to implement its national action plan

## EXERCISE 18

**Decide if the following economic factors are related to (1) carbon price, (2) direct or indirect drivers, or (3) external factors:**

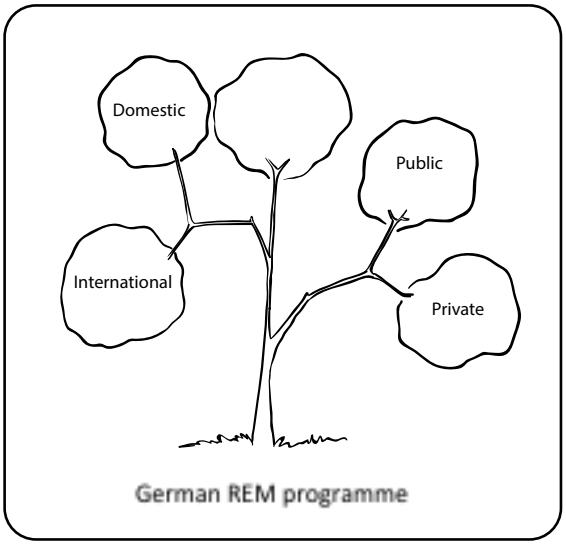
- Law protecting forested land
- Changes in the price of palm oil on the international market
- Forests are home to animals which help fertilize crops, but it is difficult to define a value for this service.

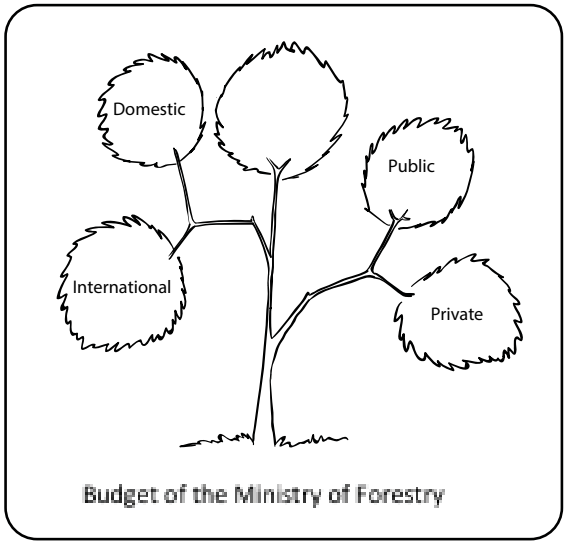


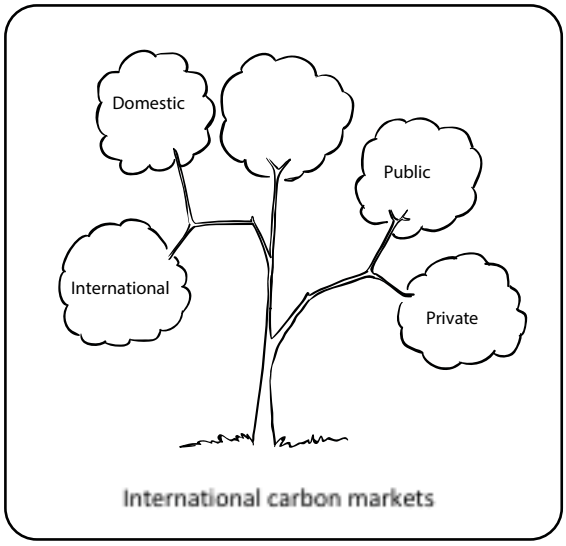
## EXERCISE 19

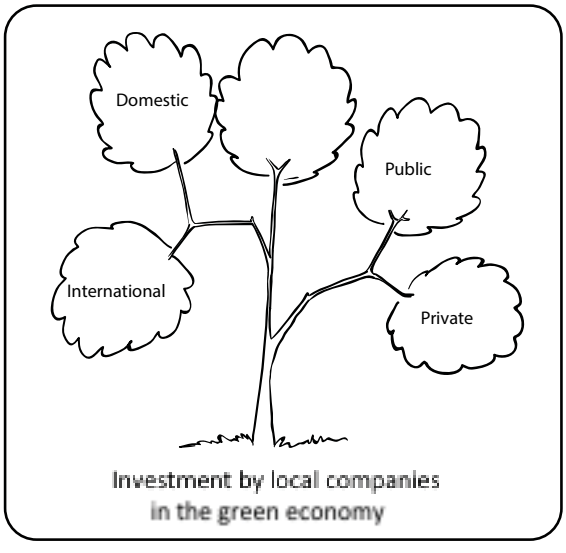
**Which of the following sources of funds are private or public, and domestic or international?**

- ☐ Germany's REDD Early Movers programme
- ☐ The budget of a national ministry of forestry
- ☐ International carbon markets
- ☐ Investment by local companies in the green economy



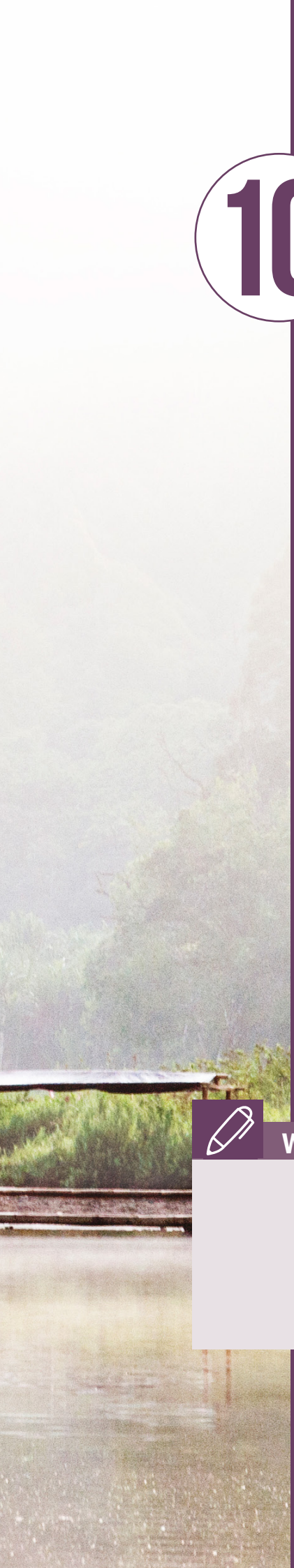



## KEY MESSAGES OF THIS CHAPTER

- With REDD+, international finance for forests has increased, but not to the required scale
- REDD+ countries need to take a broad approach and think in terms of a financial mix
- Better directing existing finance can offer more potential than seeking additional funding
- Finance can be a means of implementation, and a REDD+ PAM in itself, sometimes a very cost-effective one
- Financial planning must be integrated with the design of other REDD+ components, particularly with PAMs and financial architecture

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES



10

# Approaches for the Allocation of Incentives

This module discusses approaches for the allocation of incentives as a way to encourage stakeholder[1] actions for REDD+. The module includes sections about:

**The module contains sections about:**

- What is an incentive allocation system?
- What are the key principles to follow when establishing an incentive allocation system?
- Issues to address in an incentive allocation system

**What do you already know about this topic?**

1 Stakeholders include relevant government agencies, private sector entities, CSOs, and women, men and youth from forest-dependent communities, indigenous peoples and smallholders

# 10. APPROACHES FOR THE ALLOCATION OF INCENTIVES

## WHAT IS AN INCENTIVE ALLOCATION SYSTEM?

An Incentive Allocation Systems (IAS) is a structure which can be used by a country in order to incentivize stakeholders to adopt behaviors which are aligned with the national REDD+ objectives. Such structures are also known as benefit-sharing systems or benefit distribution systems. In the context of REDD+, it might however be more appropriate to talk about allocating incentives, rather than sharing or distributing benefits, for a number of reasons:

- First, it will avoid potential confusion with 'multiple benefits', which is a different issue altogether, dealing with the social and environmental positive impacts of REDD+ actions beyond emission reductions;
- Second, benefit-sharing systems are usually associated with community/local level projects and using different terminology will reduce the risk of assumption that a project-based approach is being proposed; and
- Finally, the term 'benefits' implies a reward for actions already undertaken; but an alternative approach is to make investments for future action. The term 'Incentives' captures both ideas.

## INCENTIVES

Countries implement REDD+ activities through a package of Policies and Measures (PAMs), as explained in ***Module 7: Policies and Measures for REDD+ Implementation***. Incentives may be required to encourage stakeholders to perform specific actions or change their behaviours in line with these PAMs. There are two types of incentives:

- Direct incentives e.g. cash transfer, participatory management, etc.
- Policy and governance incentives e.g. tenure clarification, agricultural intensification, etc.

Incentives can either be provided in advance of reported results ( '*a priori')* and considered as investments in order to achieve emission reductions (ER) or enhanced removals, or following reporting of results ('*a posteriori*') in the form of a redistribution of Results-Based Finance (RBF) paid to a country in recognition of its measured ER or enhanced removals.

Note that not all PAMs need to be associated with incentives to stakeholders. Indeed, some PAMs may be effective by eliminating 'perverse incentives' or direct subsidies promoting forest destruction. This is addressed in ***Module 9: REDD+ Finance*.**

## IAS UNDER THE UNFCCC

There is no UNFCCC guidance or requirement for countries to design and implement an approach for allocating incentives. Only one COP decision[2] relates to incentives:

1/CP.16; Appendix 1; para 2(e)

> ***"... actions referred to in paragraph 70 of this decision [i.e., the 5 REDD+ activities] are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services ..."***

It is important to note that UNFCCC provisions do not imply that RBF should be used to provide incentives to stakeholders. However, many countries have taken this approach, and the demand for guidance on IAS is high.

Having a clear system for allocating incentives to stakeholders for REDD+ is also seen by many as a way of addressing and respecting REDD+ safeguards which refer, among other things, to the effective participation of stakeholders and the transparency of forest governance structures. If an IAS is non-transparent, or allocates incentives to parties not directly engaged in reducing emissions, it is unlikely to satisfy donors that safeguards requirements are being met. More information on Safeguards can be found in **Module 8: REDD+ Safeguards under the UNFCCC**.

2 The UNFCCC has gathered all of the COP decisions relevant to REDD+ in the Decision booklet REDD+ (UNFCCC, 2014).

# CHARACTERISTICS OF AN IAS FOR REDD+

A system for allocating incentives for REDD+ should be:

- **Effective**: the incentives serve to reduce emissions from forests and to promote removals by forests to the maximum extent feasible.
- **Efficient**: the incentives reduce emissions and promote removals in a way that minimizes costs (while being consistent with a rights-based approach).
- **Equitable**: the incentives are shared in a manner that is fair and equitable, particularly to vulnerable groups including indigenous people, women, youth, the poor, etc.

Ways to ensure the IAS presents those three characteristics are detailed later in this module. To help countries meet the requirement to address and respect the REDD+ safeguards, the IAS should also:

- **Ensure** the full and effective participation of all relevant stakeholders (Decision 1/CP.16, Appendix 1, paragraph 2[d]);
- **Empower** transparent and effective national forest governance structures (Decision 1/CP.16, Appendix 1, paragraph 2[b]); and
- **Engender** respect for the knowledge and rights of indigenous peoples and members of local communities (Decision 1/CP.16, Appendix 1, paragraph 2[b]).

## Effectiveness

The incentives should be made available at the optimal time, at the optimal level and in the optimal form to effectively promote the desired actions and ensure the sustainability of the results or maintain the desired actions. The timing, amount and form need to be clearly defined and understood by both the recipients of incentives and those providing them, and are subject to (negotiation and) agreement between parties. This consultation and negotiation process is similar that required for Free, Prior and Informed Consent (FPIC), which is detailed in ***Module 11: Stakeholder Engagement in REDD+***.

### Optimal time

Some incentives can be provided before results are obtained as an investment and to establish good will; others can be viewed as rewards for successful actions. Since RBF comes only after results have been verified, a country may decide to make earlier payments for the above reasons and recover the cost later from RBF. Some bilateral agreements, such as Germany's REDD+ Early Movers programme can also pay for results achieved before the agreement came into force.

### Optimal amount

An adequate incentive should be provided to stimulate and maintain the desired actions. Consideration of opportunity costs (the income foregone by a particular group in order to support REDD+ objectives) may help with defining the level. However, incentives need not be purely financial. In-kind incentives may be complementary to financial incentives and non-financial incentives alone may prove adequate e.g. improved access to extension services, or improved tenure security.

### Optimal form

Stakeholders may have preferences regarding the form of the incentive, and if the incentive is provided in a different form, its effectiveness will be reduced. For example, in Viet Nam a survey of stakeholders in Lam Dong province revealed that there was a preference for non-cash incentives (see case study below). In such a case, providing at least some in-kind incentives could boost effectiveness.

## Efficiency

An IAS should be financially efficient, in the sense that it must obtain the desired effects at the lowest cost possible. Certain operational elements of REDD+, such as National Forest Monitoring Systems (NFMS – discussed in ***Module 5: National Forest Monitoring Systems for REDD+***) and Safeguards Information Systems (SIS – discussed in ***Module 8***), carry recurring costs. These costs, which are essentially 'fixed' as they are independent of the volume of

**REFLECTION POINT**

Other than cash payments, what incentives do you think would work most effectively to encourage local communities to adopt behaviours that align with REDD+ objectives?

emission reductions secured, may need to be covered from RBF and will thus limit the financial resources available for incentives.

Such fixed costs can be reduced by using financial institutions as service providers. For example, the Amazon Fund uses the Brazilian Development Bank (BNDES) to administer its incentive system. In addition, administrative costs can be reduced by not letting the funds transit through several institutions before reaching their final destination (a 'cascade' of funds from the national, to state/provincial, to district/local levels, for example). A cascade also increases the risks of fraud and corruption. The system also needs to be institutionally efficient, especially for links between reporting, decision-making and delivery. If a report indicates that a milestone has been reached, triggering the delivery of an incentive, the affected stakeholders need to receive that incentive promptly in order to remain engaged and committed.

## Equity

The system should allocate incentives in a fair and equitable way. All those undertaking comparable interventions and achieving comparable results should receive comparable incentives, irrespective of social position, ethnicity, gender, or any other social parameter. Stakeholders will most likely cease to engage in an inequitable system and it may even give rise to social tensions. Equity also requires transparency – agreed incentives negotiated with different stakeholder groups should be public knowledge.

Equity can be defined in different ways:

- On the basis of 'rights' held by stakeholders in relation to the concerned resources (land, forest, etc.) (note that there may be a large body of overlapping and potentially conflicting rights to consider);
- On the basis of costs (including opportunity costs) incurred in performing actions in support of REDD+ PAMs;
- On the basis of results achieved (note that, as it is difficult and costly to measure ER at a scale relevant to the allocation of incentives, it is preferable to use proxies to measure stakeholder performance).

As both women and men use forests and engage in differing economic activities, consideration of gender when defining and sharing REDD+ benefits is critical. These gender-differentiated needs, uses, skills, and knowledge of forests can also provide critical data that can then inform and aid in undertaking action to reduce deforestation and forest degradation. For example, women's subsistence activities and indigenous knowledge of the forest can aid forest-related activities, such as species monitoring, soil management and forest restoration functions, which then can contribute positively to the sustainable management of forests or enhancement of forest carbon stocks (UN-REDD, 2011). However, women, given various political, socio-economic and cultural barriers they often face, may be disadvantaged or marginalized in traditional or formal processes, particularly land tenure, which can lead to them to having unequal access to information and legal processes, and/or not being involved in decision-making processes on benefit sharing mechanisms and structures. Women may also be excluded from REDD+ benefits due to weak rights to land and forest resources, or even because they lack a bank account.

Given these dynamics, it is critical that the design and implementation of the IAS is equitable and fully integrates a gender perspective[3]. In this process, the full and effective engagement of stakeholders (detailed in **Module 11**) can help ensure that benefits are equitably and fairly shared among those promoting and undertaking REDD+ interventions.

Some key questions to consider in this regard:

- Do women engage and interact with forests? If so, how?
- Is the land tenure and resource-use system equitable with regards to gender, both in policy and in practice?
- Is there transparency with regards to financial transfers to and within communities?
- Is there a strong national law on gender equality and is this law enforced and carried out in practice?
- Is there a fair and accessible system for both women and men to address grievances and conflict?

3 Integrating a gender perspective is the process of assessing and integrating the implications of any planned action on women and men, as well as including specific provisions for gender equality, including in legislation, policies or programmes. It is a systematic approach for ensuring the concerns and experiences of women and men are an integral part of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres, so that women and men benefit equally, and inequality is not perpetuated. (adapted from United Nations Economic and Social Council Agreed Conclusions, 1997/2.)

# DESIGN OF AN IAS

Given the principles presented above, the design of an IAS should address seven important issues, which are listed below.

**Issue 1: Who qualifies to receive incentives?**

Answering this question requires properly addressing the equity issue between those who incur costs, those who have rights to the forest and those who deliver results. In Vietnam, for example, there are seven categories of forest 'owners'. All are considered eligible for incentives except for the Armed Forces.

### Carbon rights

**The UNFCCC does not make any reference to the concept of 'carbon rights' and countries are under no obligation to define such rights. Indeed, under the Convention, reporting on ER is to be done at the national level and is the responsibility of the country as a whole. Yet, carbon rights have generated much attention and debate. Some see it as an effective legal tool to ensure that stakeholders living closest to the forest benefit from REDD+. Others have argued that carbon cannot be measured at the individual or even community level and that talking about carbon rights raises unrealistic expectations among stakeholders. It is ultimately up to each country to decide whether they wish to define carbon rights and use them to determine who should receive incentives for REDD+.**

**Issue 2: On what basis should decisions on allocation of incentives be made?**

In theory, this could be based on performance in terms of emission reductions/removal enhancements. However, it would be immensely expensive to measure emission reductions/removals at a scale relevant for allocation of incentives – the costs would probably exceed results-based payments (RBP) received. Therefore an alternative measure of performance is needed. A measure based on inputs (e.g. time spent on forest patrols; area re-planted) is far easier to assess and can be assumed to be related to emissions reductions/removals.

**Issue 3: How will the data on performance be collected, analyzed, and shared?**

Assessing stakeholder performance, as a basis for the allocation of incentives, should be done objectively through the use of data. To promote efficiency, the costs of data collection, analysis and results dissemination should be kept low.

Certain variables can be integrated into the NFMS in order to assess the performance of eligible recipients of incentives (see ***Module 5***). The role of participatory data collection should also be considered. For some types of data collection, self-reporting with spot checks may be most efficient. For example, communities may self-report areas of bare land planted, or person-hours of forest patrolling, but the forest authority may be responsible for checking the accuracy of reported data. In this process, it is important to ensure that data collection integrates a gender perspective, wherein consultation is undertaken meaningfully with all members in communities, including women, men and youth, who are engaged in undertaking action to reduce deforestation and forest degradation.

**Issue 4: Who will make the decisions, based on the collected and analyzed data?**

In order to ensure transparency and to avoid risk of corruption, decisions on the allocation of incentives cannot be made by stakeholders who are potentially eligible for these incentives. Therefore, if there is some type of committee or board to make decision, members of this committee or board (and the organizations they may represent) should not be eligible to receive incentives.

**Issue 5: How will the type of incentive (monetary; various types of non-monetary) be decided?**

In order to promote effectiveness and equity, stakeholders, regardless of social position, ethnicity, gender, or any other social parameter, should be able to indicate their preferred type of incentive since they will respond more positively to incentives that match their wishes. The type of incentive should be consistent among similar stakeholders. A registry may be required to maintain a record of incentives to be provided (and conditions to be met in order for them to be provided). This registry should be available and accessible for inspection and verification, at least by the stakeholders themselves.

**Issue 6: How will the incentives be delivered?**

This of course depends on the nature of the incentives. In order to promote efficiency, existing mechanisms may be available for delivering monetary incentives – for example, many countries have experience of conditional cash transfers in the health and education sectors. Stand-alone REDD+ 'funds' should not be the default choice.

Other types of incentives will require different mechanisms. Technical support incentives (for example, agricultural intensification and alternative

### REFLECTION POINT

Do women have the same legal rights to resources as men?

Answer the five above questions for your country. Do you think women would have equal access to REDD+ benefits?

### REFLECTION POINT

What existing mechanisms does your country have in place that could be used to deliver incentives?

livelihood options) may be delivered through specialist governmental or non-governmental agencies.

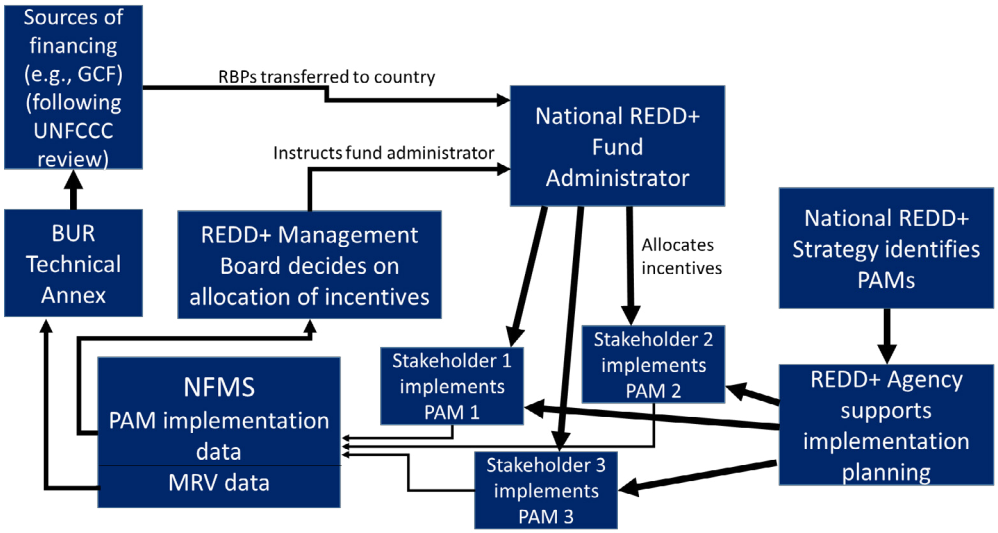
### Issue 7: How will the system be monitored?

It is likely that different parts of an IAS will be monitored in different ways. As mentioned above, monitoring the performance of eligible recipients is part of the role of the NFMS.

Monitoring the delivery of incentives (in accordance with the conditions recorded in the registry of incentives) will require a different set of expertise and can for instance be the role of the REDD+ management agency.

Figure 10.1 below depicts a hypothetical IAS, and Table 10.2 demonstrates how each of the seven principles discussed above are addressed in this hypothetical system.

**Figure 10.1 Example of an IAS structure**




Source: UN-REDD Programme

**Table 10.2: Seven principles of IAS, and how these are addressed in Figure 10.1**

| Principle | How it is addressed in the example |
|---|---|
| Who qualifies to receive incentives? | Implementation planning supported by the REDD+ Agency identifies stakeholders to be involved in implementing specific PAMs |
| On what basis should decisions on allocation of incentives be made? | NFMS data is submitted to the REDD+ Management Board |
| How will the data for decisions (either input-based or output-based) be collected, analyzed, and shared? | Responsibility of the agency(ies) responsible for the NFMS |
| Who will make the decisions, based on the collected and analyzed data? | REDD+ Management Board |
| How will the type of incentive (monetary; various types of non-monetary) be decided? | REDD+ Agency supporting implementation planning |
| How will the incentives be delivered? | National REDD+ Fund Administrator delivers funding to entities identified in implementation planning to be responsible for delivering agreed incentives |
| How will the system be monitored? | Through reports of the REDD+ Agency, REDD+ Management Board, and National REDD+ Fund Administrator |

## Importance of participatory processes in the design of systems to deliver REDD+ incentives

Designing an IAS that is effective, efficient and equitable, and that satisfies the seven principles discussed above, is a complex process that requires consultation and communication with a broad range of stakeholders. Figure 10.3 below presents a process which could be used to ensure that the design process is appropriately participatory. The process begins by recognizing that different stakeholder groups have different perceptions. It goes on to explore these differences and ensure they do not present barriers to participation. This in turn enables a full and effective participatory process to develop a common vision through training, awareness-raising, and the establishment of platforms for on-going consultation. More information on participatory processes can be found in **Module 11**.

**Figure 10.3 A methodology for designing incentives**


Source: The Forest Dialogue (2014)

## Examples of existing systems to deliver REDD+ incentives

Despite much debate, there are few examples so far of REDD+ AIS. There are however, many examples of relevant systems in Payments for Ecosystem Services (PES) and Sustainable Forest **Management (SFM) programmes.**

Many of the examples fail to adequately address one or more of the seven key issues described previously. For example:

- Participatory identification of the nature of incentives is rare – often the incentives are defined by government (and are often cash-based)
- Monitoring of performance may be weak or absent
- Equity is poorly defined and applied
- Decision-making is opaque

## Things Not to Do

An analysis of lessons learned from early attempts to implement REDD+ (Fishbein and Lee, 2015) made four points about the allocation of incentives:

- DO NOT make assumptions about what motivates political leaders and other key stakeholders to change behaviour without a careful analysis and understanding of the context. The design of an IAS based on simplistic assumptions will probably not be efficient or effective.

- DO NOT offer largely results-based finance to low-capacity countries, jurisdictions or local stakeholders and expect them to perform. Achieving REDD+ results requires many capacities to support policies and measures involving allocation of incentives.
- DO NOT look to REDD+ payments or corporate supply chains as the sole solution to the problem. Many policies and measures are required to address unsustainable commodity production.
- DO NOT underestimate the problem of political and bureaucratic capacity and turnover in countries.

## CASE STUDY: REPUBLIC OF CONGO

The allocation of incentives is not unique to REDD+. In the Republic of the Congo, as in many other countries, communities in and around logging concessions are meant to receive funds from the logging companies to pay for local development projects. However, due to bureaucratic hurdles and corruption, many villagers can't access the money and still lack basic necessities like fishing equipment, farming supplies and water pumps. Even when funding is available, funds are often not distributed equitably, with women and indigenous people typically not receiving as much support as others.

Analysis of the constraints preventing effective allocation of incentives revealed that the main problems included:

- Weak internal governance, with provincial authorities and local communities often in charge of setting their own rules for local development funds which may not be appropriate.
- Lack of technical and human capacity in regional administrations and villages for the planning, design and monitoring of development projects.
- Lack of clarity on who should receive benefits.

With support from the EU REDD Facility, solutions to these problems were being sought, including:

- Developing legally binding rules to ensure fund management activities are clear and accountable. Undertaking a participatory, bottom-up investigation to gather stakeholder knowledge to assess and identify where the legal texts can be improved.
- Developing an accountability manual to guide stakeholders in project design.
- Modifying the eligibility criteria for local development fund projects.
- Training fund administrators in fund management and accounting, and creating safeguards such as monitoring systems to make the process more accountable.

## CASE STUDY: NEPAL

Community Forestry is well established in Nepal, having been initiated in 1978. Despite successes in rejuvenating degraded forests, community forestry has faced many challenges in benefit sharing and resource allocation among users and stakeholders. These particularly relate to inequality and unfair distribution. In some cases, most of the benefits from community funds were enjoyed by wealthier stakeholders. Not surprisingly, it has also been found that poor and disadvantaged stakeholders participate much less in decision making and in planning and implementing activities. In other cases, benefits were strategically allocated more to marginalized members of the community based on the collective decisions that were made within the community (Shrestha et al, 2014).

There are now more than 14,000 Community Forestry User Groups (CFUGs) in Nepal, and about 39 per cent of the population belong to one. The community forests provide basic needs such as timber, fuel wood, fodder, grasses, and non-timber forest products, and for some community forests there are also opportunities for commercial sales, mainly of timber. Revenues from such sales are deposited in a community bank account and are intended for local development projects.

An operational plan and a constitution are required documents for CFUGs, and responsibility for overseeing implementation of the operational plan falls to the User Group Committee (UGC). However, some UGCs may be dominated by richer and higher social status CFUG members, and the use of revenues tends to preferentially benefit those same groups.

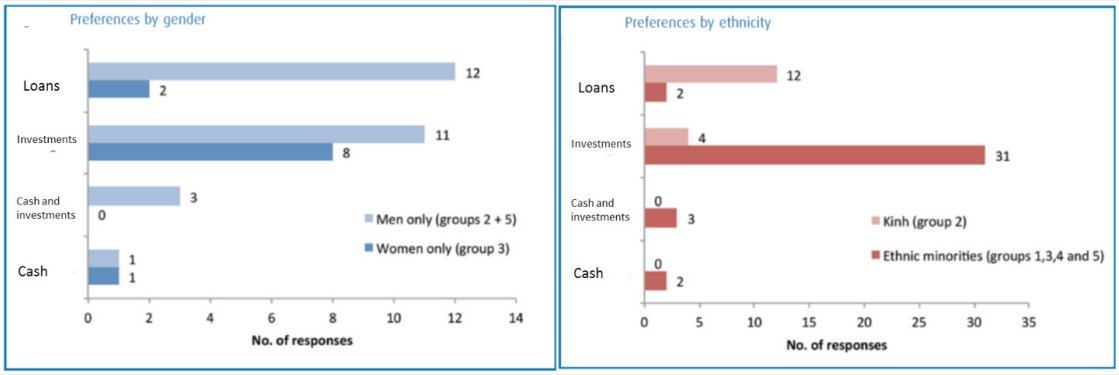
REDD+ IAS could encounter similar challenges in ensuring equity among users without antagonizing certain groups or lowering the overall level of support for REDD+. Some of the possible solutions include:

- Ensuring that REDD+ policy at the national level supports transparent and accountable systems at local levels;
- Educating local leaders on issues such as planning and monitoring, and the importance of effectiveness, efficiency, and equity; and
- Raising awareness among stakeholders of their rights and responsibilities under REDD+, and ensuring that conditions for the provision of incentives are well understood.

# CASE STUDY: VIET NAM

As part of a process to design a system for allocation of REDD+ incentives in Viet Nam, a study was conducted of stakeholders' preferences in a commune in the Central Highlands (Enright, 2013). Participants in the study were assigned to groups and asked to consider a number of possible incentive packages. Differences among the packages related to variables such as the type of incentive offered, the frequency of provision, the conditions for provision and the institutions involved in administering the mechanism.

The results indicated a wide diversity of opinions, and highlighted gender and ethnic differences (see below).




A number of key results:

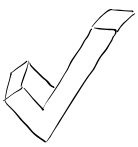
- Few stakeholders wanted cash incentives. This, despite the fact that cash incentives are the only option available under the pre-existing 'Payment for Forest Ecosystem Services' scheme in Viet Nam.
- Men are far more willing to consider loans as a viable incentive than women. A large majority of women favoured investments in community infrastructure as the best type of incentive.
- Similarly, a large majority of ethnic minority stakeholders favour investments as the best form of incentive. The Kinh majority (Vietnamese) stakeholders, in contrast, prefer loans.

Recognizing that stakeholders are only effectively incentivized if offered something they value, the results emphasize the need for a flexible system that can offer different type of incentive to different stakeholder groups.

# EXERCISE 19

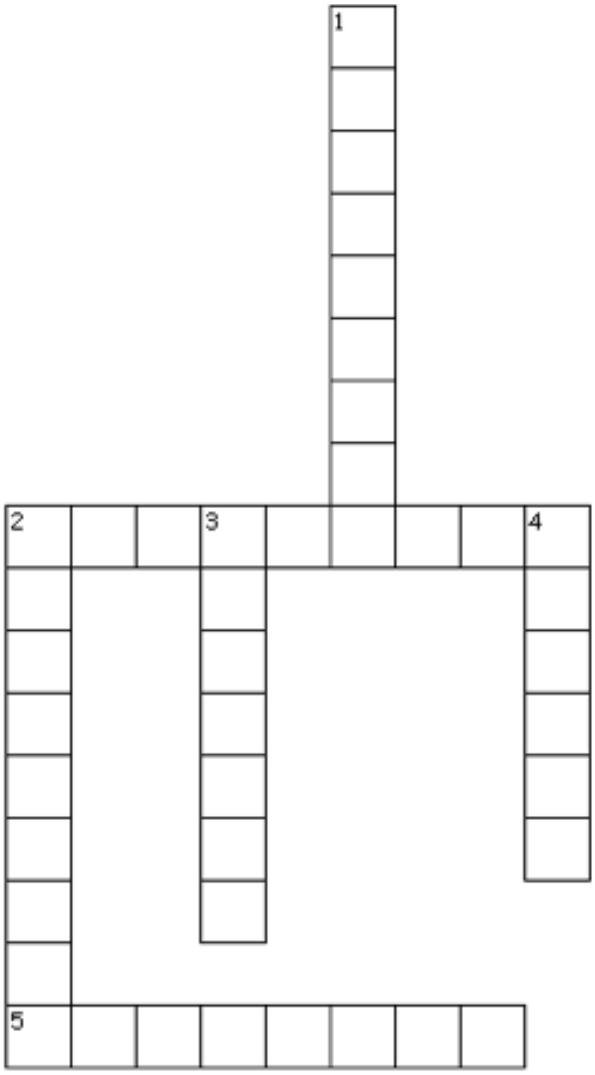
Is the following statement true or false?

An Incentive Allocation System (IAS) can also be known as a 'benefit sharing system' or 'benefit distribution system'.



# EXERCISE 20

Characteristics of an IAS for REDD+ (The numbers in brackets are the letters in each answer).




## Across

2 - Incentives that reduce emissions and promote removals by forests to the maximum extent feasible are ... (9 letters)

5 - An important aspect of equity is gender ... (8 letters)

## Down

1 - Incentives that reduce emissions (and promote removals) in such a way as to minimize costs are ... (9 letters)
2 - Incentives shared in a manner that is fair and equitable, particularly for the benefit of the most vulnerable are ... (9 letters)
3 - An inequitable IAS will lead to stakeholders not being ... (7 letters)
4 - It is essential to ... the full and effective participation of all relevant stakeholders. (6 letters)

**Answers exercise 20**

| Across answers | Down Answers |
|---|---|
| 2 Effective | 1 Efficient |
| 5 Equality | 2 Equitable |
| | 3 Engaged |
| | 4 Ensure |

## KEY MESSAGES:

- Incentive Allocation Systems (IAS) are structures which can be used by a country in order to incentivize stakeholders to adopt behaviours which are aligned with the national REDD+ objectives.
- There is no UNFCCC guidance or requirement for countries to design and implement an approach for allocation of incentives.
- Incentives and Allocation Systems should be effective, efficient and equitable.
- The design of an IAS should address seven important issues and be developed through a participatory process.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

11

# Stakeholder engagement in REDD+

This module describes the importance of stakeholder engagement in REDD+ processes, as well as tools and entry points to promote stakeholder engagement.

**The module contains sections about:**

- What is meant by a stakeholder in the context of REDD+
- The rationale for stakeholder engagement
- How to engage stakeholders in REDD+ activities
- Free, Prior and Informed Consent
- Grievance Redress Mechanisms

**What do you already know about this topic?**

# 11. STAKEHOLDER ENGAGEMENT IN REDD+

## WHO OR WHAT IS A STAKEHOLDER?

In the context of REDD+, stakeholders are individuals or groups with a stake, interest or right in the forest land that will be affected negatively or positively by REDD+ activities. While the list below is not exhaustive, and may vary from country to country, some examples of stakeholder groups include:

- Government agencies
  - Once committed to REDD+, the government becomes pivotal in making sure that the country is able to implement Policies and Measures (PAMs);
  - REDD+ contains both technical and policy-related Issues, cutting across multiple sectors, and between national and sub-national levels. Thus REDD+ activities often require collaboration across and between ministries including finance, planning, rural development, agriculture, land, natural resources/forestry.
- Private sector entities
  - Private sector entities are relevant as land owners Or managers, because of their role in the exploitation of natural resources, or as financers of REDD+ action;
  - Actors in the following sectors can be relevant to REDD+: agriculture, energy, forestry and timber, mining, infrastructure, investment banking and forest carbon.
- Civil society organizations (CSOs)
  - The United Nations (UN) defines CSOs as non-state actors whose aims are neither to generate profits nor to seek governing power. CSOs unite people to advance shared goals and interests. REDD+ must ultimately come from within and be owned by a country and its citizens. CSOs therefore have vital roles to play as participants, legitimizers and endorsers of government policy and action, as watchdogs of the behaviour of other public and private REDD+ stakeholders, and as collaborators in REDD+ efforts;
- Indigenous peoples
  - In recognition of the diversity of indigenous peoples, the UN does not have an official definition, and instead lists criteria to describe indigenous peoples. The criterion of self-identification is fundamental;
  - Indigenous peoples have historical and intricate relationships with their lands, territories and resources. Many live in and around forests and have formal or customary rights to forested land. REDD+ efforts need to recognise that forests have multi-functional values and roles for indigenous peoples.
- Forest-dependent communities
  - The UN-REDD Programme's 'Guidelines on Free, Prior and Informed Consent' (FPIC) define forest-dependent communities as those that do not satisfy the criteria for indigenous peoples but have economic and non-economic relationship with forests, and rely on the ecosystem services they provide, such as clean water;
  - Forest-dependent communities are defined by the Food and Agriculture Organization (FAO) as those explicitly acknowledged by the state and which may be protected using legal means or de jure rights (formal users), and forest users that lack official recognition and protection (informal users);
- Smallholders
  - FAO defines smallholders as those who own, manage or use forest lands or have resource endowments considered small compared to others in their region.

These last four groups and individuals are those with potentially the most to gain or lose through REDD+.

**REFLECTION POINT**

Can you think of any other groups associated with forests in your own country that might be considered stakeholders?

# WHAT IS THE BASIS FOR STAKEHOLDER ENGAGEMENT IN REDD+?

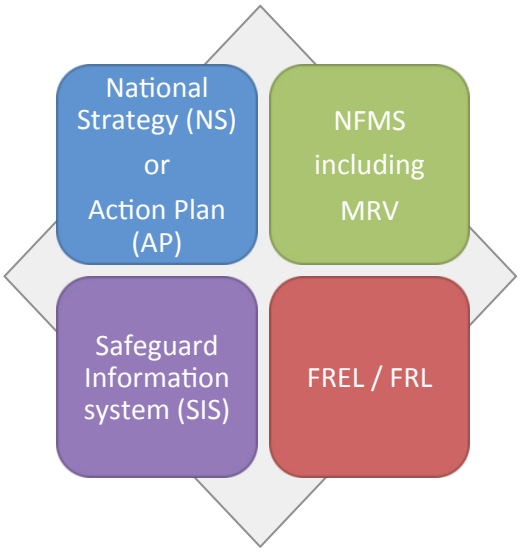
## What does the UNFCCC say about stakeholder engagement?

Stakeholder engagement in REDD+ is framed by several decisions under the United Nations Framework Convention on Climate Change (UNFCCC): Decision 4/CP.15 (2009) in Copenhagen, Decision 1/CP.16 (2010) in Cancun, Decision 12/CP.17 (2011) in Durban, and Decision 15/CP.19 (2013) in Warsaw.[1]

Decision 1/CP.16, also known as the Cancun Agreements, requests countries to have the following elements in place for REDD+ implementation:

- A national strategy (NS) or action plan (AP) (discussed in ***Module 4***);
- A national forest reference emission level (FREL) and/or forest reference level (FRL) (discussed in ***Module 6***);
- A robust and transparent national forest monitoring system (NFMS) for monitoring and reporting of the five REDD+ activities (discussed in ***Module 5***);
- A safeguard information system (SIS) (discussed in ***Module 8***).

**Figure 11.1 Design elements of readiness for REDD+ implementation**




Source: UN-REDD Programme

As shown below (emphasis added), several decisions make direct or indirect reference to the role of stakeholders in relation to these elements.

## National Strategy or Action Plan

Paragraph 72 of Decision 1/CP.16 requests developing country parties:

***"... when developing and implementing their national strategies or action plans, to address, inter alia, the drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations and the safeguards identified in paragraph 2 of Appendix I to this decision, ensuring the full and effective participation of relevant stakeholders, inter alia indigenous peoples and local communities".***

## Safeguards

In Decision 1/CP.16, Appendix I:

- Safeguard (b) recognizes the importance of "transparent and effective national forest governance structures, taking into account national legislation and sovereignty";
- Safeguard (c) specifies "**respect for the knowledge and rights of indigenous peoples and members of local communities**, by taking into account relevant international obligations, national circumstances and laws, noting that the United Nations General Assembly has adopted the United Nations Declaration on the Rights of Indigenous Peoples";
- Safeguard (d) focuses on "**the full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities**, in actions referred to in paragraphs 70 and 72 of this decision";
- Safeguard (e) specifies that "actions are consistent with the conservation of natural forests and biological diversity, ensuring that actions referred to in paragraph 70 of this decision are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits."

1 The UNFCCC has gathered all of the COP decisions relevant to REDD+ in the Decision booklet REDD+ (UNFCCC, 2014).

**REFLECTION POINT**

Does your country have the four REDD+ elements in place? To what extent were these elements based on strong stakeholder engagement?

How does your country view stakeholder engagement for REDD+? Is it seen as an obligation to international commitments or an opportunity to advance national objectives or for other purposes? Please briefly explain your answers.

## Safeguard Information System

Decision 12/CP.17 states that information on safeguards should take into account national circumstances **recognize national legislation and relevant international obligations and agreements**, respect gender considerations, and:

a. Be consistent with the guidance identified in decision 1/CP.16, appendix I

b. Provide transparent and consistent information that is **accessible by all relevant stakeholders** and updated on a regular basis;

c. Be transparent and flexible to allow for improvements over time;

d. Provide information on how all of the safeguards are being addressed and respected;

e. Be country-driven and implemented at the national level;

f. Build upon existing systems, as appropriate.

## Monitoring and Reporting

The preamble of Decision 4/CP.15 states the importance of:

*"Recognizing the need for full and effective engagement of indigenous peoples and local communities in, and the potential contribution of their knowledge to, monitoring and reporting of activities [in relation to policy approaches and positive incentives on issues related to REDD+]".*

Paragraph 3 operationalizes this commitment and:

*"Encourages, as appropriate, the development of guidance for effective engagement of indigenous peoples and local communities in monitoring and reporting".*

## Private sector engagement on drivers

Decision 15/CP.19:

*"encourages **all Parties, relevant organizations, and the private sector and other stakeholders**, to continue their work to address drivers of deforestation and forest degradation and to share the results of their work on this matter, including via the web platform on the UNFCCC website."*

How does your country view stakeholder engagement for REDD+? Is it seen as an obligation to international commitments or an opportunity to advance national objectives or for other purposes? Please briefly explain your answers.

### Box 11.2 Why is stakeholder engagement important in REDD+?

REDD+ is complex, multi-faceted, and cuts across many sectors beyond forestry. Implemented poorly, it could exacerbate social and environmental risks such as:

- The conversion of natural forests into plantations;
- Inequitable benefit sharing;
- Land speculation, land grabbing and land conflicts;
- Elite capture of international funds;
- Worsening inequalities (e.g. gender inequality).

For indigenous peoples and forest-dependent communities in particular it could mean:

- Exclusion from decision-making;
- Exclusion from their customary lands and the pursuit of traditional forest-based livelihoods and spiritual practices.

In order for REDD+ to contribute to national development objectives, it should include engagement with different stakeholders at different times for different purposes. This could bring the following benefits:

- Improved forest management, governance and enforcement;
- Space for authentic and equitable engagement and decision-making;
- Increased food security through strengthened traditional livelihoods and generation of additional resources for indigenous peoples and forest-dependent communities (including women, men and youth);
- Development of private sector operating models as well as public-private collaborations that contribute to REDD+ results;
- Incorporation of traditional knowledge, innovations and practices in natural resources management;
- Greater recognition of community and customary rights to forests and trees.

More broadly, full, effective and equitable stakeholder engagement in REDD+ can promote:

- Relevance, improving the validity of REDD+ readiness and implementation;
- Ownership, increasing the chance of acceptance for REDD+ strategy and implementation;
- Accountability, improving forest governance;
- Relationships, constructively avoiding and managing conflicts and building new relationships;
- Innovation, encouraging innovative ways to decouple economic growth from unsustainable resource use.

## Stakeholder engagement and National Strategies or Action Plans

Under the UNFCCC, countries are required to develop a NS/AP to describe how emissions will be reduced and/or how forest carbon stocks will be enhanced, conserved and/or sustainably managed.

The NS/AP should include PAMs that tackle the main drivers of deforestation and forest degradation and/or the barriers to enhancement of forest carbon stocks. Well-designed PAMS are essential to catalyse and coordinate national and subnational efforts and public and private actors.

A NS/AP that is not developed through full, effective and equitable participation of stakeholders could:

- Put the sustainability of interventions for REDD+ activities at risk because of minimal national ownership;
- Fail to accurately identify all the drivers of deforestation and forest degradation;
- Increase the risks of grievances, and affect subsequent implementation;
- Negatively impact indigenous peoples' and forest-dependent communities' rights to trees, lands, territories, resources, and procedures;
- Fail to benefit from traditional knowledge, innovations and practices, including among women, men and youth;
- Fail to understand the underlying motivations of private sector behaviour and to identify the obstacles to change, leading to limited effectiveness.

## Stakeholder engagement and PAMs implementation, monitoring and reporting

***Module 12: Good Governance*** identifies why accountability mechanisms that contain monitoring and reporting are important during PAMs implementation. In these mechanisms, these two tasks can be carried out by various stakeholders including policymakers, government oversight bodies, and civil society. Key areas to monitor and report are:

- Relevance: whether the objectives of PAMs cover multiple dimensions of the drivers they were meant to address
- Usefulness: examine if the intervention has had not only the expected results, but also examine collateral effects, including negative ones
- Internal coherence: are different PAMs with the same objectives complementary or redundant?
- External coherence: are the PAMs aligned with and contributing to the country's national development strategy, or other sectoral PAMs, including governance and fiscal measures?
- Strategic relevance or efficacy: can the results be attributed to the PAM, or are they a 'happy coincidence'?
- Cost-effectiveness: are costs reasonable compared to other PAMs implemented concurrently? Are efforts (inputs, resources) needed for results to be delivered?
- Sustainability over time: are policies and measures embedded sufficiently that they will be able to survive changes in government? Can they be sustained without external funding?
- Capacity building: have the PAMs allowed enhancing the capacities of the institutions implementing them?

## Stakeholder engagement and REDD+ safeguards

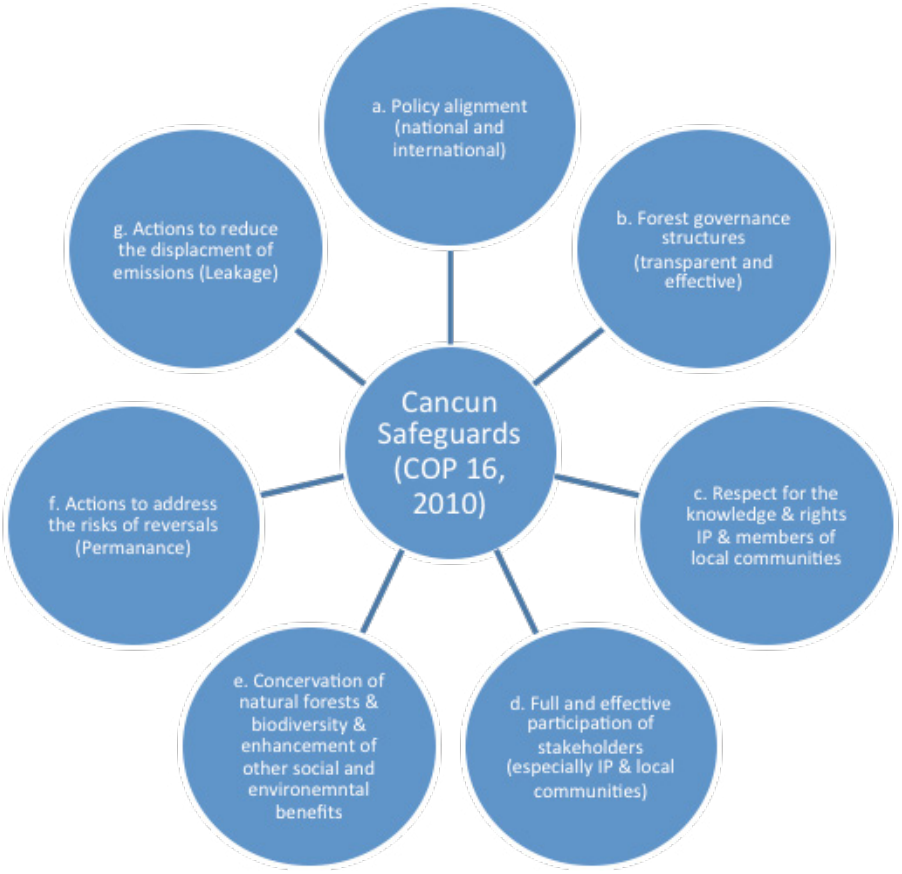
The REDD+ safeguards have been designed to minimise the risks and maximise the benefits from a country's implementation of REDD+ activities. As noted above, UNFCCC decisions have anchored stakeholder engagement firmly in the safeguards system. Moreover, stakeholder engagement helps create the participatory processes needed to underpin the development of accountable, transparent and effective safeguards.

### REFLECTION POINT

Can you think of an instance where the inclusion of indigenous peoples in the decision-making process has ensured a better decision was taken?

Why do you think it's so important for National Strategies or Action Plans to especially consider the needs and rights of indigenous people?

**Figure 11.3 The Seven REDD+ Safeguards**




Source: UNFCCC Decision 1/CP.16, Appendix I

**REFLECTION POINT**

What is the role of safeguards and safeguard information systems in avoiding the marginalization or exclusion of stakeholders?

What additional safeguards has your country identified?

An important step toward ensuring that the seven safeguards (see Figure 11.3) are addressed is to clarify them in the country context. Each safeguard can be broken down into core components or key issues. Examining these can help to determine if a country has addressed and/or respected the relevant safeguard.

The key issues highlighted below are specifically related to stakeholder engagement. The list is not exhaustive.

Safeguard (b) recognizes the importance of "transparent and effective national forest governance structures". Here, stakeholder engagement issues include:

- Transparency and equitable access to information for all stakeholders, including women, men and youth;
- Rule of law, access to justice and effective remedies for women, men and youth;
- Systems for feedback, oversight and accountability.
- Safeguard (c) specifies "respect for the knowledge and rights of indigenous peoples and members of local communities, by taking into account relevant international obligations". Here, stakeholder engagement issues include:
- Defining Indigenous peoples and local communities;
- Respecting "knowledge" and cultural heritage;
- Rights to land, territories and resources, self-determination, compensation, benefit sharing, FPIC (covered in more detail below).

Safeguard (d) focuses on "the full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities, in REDD+ actions." In this case, stakeholder engagement issues include:

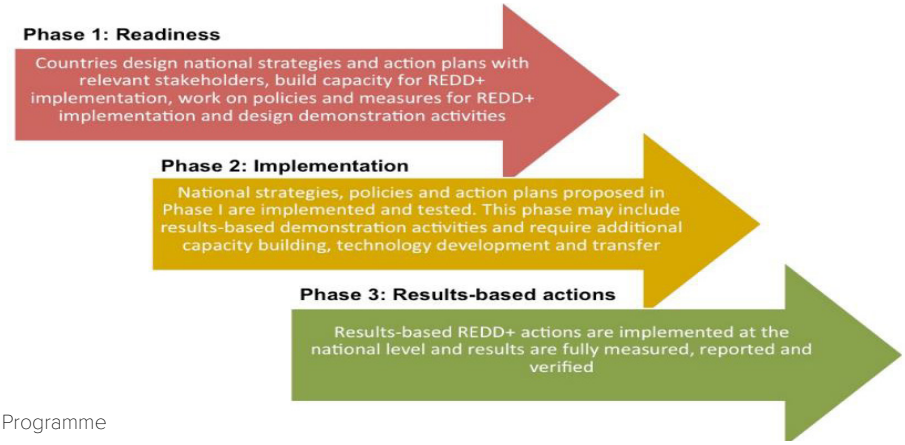
- Legitimacy and accountability of representative bodies;
- Participatory mechanisms for consultation, participation and consent;
- Access to justice and grievance mechanisms for women, men and youth.

Please refer to ***Module 8: REDD+ Safeguards under the UNFCCC*** for more information on the REDD+ safeguards and support on country approaches to them.

# STAKEHOLDER ENGAGEMENT AND REDD+ IMPLEMENTATION PHASES

As was covered in ***Module 2: Understanding REDD+ and the UNFCCC***, UNFCCC Decision 1/CP.16 recommended that "the activities undertaken by Parties ... should be implemented in phases". These phases are illustrated in Figure 11.4.

**Figure 11.4 Phases of REDD+ activities**




Source: UN-REDD Programme

Stakeholder engagement is fundamental to the success of all three phases of REDD+. In the readiness phase it is important to create conditions that enable continuous stakeholder engagement in REDD+ implementation. In all three phases, stakeholder engagement includes dealing with issues such as:

- Access to and distribution of information;
- Legitimate representation bodies or platforms;
- Access to opportunities and capacity to participate;
- Systems for decision-making;
- Access to justice and grievance mechanisms.

With specific reference to indigenous peoples and local communities, their substantive rights to the following need to be established:

- Lands, territories and resources;
- Self-determination;
- Compensation;
- Benefit-sharing;
- Participation;
- FPIC.

Ways of establishing these enabling conditions include:

- Representation on a REDD+ steering committee;
- Strengthening existing or traditional platforms for engagement and representation among and between different stakeholder groups, i.e. multi-stakeholder platforms;
- Building capacity for self-selection processes for indigenous peoples, forest-dependent communities and CSOs;
- Building the capacity of indigenous peoples and local communities, including equitably women, men and youth, to implement and/or monitor demonstration activities;
- Setting aside funds for indigenous people and CSOs to design and manage their own activities;
- Carrying out Strategic Environmental and Social Assessments , and the stakeholder engagement it foresees, on the proposed REDD+ strategy;
- Joint land use planning and territory demarcation between different government agencies, as well as with indigenous and non-indigenous forest-dependent communities;
- Conducting a cost-benefit analysis for each PAM taking note of the 'winners' and 'losers';
- Ensuring REDD+ investment plans consider all sources of financing including the private sector.

**REFLECTION POINT**

Is there a national legal framework for stakeholder engagement in your country, to what extent is it working, and how can it inform the REDD+ process?

How can previous experience of engagement with stakeholders, such as government and civil society, or government and indigenous peoples, be considered in the design of a stakeholder engagement plan?

**Box 11.5: What is the difference between consultation, participation and stakeholder engagement?**

**Stakeholder engagement refers to processes and methods employed to increase the level of participation, leading to improved decision-making, sense of ownership and implementation.**

**Consultation and participation are often used interchangeably. As Figure 11.7 below illustrates, consultation is one among many types of engagement, typically as a means to exchange information and views. While ranked higher on the participation scale than information sharing, it does not usually confer any role in decision-making. Full and effective participation therefore implies increasing opportunities as well as capacity to be involved in decision-making.**

# TOOLS FOR STAKEHOLDER ENGAGEMENT

There are a number of tools that are useful when carrying out a stakeholder engagement process. This section looks at a number of these.

## Stakeholder Mapping and Analysis

Stakeholder mapping and analysis can be used to identify who should be engaged in relation to REDD+, and to what extent.

It usually considers two components: interest and influence. Depending on the desired outcomes, stakeholder mapping and analysis can be as broad or as narrow as needed; and can be used to identify stakeholders at all levels.

Mapping and analysis may be used to:

- Identify key government ministries that will need to be engaged as well as their views on stakeholder engagement and REDD+ ;
- Identify other key stakeholder groups and their representative institutions and their views on stakeholder engagement and REDD+;
- Develop plans to address the issue of legitimate representation bodies or platforms;
- Assess where the rights of indigenous peoples and local communities need to be strengthened;
- Develop a stakeholder engagement plan.

## Gender Analysis

A gender analysis (conducted separately or as part of a larger socio-economic study or stakeholder analysis) is preferably carried out during programme design to identify the gender-defined differences in access to and control over resources, power dynamics between women and men, and different social, economic, and political inequalities and opportunities faced by women and men in areas potentially affected by any particular strategy or intervention. It would also analyse the roles, needs, priorities and opportunities of stakeholders (including women, men and youth) within their given socio-economic and political context and provide sex disaggregated baseline data for monitoring. Ideally, the findings and recommendations from such an analysis would then be considered in the design of PAMs.

**REFLECTION POINT**

What do you think are the differences between stakeholder engagement, consultation, and participation? How are these different terms understood in your country?

### Box 11.6: Gender-responsive REDD+

**It is crucial to ensure gender responsiveness around any stakeholder engagement processes. Women, men and youth's specific roles, rights and responsibilities, and knowledge of forests, shape their experiences differently. Socio-economic, political and culture barriers can limit women, youth and other marginalised groups' ability to participate equally in consultations or in decision-making (e.g. lower literacy rates, ability to speak openly in meetings, etc.)**

**Thus, there needs to be explicit and deliberate efforts in stakeholder engagement processes to ensure that it is wide reaching, and that it enables the active presence, participation, and equitable engagement of women, men and youth from various stakeholder groups in all phases of REDD+. This engagement requires both means and opportunity for active and sustained engagement that goes beyond attendance at meetings and consultations to also include capacity building, knowledge exchange and engagement in REDD+ national processes and projects.**

**As the UN-REDD Guidance Note on Gender Sensitive REDD+ highlights (p.12):**

**"Inclusive and equitable stakeholder participation, as well as ensuring that REDD+ processes are gender sensitive, are crucial elements in implementing effective and efficient REDD+ strategies, and more broadly, achieving sustainable development. In particular, meaningfully capturing the views, experiences and priorities of both men and women in REDD+ activities at all stages, including in REDD+ readiness, has been identified as a main contributor to success."**

## Capacity Building Needs Assessment (CBNA)

CBNA can be used to identify the core individual and institutional competencies, including knowledge, skills and abilities, that key stakeholder groups need to acquire in order to engage effectively in REDD+. It should analyse and identify those gaps for each REDD+ phase.

It will establish the existing competencies of the groups in question, including traditional knowledge among indigenous peoples of how to manage natural resources. Effective stakeholder engagement will ensure that this knowledge informs the REDD+ process. It will also help identify effective ways to help the various stakeholders acquire the competencies they do not yet have.

CBNA should build on the findings from the stakeholder mapping and analysis and any gender assessment.

Results from CBNA could complement the communications strategy by identifying what information is needed and when, and how it should be best communicated, as part of a stakeholder engagement plan.

## Communication planning

Communication is central to stakeholder engagement, and communication planning is vital for its success. Good communication requires an understanding of what type of information needs to be shared with whom, how and at what point in time. Information sharing and awareness raising are sometimes equated with consultation. However, as Figure 11.7 shows, consultation is better viewed as a higher level of stakeholder engagement than information sharing.

**REFLECTION POINT**

Does your organisation have the capacity to ensure stakeholder engagement, either as a facilitator or participant? Are there any skill gaps? What capacities should be developed?

**Figure 11.7 Five types of engagement based on degree of participation**


| Types of Engagement | Description |
|---|---|
| Empowerment | Transfers control over decision making, resources & activities |
| Joint decision making | Joint collaboration with shared control over a decision |
| Collaboration | Joint activities without decision making authority and control |
| Consultation | Two-way flow of information & exchange of views |
| Information sharing | One-way flow of information |

Source: Adapted from the UN-REDD Guidelines on Free, Prior and Informed Consent (2011)

**REFLECTION POINT**

Does your organisation have a communication plan? Who is the main target audience and are there audiences that might have been left out?

A good stakeholder engagement strategy should contain a clear communication plan, indicating what and how information and knowledge would be disseminated, as well as its expected outcomes and outputs. Box 11.8 lists some of the issues to be considered when drawing up such a plan.

Ultimately, the plan should:

- Identify desired outcomes;
- Identify different target audiences and dissemination channels;
- Identify key messages adapted to different target audiences;
- Employ a variety of tools e.g. printed and audio-visual materials, performing arts.

**Box 11.8: Some considerations when developing communications materials**

- What is the literacy level of different stakeholder groups, in particular indigenous peoples and forest-dependent communities? For example, would a poster with appropriate graphics be more effective than a technical document?
- Is the information to be disseminated adapted to the audience's existing level of knowledge and ability to understand?
- Is this information packaged in a culturally and contextually appropriate manner?
- Are there provisions for stakeholders to obtain further clarification of the information or materials presented?

## Stakeholder engagement plans

A stakeholder engagement plan brings together results from stakeholder mapping and analysis, gender analysis and CBNA to:

- Identify the expected outcomes and objectives of engagement;
- Identify, assign and segregate types of engagement for different key stakeholder groups;
- Determine the tools and activities that will be used to engage;
- Demonstrate the links between engagement and communication plans; and
- Identify steps to strengthen the self-selection of legitimate representation bodies and the decision making process, where necessary.

It is underpinned by the principles laid out in Box 11.9 below.

**Box 11.9: Principles of stakeholder engagement**

**Participation**
Effective engagement ensures that all relevant groups are represented and free to express their ideas and opinions. Those engaged should include a broad range of stakeholders at the national, sub-national and local levels. The diversity of stakeholders needs to be recognized. In particular the voices of indigenous, forest-dependent and vulnerable groups (e.g. women, youth, the poor and ethnic minorities) must be heard. Consultations leading to giving or withholding consent in relation to REDD+ should be designed with reference to the UN-REDD Programme 'Guidelines on Free, Prior and Informed Consent' (see the section on FPIC below).

**Mutual understanding**
Mutual understanding implies that stakeholders are willing to listen to and discuss each others' interests, opinions and needs. They do not necessarily have to agree with these different perspectives, but will at least have listened to and understood them. More often than not, the power relations among stakeholders need to be addressed to ensure full participation.

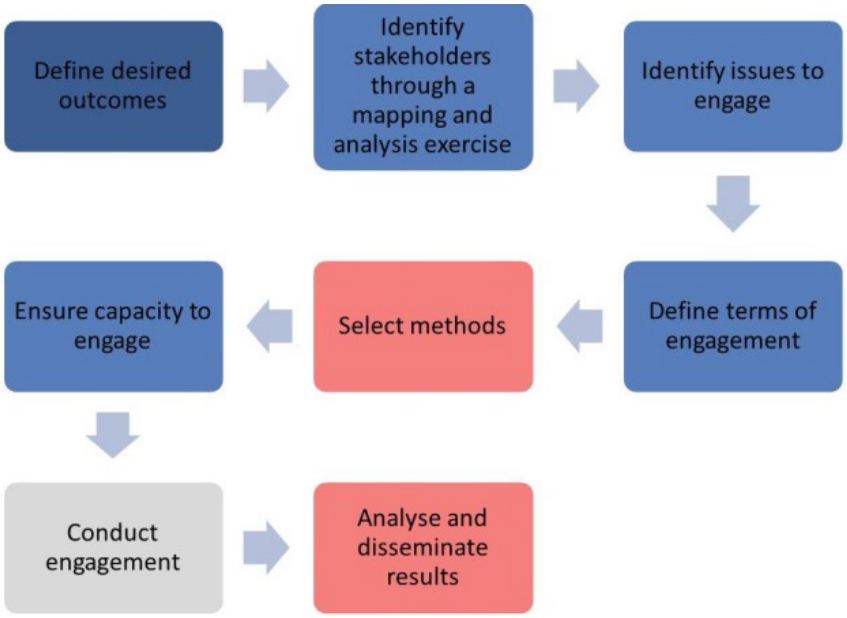
**Shared responsibility**
Shared responsibility is key to developing and ensuring sustainable agreements. It is likely to be achieved only when there is full participation and mutual understanding, leading to a willingness to engage and implement identified solutions.

**Inclusive solutions**
Inclusive solutions result from open and balanced negotiations among stakeholders that reflect their different interests, opinions and needs. Such solutions are built on what each stakeholder group is willing to trade off in return for an agreed set of actions with well-defined roles and responsibilities. Solutions that result from careful planning and gender equitable decision-making processes will be more sustainable in the long run.

Source: FCPF/UN-REDD Programme (2012)

Figure 11.10 shows steps for the consultation and participation process. The steps may be repeated and reordered, depending on the country context. (For details of each step see the Guidelines on Stakeholder Engagement in REDD+ Readiness from the Forest Carbon Partnership Facility and the UN-REDD Programme.)

**Figure 11.10 Steps for a consultation and participation process**




Source: : FCPF/UN-REDD Programme (2012)

## Define the desired outcomes of engagement

A good stakeholder engagement process is one that is carefully planned, has a clear mandate, and articulates the objectives and desired outcomes from the process. This should be placed in the context of overall REDD+ readiness, clarifying why the engagement was considered necessary, how it fits within the broader scope of planned activities, and how the outcomes will be used towards expected REDD+ readiness activities.

## Identify stakeholders

The engagement planners need to identify the groups that have a stake/interest in the forest and those that will be affected by REDD+ activities. Stakeholder mapping and gender analysis are useful tools for this purpose as are cost-benefit analysis and environmental and social impact assessments. It is important to ensure that the process of selecting stakeholders is transparent so that all interested parties may participate and that all stakeholders are provided with equal opportunity to engage and contribute to outcomes. Where appropriate, particular attention needs to be given to the inclusion of indigenous peoples and other forest-dependent communities, women and other marginalized groups. Should decisions need to be made, then legitimate representatives of stakeholder groups should be identified and their mandate ascertained.

## Define the issues to engage on

The key issues should broadly correspond to the PAMs identified in the REDD+ planning process. Appropriate communication materials such as information notes, background notes or posters should be prepared and ready for dissemination.

## Define the terms of engagement

Ideally, any engagement should be guided by a clear elaboration of the process and elements of participation. All stakeholders should know how the engagement process will be conducted and how the outcomes will be used, including the rights and responsibilities of the different stakeholders. These terms should be understood and agreed upon by all stakeholders.

## Select the engagement and outreach methods

The most effective engagement is custom-designed to place and purpose and provides adequate budgets and human resources, including expert facilitation. A variety of methods can be used to allow bottom-up participation and ensure that information is rigorously gathered and fairly presented. These methods include workshops, surveys, and focus groups. When consulting with indigenous peoples, the methods selected and time allowed should respect customary practices (see Box 11.11 for considerations on designing an effective engagement process).

## Ensure that stakeholders have sufficient capacity to engage fully and effectively

Certain stakeholders may require capacity building or training in advance of engagement to ensure that their understanding of the issues and ability to contribute are sufficient; this need should be identified from the stakeholder mapping and analysis exercise. Results from a CBNA can also inform the types and contents of capacity building exercises required. These findings are also useful when defining the terms of engagement.

## Conduct the engagement process

The different types of engagement identified should be carried out in accordance with the established terms of the engagement and any deviations from this should be discussed and agreed with stakeholders. Engagement planners should be aware of power and gender dynamics among stakeholders, and be prepared to address emerging issues during the process.

## Analyze and disseminate results

The findings from the process should be analysed, reported and discussed with stakeholders. It is important that the data analysis feeds back into the decision-making process. In other words, on completing the process: develop a report or findings; acknowledge key issues raised during the process and respond as appropriate; and describe how the outcomes of the process will be incorporated into REDD+ strategy and programs.

**REFLECTION POINT**

If you were to build a checklist for an engagement process what would you include?

**Box 11.11: Considerations in designing an effective stakeholder engagement process**

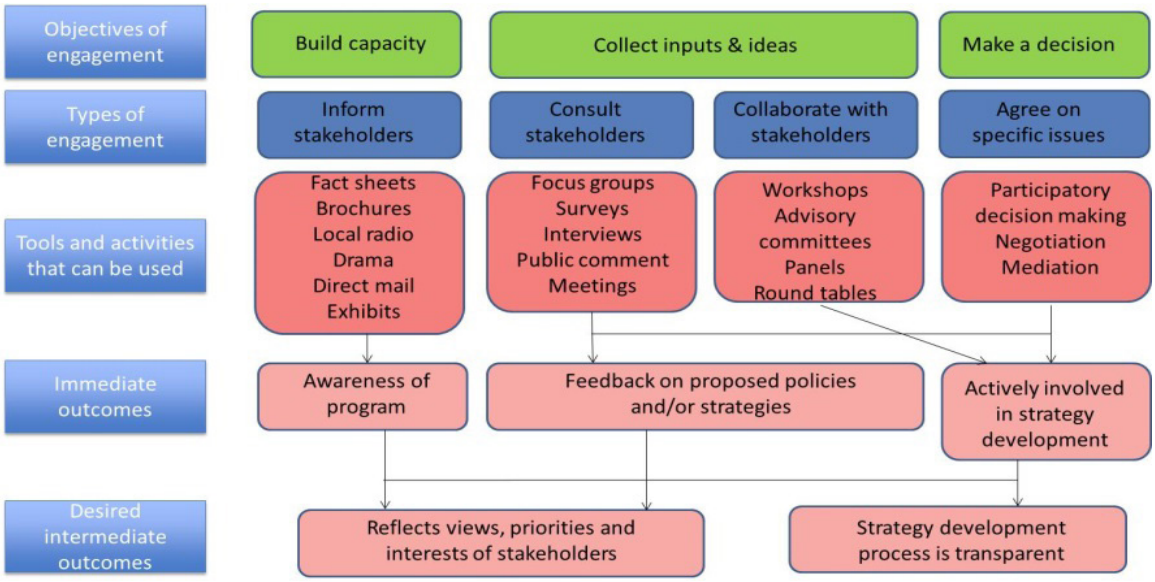
**The stakeholder engagement process should occur voluntarily. Timely information dissemination at all levels and in a culturally appropriate manner is a pre-requisite to meaningful engagement. Information should be easily accessible and available to all stakeholders (including women, youth, and other marginalised groups). Stakeholders should have prior access to information on the proposed engagement activities before the design phase of activities that may impact them. Sufficient time is needed to fully understand and incorporate concerns and recommendations of local communities in the design of engagement processes.**

**Some guiding questions to consider:**

- **Are meetings held at a time and in a format where women, youth and men can attend and actively participate (with consideration given to whether men only or women's only meetings are necessary)?**
- **Are there provisions to address grievances, disputes or complaints?**
- **Are engagements with indigenous peoples being carried out through their own existing processes, organizations and institutions, e.g., councils of elders, headmen and tribal leaders?**
- **Have participants been properly briefed or provided with the background information and knowledge required for effective engagement?**

Figure 11.12 summarizes how the engagement process can be implemented.

**Figure 11.12 Implementation of an engagement process**




Source: Adapted from a presentation on 'Consultation, Participation and Communication for REDD+ Readiness' given during the FCPF Workshop on Capacity Building for Social Inclusion in REDD+ Readiness, 30 April to 3 May 2013, Bangkok, Thailand.

The objectives drive the immediate and intermediate outcomes of engagement. The types of engagement will be informed by the results of stakeholder mapping and analysis. Correspondingly, suitable communications tools such as printed materials and media and other activities are determined.

# FREE, PRIOR AND INFORMED CONSENT

Where required, FPIC is a key component of effective stakeholder engagement. FPIC is a norm or standard that supplements and is a means of effectuating substantive rights of indigenous peoples such as the rights to: property, participation, non-discrimination, self-determination, culture, food, health, and freedom against forced relocation. As stated by the UN Committee on Economic, Social and Cultural Rights, states are required to respect "free, prior and informed consent of indigenous peoples in all matters covered by their specific rights."[2] This includes REDD+ activities and/or policies that may have an impact on their lands, territories and/or livelihoods. Consent is a collective 'yes' delivered through a decision-making process that is:

- **Free** from coercion, intimidation or manipulation;
- **Prior**, before any authorization or commencement of activities, with time for consideration;
- **Informed**, people having all relevant information needed to make a decision.

## When is FPIC required?

In the context of REDD+, robust stakeholder engagement is a necessity throughout all three phases of REDD+, and forms the bedrock for FPIC. Furthermore, the consideration for FPIC, if and when required, should be informed by policies and measures to address drivers of deforestation, forest degradation as well as barriers to enhancements of carbon stock, and the degree to which these policies and measures may impact underlying rights.

The UN Declaration on the Rights of Indigenous Peoples recognizes several situations in which a state is obliged to not just seek, but secure the consent of the indigenous peoples concerned[3]. Particularly relevant to the UN-REDD Programme, states must consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions in order to obtain their free and informed consent prior to:

2 Committee on Economic, Social and Cultural Rights, General comment No. 21, ***Right of everyone to take part in cultural life*** (art. 15, para. 1 (a), of the International Covenant on Economic, Social and Cultural Rights), adopted at the Committee's forty-third session, 2–20 November 2009. UN Doc. E/C.12/GC/21 (21 December 2009), at para. 36-37.

3 UNDRIP, ***supra*** note 16, at Arts. 10, 11(2), 19, 28(1), 32(2)

- Relocating an indigenous population from their lands;
  - Taking "cultural, intellectual, religious and spiritual property";
  - Causing "damages, takings, occupation, confiscation and uses of their lands, territories and resources";
  - "Adopting and implementing legislative or administrative measures";
  - Approving "any project affecting their lands or territories and other resources, particularly in connection with the development, utilization or exploitation of mineral, water or other resources".

The UN committees for the International Covenant on Civil and Political Rights (ICCPR)[4], the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the Convention on the Elimination of all Forms of Racial Discrimination (CERD) have also interpreted these conventions and treaties as affirming that states must secure consent from indigenous peoples with respect to any decisions "directly relating to their rights and interests" and in connection to: mining and oil and gas operations (extraction of subsurface resources); logging; the establishment of protected areas; construction of dams; development of agro-industrial plantations; resettlement; compulsory takings; and any other decisions affecting the status of their land rights.

For more on international human rights instruments and relevant international jurisprudence and state practice, please refer to the Legal Companion to the UN-REDD Programme Guidelines on FPIC.

The UN-REDD Programme has developed a non-exhaustive checklist, shown in Table 11.13 below, to help countries think through whether or not a REDD+ activity will require FPIC.

4 Promotion and Protection of all Human Rights, Civil, Political, Economic, Social and Cultural, including the Right to Development, Report of the Special Rapporteur on the Situation of Human Rights and Fundamental Freedoms of Indigenous Peoples, James P. Anaya, A/HRC/9/9 (11 Aug. 208), Chapter III, paras. 34 - 43 (noting that while "clearly not binding in the same way that a treaty is, the Declaration relates to already existing human rights obligations...and hence can be seen as embodying to some extent general principles of international law...insofar as they connect witha pattern of consistent international and state practice, some aspects of the provisions of the Declaration can also be considered as a reflection of norms of customary international law.").

**Table 11.13 Checklist for appraising whether an activity will require FPIC**

| | Yes/ No |
|---|---|
| Will the activity involve the relocation/ resettlement/removal of an indigenous population from their lands? | |
| Will the activity involve the taking, confiscation, removal or damage of cultural, intellectual, religious and/or spiritual property from indigenous peoples/forest-dependent community? | |
| Will the activity adopt or implement any legislative or administrative measures that will affect the rights, lands, territories and/ or resources of indigenous peoples/forest-dependent community (e.g., in connection with the development, utilization or exploitation of mineral, water or other resources)? | |
| Will the activity involve mining and oil and/ or gas operations (extraction of subsurface resources) on the lands/territories of indigenous peoples/forest-dependent community? | |
| Will the activity involve logging on the lands/ territories of indigenous peoples/forest-dependent community? | |
| Will the activity involve the development of agro-industrial plantations on the lands/ territories of indigenous peoples/forest-dependent community? | |
| Will the activity involve any decisions that will affect the status of indigenous peoples'/ forest-dependent community's rights to their lands/territories or resources? | |
| Will the activity involve the accessing of traditional knowledge, innovations and practices of indigenous and local communities? | |
| Will the activity involve making commercial use of natural and/or cultural resources on lands subject to traditional ownership and/or under customary use by indigenous peoples/ forest-dependent community? | |
| Will the activity involve decisions regarding benefit-sharing arrangements, when benefits are derived from the lands/territories/ resources of indigenous peoples/forest-dependent community? | |
| Will the activity have an impact on the continuance of the relationship of the indigenous peoples/forest-dependent community with their land or their cultures? | |

Source: FCPF/UN-REDD Programme (2012)

**Key considerations for FPIC:**

- **Who makes the decision? Did this person or institution receive a mandate from their constituency?**
- **How is the decision made? Does it respect the customary decision-making processes of the affected communities? Are men, women and youth engaged in the process? Is there agreement on an adequate timeline?**
- **What information is shared with the affected communities?**
- **Do affected communities fully understand the information shared and the implications of the activity proposed?**
- **Who can the communities approach for clarification if the information presented is not understood?**
- **Are there provisions for communities to seek independent technical and/or legal advice?**
- **How will decisions, whether consent is given or withheld, be documented and disseminated?**
- **Is there agreement as to how and by whom the terms of consent will be monitored?**
- **Are there provisions or mechanisms to address potential grievances?**

### FPIC and Forest-Dependent Communities

The UN-REDD Programme's Guidelines on Free, Prior and Informed Consent acknowledge the right of forest-dependent communities to participate in governance. At a minimum, the guidelines require states to consult forest-dependent communities in good faith regarding matters that affect them with a view to agreement.

Appreciating that international law, jurisprudence and state practice is still in its infancy with respect to any obligation to secure FPIC from forest-dependent communities, the guidelines do not require a blanket application of FPIC where REDD+ activities affect forest-dependent communities.

That said, the guidelines recognize that, in many circumstances, REDD+ activities may impact forest-dependent communities in a similar way to indigenous peoples, and that, in some circumstances, it should be a requirement for states to secure FPIC.

The guidelines require states to evaluate the circumstances and nature of forest-dependent communities on a case-by-case basis for instance through a rights analysis, and secure FPIC from communities that share characteristics with indigenous peoples and whose underlying substantive rights are significantly impacted.

## DEALING WITH GRIEVANCES

The implementation of REDD+ PAMs in participating countries can have significant impact on the dynamics of rights to forest resources as well as land, oil, gas, minerals and other valuable resources in forested areas. REDD+ implementation will almost certainly create winners such as those who receive results-based payments, and losers such as those who face reduced subsidies or limited access.

Applying robust social and environmental safeguards and following effective and gender-responsive stakeholder engagement processes should reduce the risks of complaints or conflicts related to REDD+. The Strategic Environmental and Social Assessment process has been designed to proactively assess risks and help with the design of management plans when adverse impacts are unavoidable and trade-offs are necessary.

However, even with good planning, unanticipated impacts and conflict may still arise, so mechanisms need to be in place to manage and respond to grievances from affected people. Such mechanisms needs to be available as part of a country's REDD+ institutional arrangements. It should be available and accessible to stakeholders from the earliest stages of implementation, including to geographically, culturally or economically isolated or excluded groups (e.g. indigenous people, women, youth, the poor, disabled, etc.).

Once established or strengthened, an effective GRM can help a country accomplish several objectives in both the readiness and implementation phases:

- **Identify and resolve implementation problems in a timely and cost-effective manner.** As early warning systems, well-functioning GRMs help identify and address potential problems before they escalate, avoiding more expensive and time consuming disputes;

**REFLECTION POINT**

Does your country make provision for FPIC when it engages with indigenous peoples?

How does it work? What documents, such as a stakeholder engagement plan, FPIC roadmap, or others, has your country produced to guide the FPIC process?

- **Identify systemic issues.** Information from GRM cases may highlight recurring or escalating grievances, helping to identify underlying issues related to implementation capacity and processes that need to be addressed;
- **Improve REDD+ outcomes.** Through timely resolution of issues and problems, GRMs can contribute to the achievement of REDD+ objectives;
- **Promote accountability in REDD+ countries:** Effective GRMs promote greater accountability to stakeholders, positively affecting both specific activities and overall REDD+ governance.

## What is a Grievance Redress Mechanism[5] and what is its purpose?

GRMs can be defined as organizational systems and resources established by national government agencies (or, as appropriate, by regional or municipal agencies) to receive and address concerns about the impact of their policies, programs and operations on external stakeholders. The stakeholder input handled through these systems and procedures may be called 'grievances,' 'complaints,' 'feedback,' or another functionally equivalent term.

GRMs are intended to be accessible by, collaborative, expeditious, and effective in resolving concerns through dialogue, joint fact-finding, negotiation, and problem solving. They are generally designed to be the 'first line' of response to stakeholder concerns that have not been prevented by proactive stakeholder engagement. GRMs are intended to complement, not replace, formal legal channels for managing grievances (e.g. the court system, organizational audit mechanisms, etc.). Stakeholders always have the option to use other, more formal alternatives, including legal remedies. It is important to emphasize that national GRMs are not intended to replace the judiciary or other forms of legal recourse. The existence of a GRM should not prevent citizens or communities from pursuing their rights and interests in any other national or local forum, and citizens should not be required to use GRMs before seeking redress through the courts, administrative law procedures, or other formal dispute resolution mechanisms.

GRMs act as recourse for situations in which, despite proactive stakeholder engagement, some stakeholders have a concern about a project or program's potential impacts on them. Not all complaints should be handled through a GRM. For example, grievances that allege corruption, coercion, or major and systematic violations of rights and/or policies, are normally referred to organizational accountability mechanisms or administrative or judicial bodies for formal investigation, rather than to GRMs for collaborative problem solving.

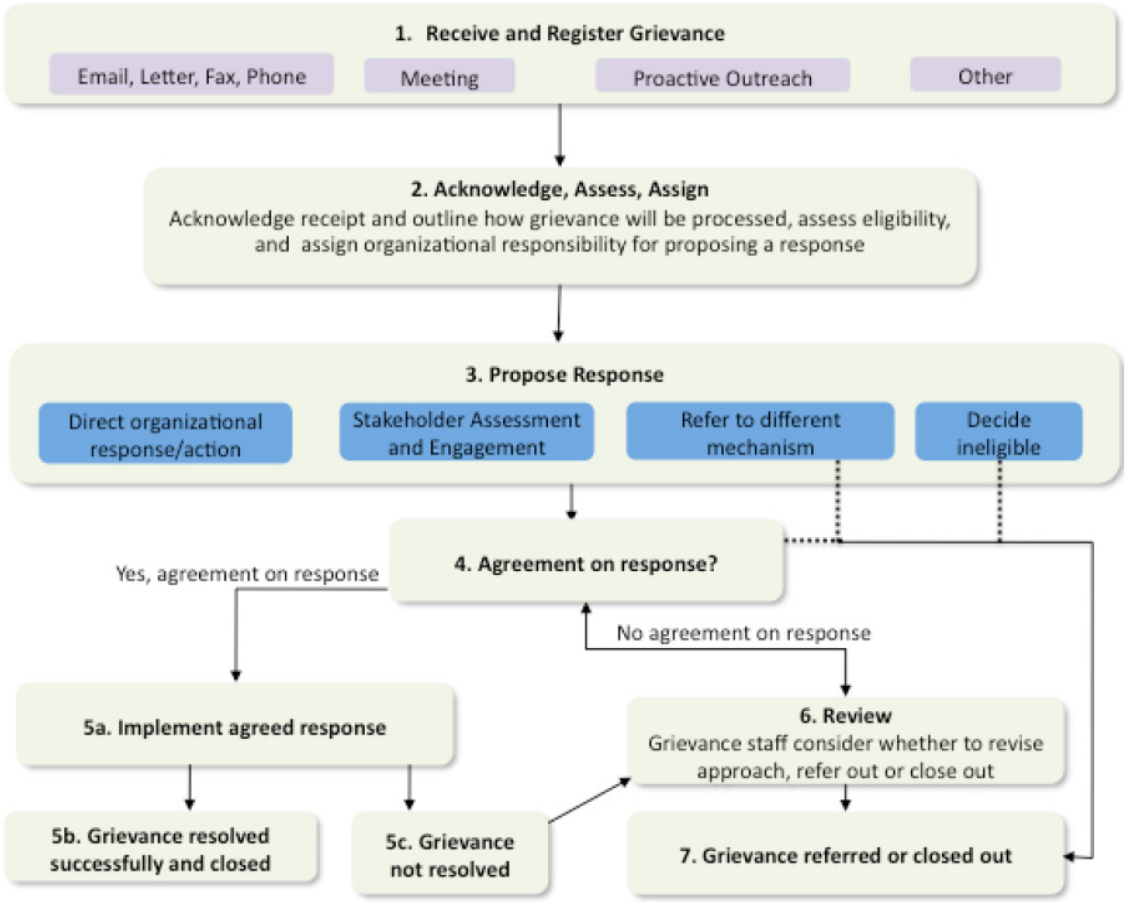
REDD+ countries are expected to establish or strengthen GRMs based on an assessment of potential risks to forest-dependent communities and other stakeholders from REDD+ programs and activities. Since the purpose is to provide an accessible, rapid, and effective recourse for these stakeholders, it is essential to design and implement the GRM in close consultation with them.

International partners that are directly involved in REDD+ implementation should also be closely involved in GRM design and implementation. It may be appropriate, and in some cases necessary, for those international partners to participate directly in resolving grievances arising from activities they support, within the framework of the GRM itself and/ or directly through their own mechanisms.

Figure 11.14 shows the steps involved in a GRM.

5 See Joint FCPF/UN-REDD Programme Guidance Note for REDD+ Countries: Establishing and Strengthening Grievance Redress Mechanisms

**Figure 11.14** The steps involved in a Grievance Resolution Mechanism




Source: FCPF/UN-REDD (2015)

**REFLECTION POINT**

Does your country have GRMs? Do they work? If not, why not?

# ENGAGING WITH THE PRIVATE SECTOR

Engagement with the private sector can occur in different ways, ranging from the adoption of PAMs that help transform private sector operating models to the identification of public-private collaborations that contribute to REDD+ results. It is also important to recognize that the private sector is often a large land holder and manager and, as such, is a key stakeholder in the implementation of REDD+ actions. There are some practical issues which need to be taken into consideration when working with the private sector.

A 'perception gap' can exist in the understanding of the same issues by public and private sector actors. This gap can be addressed through public-private dialogues that can inform the development of REDD+ programmes and strategies. Many private sector actors in key economic sectors still have a limited understanding of REDD+ and about its potential implications for their operating models. Furthermore, implementing REDD+ may require the reform of fiscal incentive frameworks with potentially significant impacts on some sectors.

Engaging with private sector actors can help reveal what drives 'business-as-usual' private sector behaviour and identify how REDD+ interventions can help shape business models to make them more sustainable.

It is also possible to work with private sector 'champions' to advance REDD+ objectives by, for example:

- Improving commodity purchasing policies to align with REDD+ objectives;
- Adopting land management practices that avoid deforestation and forest degradation;
- Reducing financing to activities contributing to deforestation or forest degradation;
- Offering innovative financing mechanisms such as green bonds and preferential loans for REDD+ activities.

# CASE STUDY 1:

## LISTENING TO THE FOREST IN PANAMA: ACTIVE LISTENING PROCESS – WOMEN'S CHANNEL

In Panama, as part of a Public Participation Plan under the Joint National Programme between the UN-REDD Programme and the Ministry of Environment (2011-2015), an 'active listening' process was established to help ensure that the voice and views of indigenous peoples would be heard directly, and their self-management, in accordance with their traditional authorities, would be taken into account in the participatory process for the construction of the National REDD+ Strategy. Although the participation plan was designed with the goal of including women and men as equally as possible throughout its implementation, the specific important role of women in the conservation, management and sustainable use of land and natural resources was stressed during its implementation.

The feedback gathered led to the formulation of a new 'active listening' channel specifically focused on meaningfully engaging women from indigenous, Afro-descendant and rural communities. Ultimately, the 'active listening' process included five channels, covering Afro-descendant communities, campesino families, indigenous peoples, organizations and institutions, and women.

Approaches taken to effectively plan and implement the "Women's Channel" included:

- Identifying and addressing gender gaps in REDD+ participation processes. The results of the earlier 'active listening' process highlighted the sensitivity, interest and quality contributions of women; demonstrated the unbalanced and unfair participation in decision-making and distribution of tasks between women and men; and revealed women's greater respect for the forest and collective concern for sustainability.
- Generating a gender baseline. In May 2015, two workshops were held with a total of 42 women to collect participatory baseline data on women's perceptions of the situation of women in communities, particularly those dependent on forests, and seek their perspectives on what solutions and measures would be effective to reduce deforestation and promote sustainable land use.
- Gender-responsive and inclusive workshops: Key good practices to encourage women's participation and provide a safe space for them to share their views included:
  - Two workshops held at opposite ends of the country to ensure that the women who participated, representing indigenous, Afro-descendant and rural communities, were able to highlight different issues and challenges in relation to forest management.
  - Preparatory meetings with indigenous, Afro-descendant and rural community organizations held in order to agree on the consultation methodologies and assess scenarios and logistics. Based on these findings, workshops and associated activities were designed to be convenient, sensitive and build trust with the participants.
  - The workshops' main methodology centered on listening, wherein the participants took active roles as the owners of the workshop, and the organizers, in contrast, took a more passive role and helped to guide discussions.

Key positive outcomes from this work include:

- Common vision established among women on their role in preserving the forest and nature: The two workshops began with an apparent distance between women from the indigenous, afro-descendants and campesino groups. However, as the workshops progressed and with the sharing of similar experiences and stories, the differences and divides between the groups became blurred. By the end of the two workshops, women stated that one of the greatest achievements was the realization that there was only one 'us'.
- Women given a voice in the REDD+ Strategy process: As participation in public spaces is often limited for many of the women, they highly valued the opportunity to have a space to interact, share their views on what measures are a priority for them, and contribute to the national 'active listening' process on REDD+. They felt that the Ministry of Environment and the UN-REDD Programme valued their perspectives, gave them a voice, and recognized the importance of their knowledge and the role they play in forest conservation and the sustainable use of land and natural resources. The feedback and results obtained from the women will help inform Panama's National REDD+ Strategy, including on how it plans to promote gender equality and empowerment of women.

In conclusion, gender equality is not just a 'women's issue'. Similar workshops focusing on gender equality and the empowerment of women should be held also with the men from these communities. The women who did participate noted that progress in these areas will only be possible with both women and men engaging on it together.

# CASE STUDY 2:

# ENGAGING STAKEHOLDERS EARLY IN COTE D'IVOIRE

Indigenous peoples' and civil society representatives to the UN-REDD Programme have been clear in their message that important stakeholders should be engaged from the beginning in national REDD+ processes. In response, during 2013-2014, the UN-REDD Programme provided technical guidance and funding to develop civil society capacity to engage in advance of the approval of broader Readiness funding.

This contributed to two major outcomes:

- A National Plan for Stakeholder Engagement, with a focus on civil society and local community inclusion in national REDD+ efforts, was developed in Cote d'Ivoire in 2014 by civil society actors themselves. This work built on support for early stakeholder engagement extended in the country in 2013, which focused on capacity building and outreach.
- A civil society platform composed of representatives from key CSOs and local communities received capacity-building assistance and official recognition, empowering it to contribute to national REDD+ activities as well a national Forest Law Enforcement, Governance and Trade (FLEGT) initiative.

The national plan was based on a participatory analysis of REDD+ in which civil society and community representatives helped to identify: threats and opportunities; relevant stakeholders; relevance for civil society; and identification of avenues for engagement. It includes a vision, a strategy with priorities and a methodology for involvement. It was finalised and validated by stakeholders just before the country entered into a UN-REDD National Programme in October 2014, and therefore provided the basis for a more concrete strategy with annual work plans and budgets.

During the same period, the CSO platform for REDD+ and FLEGT was strengthened through development of management procedures, criteria for membership, description of roles and mandate of members, and systems for monitoring and control as well as internal and external communication.

This sequencing of early engagement and capacity development as well as, importantly, the institutional development of the platform, meant that civil society was already prepared and engaged when the country embarked properly on its REDD+ process. In addition to having received information and capacity building on REDD+ that allowed them to understand what they were engaging in, civil society had also self-organized using the platform and collectively developed a shared vision with some basic elements for a strategy after carefully assessing the relevance of REDD+ to them.

This type of early stakeholder engagement, where civil society is a key actor in the process and is able to influence the process from the beginning, ensures ownership and support from the onset. It also shapes the future collaboration between civil society and government during the development and implementation of REDD+. The multi-stakeholder platform also has a formal mandate and is seen as a legitimate representative for civil society in a constructive relationship with government built on mutual trust.

# CASE STUDY 3:

# DEVELOPING NATIONAL GUIDELINES ON FPIC FOR REDD+ IMPLEMENTATION IN PAPUA NEW GUINEA

Given that Papua New Guinea (PNG) has one of the world's most significant areas of tropical forest, and that these forests face acute and imminent threats, REDD+ is seen by the country to be an effective mechanism to reduce emissions, preserve forests and promote economic and sustainable development, particularly for local populations who rely on forests for their livelihoods. One focus of PNG's REDD+ action has been supporting stakeholder engagement, including through the development of guidelines for FPIC. In PNG, FPIC is seen as a consultative process and a collective right of people to give or withhold consent. It applies to all activities, projects, legislative or administrative measures, and policies, including REDD+, that take place in or impact the lands and resources or otherwise may affect the livelihoods of customary landowners and local communities. In PNG, 97 per cent of the land is classified as customary.

Customary law and cultural barriers mean women often have very limited rights to land (although there is no legal restriction on their ability to hold it). They also face other legal barriers, have limited control of income and other resources, and face exclusion from decision-making and violence directed against them. In response, deliberate efforts and explicit steps were taken to incorporate a gender perspective into PNG's FPIC guidelines, with the goal of accounting for women's constraints, roles and perspectives in REDD+ action and to promote its sustainability. Through extensive support from the UN-REDD Programme, including more than a dozen consultations and three full revisions, PNG's working final version of the National Guidelines on FPIC was released and made available for public comment and expert review in April 2014. The document incorporates gender considerations into its operational framework, including within the key steps for implementing FPIC at national, provincial, district, and project levels. It recognizes both women and men as landowners and/or primary users of land and resources.

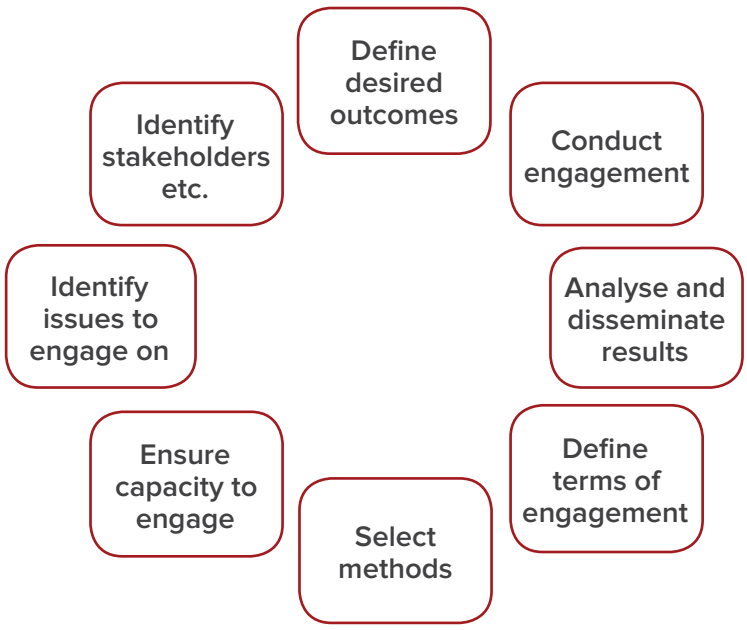
It is intended that integrating gender considerations into the guidelines will: help expand the role of women as primary users of the forest; and encourage stronger recognition of women needs, rights and interests, including in the design and implementation of REDD+ in PNG. Findings from field-testing sections of the guidelines have shown that challenges with the aforementioned gender specific constraints remain. However, the government continues to support increased women's participation in REDD+ processes and the implementation of the gender guidance in the guidelines. To this end, with support from the Forest Carbon Partnership Facility and UNDP, PNG has incorporated gender specific activities and associated budget lines within its consultation and participation work.

As highlighted by the guidelines, the meaningful and equitable involvement of both women and men can increase the likelihood of sustained change in the way forest resources are used, thereby contributing to the sustainability of REDD+ activities in the country.

# EXERCISE 22

It is important to note that awareness raising and sharing information is not consultation, but is part of communication. However, communication is critical to an effective REDD+ consultative process. The 'Joint FCPF and UN-REDD Programme Guidelines on Stakeholder Engagement in REDD+ Readiness' suggest following these steps in the consultation and participation process.

Draw a new 'wheel' with the steps in the correct order.



## EXERCISE 23

Fill in the blanks

F_____ from coercion, intimidation or manipulation

P_____ Before any authorization or commencement of activities, with time for consideration

I_____ Stakeholders having all relevant information needed to make a decision.

C_____

## KEY MESSAGES:

- In the context of REDD+, stakeholders are individuals or groups which have a stake, interest or right in the forest that will be affected either negatively or positively by REDD+ activities;
- The importance of stakeholder engagement is supported by numerous UNFCCC decisions;
- Stakeholder engagement is embedded specifically as a REDD+ safeguard, but also plays a critical role in creating enabling conditions for a participatory process, which is needed to underpin a country's approach to developing an accountable, transparent and effective national REDD+ strategy or action plan;
- Engagement of stakeholders has to start very early in the REDD+ process as it takes time to build the relationships, processes and institutions required for successful and authentic engagement;
- Relationships between stakeholders need to be actively nurtured through facilitated dialogues and a spirit of trust and openness;
- There are a number of tools that are useful when carrying out a stakeholder engagement process, such as stakeholder mapping and analysis, gender analysis, CBNA, consultation and participation plans, and communications plans. These are valuable in supporting a comprehensive and collaborative approach to engagement;
- FPIC, if and when required, should build on existing proactive steps to engage affected stakeholders in the REDD+ process, such as identifying legitimate representatives, building capacity to participate and make decisions, providing access to information and independent advice, and a functional feedback mechanism;
- A national feedback and grievance redress mechanism needs to be available, and if necessary strengthened, as part of the country's REDD+ institutional arrangements.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

12

# Good Governance

This module presents the importance of good governance in national REDD+ processes.

**The module contains sections about:**

- Governance and the UNFCCC's REDD+ decisions
- Governance factors underlying drivers of deforestation and forest degradation and barriers to 'plus' activities
- Governance as an enabling factor in developing successful and effective national REDD+ strategies and policies and measures (PAMs)
- Monitoring and accountability for PAMs
- Strengthening governance to implement NS/APs and PAMs
- Governance and REDD+ safeguards
- Managing REDD+ funds

**What do you already know about this topic?**

# 12. GOOD GOVERNANCE

## GOVERNANCE AND THE UNFCCC

### What is governance?

Like so many buzzwords, governance has come to mean different things to different people. The concept of governance is a dynamic construct in which many people and actors have a say.

Although numerous attempts have been made to define governance it is hard to capture all of its dimensions and dynamics in a single and succinct definition. However, the term governance is generally considered to encompass: the interaction of laws and other norms, institutions, and processes in a society; how decisions are made; as well as how and if responsible actors or decision-makers are held to account.

Governance includes how a society:

- organizes how its members live together;
- responds to different interests and opinions, which are grounded in norms and values;
- manages the distribution of resources;

These concepts are translated into rules, regulations, institutions and conditions.

Governance also covers:

- who has the power to make decisions that affect natural resources and natural resource users and how those decisions are made;
- who has the power and responsibility to implement those decisions and how those decisions are implemented;
- who is held accountable, and how, for implementation of those decisions.

The Human Rights agenda provides the basis for the UN governance principles. The United Nations has worked on a definition of democratic governance for the 2030 Agenda[1]. However, there is no universal definition that is applicable to all people, societies and cultures equally, so a common understanding and the prioritization of domestic action are more important. Therefore, good governance is often simpler to understand through its key principles, which include:

- Rule of law: equal treatment (both protections and punishment) for everyone, all the time
- Transparency and access to information: sharing useful information proactively (not only on request) and in a way that ensures that it is usable
- Accountability: accept responsibility and answer for actions
- Respect for rights: human rights are not violated but instead enhanced (see also Box 12.5)
- Participation and inclusiveness: the law recognises the right of all stakeholders and rights-holders to take part in decision-making and implementation, and they effectively do so
- Performance and effectiveness: what is planned is actually done, in a timely manner
- Consensus seeking: listening to all relevant voices and explaining if/when some proposals cannot be adopted
- Capacity: that all who participate in a process have the knowledge and skills to do so effectively, at the individual, institutional and organizational levels
- Anti-corruption: no abuse of vested power for personal gain, whether these are already defined by legal frameworks or not
- Gender equality: the equal rights, responsibilities and opportunities of women and men and girls and boys (see Box 12.7)

**REFLECTION POINT**

What is the difference between governance and government?

Which good governance principles resonate the most with you?

### Governance in the UNFCCC and its decisions

In 14 decisions taken by the parties to the United Nations Framework Convention on Climate Change (UNFCCC) which relate to REDD+, 'governance' is only mentioned in one.[2] Decision 1/CP.16, also known as 'The Cancun Agreements':

***"... Requests developing country Parties... to address, inter alia, the drivers of deforestation and forest degradation, land tenure issues, forest governance issues, gender considerations... ensuring the full and effective participation of relevant stakeholders, inter alia indigenous peoples and local communities ..."***

1 The 2030 Agenda for Sustainable Development refers to the process led by the United Nations that defined the Sustainable Development Goals.

2 All of the UNFCCC decisions relevant to REDD+ are available in the Decision booklet REDD+ (UNFCCC, 2014).

It also includes among the seven 'Cancun safeguards' to be promoted and supported during REDD+ activities:

■

*"Transparent and effective national forest governance structures, taking into account national legislation and sovereignty".*

In fact, elements of good governance are detailed in each of the first four safeguards:

- Consistency with national forest programmes and international conventions;
- Transparency and effectiveness,
- Respect for knowledge and rights of indigenous peoples and local communities;
- Full and effective participation.

The principles of good governance are moreover necessary to address and respect the remaining three safeguards:

- Prevent conversion of natural forests, conserve biodiversity, and ensure social and environmental benefits;
- Actions to address the risk of reversals;
- Actions to reduce displacement of emissions.

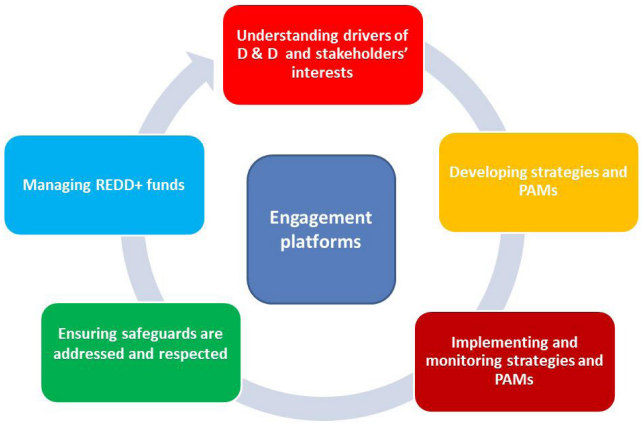
### Box 12.1 Forest governance

**While there is no official definition, forest governance includes all the standards, processes, institutions, and people that control how humans interact with forests, including the law and the institutions that create or implement the law (or other norms).**

## Good governance and REDD+

Good governance principles can be applied at multiple levels (global/international, national, sub-national/state/province, local) and should ideally be adhered to throughout the different steps of REDD+ implementation. They can create an enabling environment for 'governing' the REDD+ process successfully, helping ensure inclusive and meaningful participation during decision-making, and promoting equity, fairness, transparency and justice during all phases of REDD+.

**Figure 12.2 Stages of the REDD+ process where good governance is crucial**




Source: UN-REDD Programme

Figure 12.2 shows the stages of the national REDD+ process where governance is particularly important.

i. Understanding the direct and indirect drivers of deforestation and forest degradation, or the barriers to effective conservation, sustainable management of forests and enhancement of forest carbon stocks;

ii. Developing successful and effective national strategies or action plans (NS/APs) and policies and measures (PAMs);

iii. Implementing and monitoring strategies and PAMs;

iv. Ensuring that safeguards are addressed and respected;

v. Managing REDD+ funds in a transparent and accountable manner, to avoid risks such as undue influence, fraud or embezzlement.

### REFLECTION POINT

For which of the aspects of REDD+ that you have studied does good governance seem essential? Why?

What measures can be taken to ensure meaningful participation of stakeholders in REDD+ processes?

What would be key to ensure policy coherence and harmonization of sectoral laws, and avoid conflicting poli-cies and laws across ministries or sectors?

How can REDD+ be institutionalized in a sustainable manner, so that it is not vulnerable to political change or individual turnover?

## Box 12.3 Cross-cutting governance issues

A number of governance issues cut across several steps of a REDD+ process.

### Participatory governance

Just as important as governance analyses is the need to consult, engage and collaborate with relevant stakeholders at various stages. Public participation, supported by transparency and access to justice, is one of the most recognized principles of sustainable development. Since the United Nations Conference on Environment and Development in 1992, international legal instruments dealing with the environment and socio-economic development, have called for active 'participation' by affected groups and civil society as not only desirable but necessary if sustainable development objectives are to be met.

Stakeholders can be grouped into government/ public sector, civil society, private sector, the general public and consumers, and the international community such as international financial institutions. They can also be rights-holders such as property owners, women, indigenous peoples, communities or individuals that hold traditional or formally recognized usufruct (and/or other) rights to land or resources that will be affected by the decisions being made. As REDD+ decisions place specific emphasis on the full and effective participation of indigenous peoples and local communities, this should be a priority issue for participatory governance. A more in-depth discussion on stakeholder engagement can be found in ***Module 11: Stakeholder Engagement in REDD+***.

### Gender equality

Actions can be taken at various steps to promote gender-responsive REDD+ processes in the context of good governance approaches. These actions can involve undertaking a gender analysis of drivers and/or an assessment of gender gaps/inequalities in policies, decision-making, local practices and cultural norms; ensuring the active and equitable participation of women, youth, as well as other marginalized groups in consultations/ workshops/ trainings; fully integrating gender equality and women's empowerment considerations in the development and implementation of a REDD+ strategy; and developing and undertaking gender sensitive monitoring and reporting activities (e.g. use of gender indicators and sex-disaggregated data). Such activities can be achieved through mobilizing gender expertise throughout the REDD+ process, including in planning, implementation and monitoring and reporting.

### Access to information

Effective participation by civil society and indigenous stakeholders, as well as effective cross-sectoral coordination is underpinned by access to and exchange of information. This pertains to all aspects of the development, design, implementation and monitoring of a national REDD+ strategy.

### Legal frameworks

Effective legal and regulatory frameworks are key to the successful implementation of REDD+. Legal and regulatory provisions that are supportive of REDD+ objectives can help ensure that REDD+ requirements are addressed in a coherent way and in line with international provisions. For example, the implementation of legislation that clarifies tenure and access rights to natural resources may help reduce pressure on forest resources and reduce dispute risks during REDD+ implementation. In addition, strengthened participatory law development processes and recognition of procedural rights (e.g. access to information, participation in decision making, access to justice) imply the involvement of relevant REDD+ stakeholders at national level – as do elaborating publications and strategies to build awareness of laws and regulations currently in force. Both in preparing for and implementing REDD+, countries may seek to build upon, adapt, or strengthen implementation of their existing policies, laws and regulations, possibly through the adoption of new texts, in order to ensure they realize and enforce national and/or sub-national legal frameworks supportive of REDD+.

# GOVERNANCE FACTORS UNDERLYING DRIVERS AND BARRIERS TO 'PLUS' ACTIVITIES

As seen in ***Module 3: Drivers of Deforestation and Forest Degradation***, preparing for effective and efficient REDD+ implementation requires strong analytical foundations on which countries can build their vision for REDD+, and make informed and strategic decisions that will shape a critical pathway to implement that vision.

In order to implement REDD+ activities effectively, countries should seek to understand and address the direct and related indirect drivers of deforestation and forest degradation (DDFD). They should also understand the dynamics of and barriers to the 'plus' activities of REDD+: forest conservation, enhancement of forest carbon stocks and sustainable management of forests.

### Box 12.4 Understanding Drivers and Barriers through a Governance Lens

**-What governance deficits facilitate deforestation and forest degradation, and create barriers to conservation, sustainable management of forests and enhancement of carbon stocks?**

**-What governance enablers facilitate good forest stewardship and land use planning?**

**-How are these governance factors evolving?**

Indirect drivers (also called 'underlying causes' or 'driving forces') can be related to international drivers (e.g. markets, commodity prices), national drivers (e.g. population growth, domestic markets, national policies, fiscal framework, but also governance) and local drivers (e.g. change in household behaviour).

Similarly, barriers to the 'plus' activities refer to the various obstacles to their implementation. Barriers may be very diverse, and include governance weaknesses such as lack of participation, corruption, inappropriate legal frameworks, and weak enforcement of existing laws.

### Box 12.5 The Human Rights-based approach

**The Human Rights-based approach (HRBA) is a process which applies a number of core principles aimed at ensuring the full enjoyment of human rights by pointing to both procedural and substantive rights.**

**Procedural rights refer to, for example, rights to participation, to free, prior and informed consent (FPIC), and to representation or development.**

**Substantive rights refer to, for example, rights to lands, territories and resources.**

**The failure to apply procedural and substantive rights are governance weaknesses that can affect both drivers and barriers.**

Identification of the agents of deforestation and forest degradation is also key to an in-depth analysis of drivers and barriers. It may for example be useful to map decision-makers and other influential actors, such as customary or decentralized administrative authorities, the formal or informal ways in which they impact the drivers, and their incentives and barriers to change their behaviour. This mapping may be done for example through an 'institutional and context analysis' (see Annex 1).

Activities to analyze drivers and barriers also need to be conducted in a participatory and gender sensitive manner in order to ensure that they are accurate and have ownership from a broad range of stakeholders. This includes ensuring: a complete understanding of stakeholders' rights; access to information; and recognition of livelihood and subsistence activities of stakeholders that may be significantly impacted by REDD+ management decisions. Lack of participation also often results in a lack of a gender perspective, detailed in the next section.

Studies[3] of the 'governance factors behind drivers and barriers' could help countries understand the potential impacts of current practices and the potential benefits of change. Example of governance-related underlying drivers and barriers are highlighted below.

3 These studies can be stand-alone or included in broader studies on drivers and barriers that take into account other un-derlying causes.

## Lack of participation

The text of the UNFCCC recognizes the need for the full and effective participation of all stakeholders. It places specific emphasis on consulting with indigenous peoples and local communities, because they may have poorly recognized rights to the use and ownership of forests and are more vulnerable to being left out of decision-making processes. This is why the REDD+ decisions emphasize the participation of these groups and make note of the UN Declaration on the Rights of Indigenous Peoples, which includes reference to the right to right to Free, Prior and Informed Consent (FPIC). This reflects a core concept of the human rights-based approach (see box 12.5) and a key aspect of good governance, i.e. the promotion of the interaction between state actors and citizens, including equitably women and men, who are able to exercise their legal rights, address their interests and have them mediated with dialogues with state actors.

Just as importantly, examining participation – or the lack thereof - can help to reveal the underlying causes of deforestation and forest degradation, including corruption, illegal forest conversion, forest ownership and access rights. A more in depth discussion on participation can be found in ***Module 11: Stakeholder Engagement in REDD+.***

Nepal provides an example of how poor participation fuels key drivers; in this case, the lack of a deliberative and inclusive process contributed to the four main drivers identified at the national level: illegal logging, encroachment, fuelwood collection and roads (see Figure 12.6).

**Figure 12.6 Example of DDFD fuelled by poor participation - Nepal**

| Policy, governance and tenure underlying causes of drivers of deforestation[5] | | | | |
|---|---|---|---|---|
| | Illegal logging | Encroachment | Fuelwood collection | Roads |
| Lack of deliberative and inclusive process | Contested policies (both at national and local levels) result in weak ownership by stakeholders and conflicts between authorities and local communities as is the case in Terai forest management and Churia protected areas | Confrontation between the state and Sukumbasis has turned forests into a war zone; there is little support from stakeholders at local level in maintaining forest integrity and too few consultation on land and land use policies | Fuelwood collectors cannot shape fuelwood related policies. As fuelwood collection in government forest is deemed illegal, collectors ignore sustainable practices | Road constructions outside the district development plan tend to ignore due process,which undermines environmental sustainability |

Source: UN-REDD (2014)

**REFLECTION POINT**

Can you think of an example where poor participation is an indirect cause of deforestation or forest degradation? How? Is this an issue of laws and norms, of their application, of institutions, or a combination of the three?

In another example, traditional authorities in Malawi mandated to protect forest reserves under customary law are not accepted by formal government structures. This leads to conflict between these actors, resulting in corrupt practices and contributing to DDFD.

## Gender perspective

UNFCCC Decision 1/CP.16 refers to the need to address gender considerations when developing national REDD+ strategies (see Box 12.7 for gender terms). When identifying drivers and governance-enabling factors to address these drivers, gender-differentiated roles, actions and perspectives should be considered. This means the roles, actions and perspectives of all stakeholders, including women, men and youth. This is particularly important for women as they are often the primary users of forests.

There are many reasons why a gender perspective is important to understand and address drivers and barriers.

First, the lack of gender perspective has been shown to be a barrier to conservation or reforestation.

In Kenya, for example, local men involved in planning a fuelwood tree planting project assumed that women would fulfil their traditional role of providing water for seedlings. After the seedlings were distributed, the men discovered that the women were unwilling to do the extra hours of water-collecting required by the project. Furthermore, the women were not particularly interested in the tree species selected. The failure to consult women in the planning phase of the project meant that their concerns were ignored. Not surprisingly, they were indifferent to its success, and the seedlings died for lack of water. However, the second phase of the project incorporated women's interests by providing the types of trees they preferred. Women then agreed to help, and this time the project was successful.[4]

Additionally, it has been shown that a higher proportion of women participants in local institutions of forest governance is related to significantly greater improvements in forest conservation.[5] In addition, women's practices such as traditional agroforestry systems and tree planting can help identify barriers to sustainable management of forests or reforestation.

### Box 12.7 Gender Terms

**Gender equality: The equal rights, responsibilities and opportunities of women and men and girls and boys. Equality does not mean that women and men will become the same but that women's and men's rights, responsibilities and opportunities will not depend on whether they are born male or female. Gender equality implies that the interests, needs and priorities of both women and men are taken into consideration, recognizing the diversity of different groups of women and men. Gender equality is not a women's issue but should concern and fully engage men as well as women.**

Source: UN Women Concepts and Definitions on Gender Mainstreaming, available at: http://www.un.org/womenwatch/osagi/conceptsandefinitions.htm

**Gender mainstreaming: The process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making women's as well as men's concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality.**

Source: United Nations Economic and Social Council Agreed Conclusions, 1997/2, available at http://www.un.org/womenwatch/osagi/intergovernmentalmandates.htm#ecosoc

Second, the analysis of drivers of deforestation and degradation (as well as barriers to 'plus' activities) can be enriched by information known to local communities and indigenous groups, especially women and youth within them, through their forest patrolling and monitoring activities, or through their gathering of plants or fuelwood.

Therefore, these groups can also be an informative source of knowledge in identifying drivers of deforestation and forest degradation around their communities, as well as a resource in identifying corresponding possible solutions. Understanding the varying roles played by men and women can enable a more accurate analysis of the problem — who is driving deforestation, why, where and how — and also help identify potential solutions. This can help formulate governance interventions that are applicable and relevant at both national and local levels.

4 Gender Matters Quarterly, 2001. Available at http://pdf.usaid.gov/pdf_docs/PNACP513.pdf

5 Agarwal, B. (2010). Gender and Green Governance: The Political Economy of Women's Presence Within and Beyond Community Forestry

### Box 12.8 : Gender and Tenure

**In many instances, women's rights to control over land are not formally recognised, even though they access and use many products (e.g. firewood, non-timber forest products). As reported by a female participant in consultations on governance shortcomings for REDD+ in Malawi in 2015: "It's a motivation issue. We are assuming the same roles, but are not formally accepted. If men run away to seek better economic opportunities outside the community to sustain the family, we are left behind doing exactly the same work without formal recognition. How can this be? The same applies to national replanting schemes. We are very active in maintaining them while our male colleagues have run away a long time ago."**

**REFLECTION POINT**

Can you think of an example where gender inequality is an indirect cause of deforestation or forest degradation? Or alternatively, where women's enhanced participation has contributed positively to enhanced conservation, management of forests or forest carbon stocks?

Finally, given various social, economic and cultural inequalities and legal impediments, particularly within the forest sector, women and often other marginalized groups, such as the poor, youth, handicapped, etc., in many societies continue to experience exclusion that limits their ability to fully participate, contribute to and benefit from REDD+ action. More specifically, these inequalities can also lead to them having unequal access to information and legal processes; not being involved in decision-making on benefit sharing mechanisms and financing structures; and being excluded from REDD+ benefits due to weak rights to land and forests. As women typically rely more on forests than men do, and rural women engage in multiple economic activities that are key to the survival of households, it is therefore critical that deliberate, explicit and meaningful efforts are taken to ensure REDD+ governance systems and programmes are inclusive, fair and mainstream gender both in policy and in practice. In fact, promoting sustainability of and building long-term support for REDD+ processes is often connected to its ability to demonstrate and distribute corresponding benefits equitably and fairly. [6]

The UN-REDD Viet Nam Programme Gender Analysis[7] noted the need to transform gender relations and foster women's empowerment by recognizing, supporting and rewarding women's roles in forest management and protection. It also noted that strategies to address gaps in the analysis should be based on the notion that women are not victims, but rather powerful agents of change, due in strong part to their roles as stewards and managers of forest resources.

6 UN-REDD Programme (2013). Guidance Note on Gender Sensitive REDD+. Available at http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=11824&Itemid=53

7 UN-REDD Programme (2013). UN-REDD Viet Nam Programme Gender Analysis. Available at: http://www.unredd.net/index.php?option=com_docman&task=doc_download&gid=11372&Itemid=53

## Weak enforcement capacities and corruption

Law enforcement is vital for effective governance. Poor law enforcement is due to lack of capacity, and often to corruption. For example, bribes between illegal loggers and forest managers, and/or collusion with government officials are commonly identified causes of forest degradation and illegal forest activities.

In Indonesia, for example, although the 2014 Indonesia Forest Governance Index reported a slight improvement in the number of cases of forestry crimes being filed in court, there is clearly a connection between weak law enforcement capacity and continued corrupt practices allowing perpetrators to operate and continue deforestation (UNDP, 2015).

In Kenya, a REDD+ corruption risk assessment (UN-REDD, 2013a) highlighted how corruption has historically contributed to deforestation and degradation:

- The difficulties of the Kenya Forest Service in promoting forest conservation and managing the relocation of people deemed as 'squatters';
- The risks of county governments using community forest lands for patronage purposes;
- Corruption suspected in the allocation of forested areas to biofuel, oil or mining companies (causing deforestation) without sufficient restrictions to limit environmental impact;
- Bribes between illegal loggers and forest managers, and/or collusion by government officials facilitating forest degradation;
- The lack of capacity of Charcoal Producer Associations (CPAs) to check the origin and source of charcoal, and acceptance of fraudulent documentation as CPAs depend on licensing for their funding;

In Panama, weakness of forest management institutions and conflicts between institutions, institutional bureaucracy and poor transparency and corruption underlie commercial and fuelwood extraction that cause deforestation.

In Nepal, as seen in Figure 12.9 below, a participative corruption risk assessment highlighted poor transparency corruption and weak law enforcement were also highlighted as catalysing direct drivers of illegal logging, encroachment, fuelwood collection and road construction.

**FIGURE 12.9 Country example of corruption and law enforcement-related drivers - Nepal**

| Policy, governance and tenure underlying causes of drivers of deforestation[5] | | | | |
|---|---|---|---|---|
| | Illegal logging | Encroachment | Fuelwood collection | Roads |
| Poor transparency and corruption | Corruption induces over harvesting to meet interests of all involved parties; officials often blind eye | Bribing influences distribution of land titles by the Land Commission officials; land mafia often encourages people to capture land and benefit from illegal transactions | Brick factories, hotels and other commercial consumers of fuelwood bribe officials | Corruption encourages use of heavy machines instead of labour based approach; lack of information undermines monitoring and public scrutiny |
| Weak law enforcement | Organised criminals make life threats to Department of Forestry (DFO) staff, whose capacity to respond is weak; political interference, weak judiciary system leads to impunity | Weak DFO capacity to monitor and evacuate illegal settlers, who are often backed by political parties | Weak DFO capacity to monitor and check unsustainable harvesting | Weak enforcement of Environmental Impact Assessment and other environmental standards |

Source: UN-REDD (2014)

**REFLECTION POINT**

Pick a direct driver of deforestation or forest degradation in your country. Could it be exacerbated by corruption?

These issues are often exacerbated by limited public services (due to low financial and human capacity) that lead to unenforced laws and regulations and often open up opportunities for illegal activities.

## Unclear and Unsecure tenure rights

While secure tenure creates a sense of ownership and can serve as an incentive to protect forests and invest in their sustainable management, the opposite tends to be true as well: weak tenure security often results in poor management and loss of the resource. Clear enforceable rights of exclusion are a key element of forest tenure that allows the rights holder to resist outside interference. Likewise, clear and secure tenure increases accountability and has been found to reduce certain drivers since the rights holder is also the bearer of responsibility.[8]

In many UN-REDD partner countries, customary tenure rights over forests are an important consideration. Customary use rights may be understood as the access, control and use of land according to long-standing principles, values, customs and traditions, including seasonal or cyclical use, which operate outside the formal legal system. These rights are associated with traditional land administration institutions and customary law that define how rights are allocated and protected. When forest land that is considered under a National REDD+ Strategy is customarily owned or occupied, e.g. when there is overlap of logging or agricultural concessions and illegal logging on customary lands, the full participation of customary landholders is essential.

In Cambodia, REDD+ stakeholders were involved in piloting a new tool for mapping community tenure called Open Tenure. This tablet-based application is used by the community members themselves to record their tenure rights, with data stored on a web-based server. The first trial was successfully conducted in 2015 with the Sorng Rokavorn community forestry group in northwest Cambodia.

A number of UN-REDD partner countries have completed broad multi-stakeholder assessments of their tenure regimes in the context of REDD+ in order to gain insight on the links between tenure and forestry in the country context, and to guide steps towards improved governance of tenure (see Annex 1).

8 World Resources Institute and the Rights and Resources Initiative (2014). Securing Rights, Combating Climate Change: How Strengthening Community Forest Rights Mitigates Climate Change. Available at: https://www.wri.org/sites/default/files/securingrights-full-report-english.pdf

### Box 12.10 Voluntary guidelines

UN-REDD encourages partner countries to refer to the *Voluntary Guidelines on the Responsible Governance of Tenure of Lands, Fisheries, and Forests (VGGT)* . This set of internationally-accepted standards were endorsed in May 2012 by the Committee on World Food Security. A wide range of stakeholders - from governments to civil society to the private sector - were involved in several years of consultations and drafting in order to reach consensus on the final document. The VGGT provide ambitious guiding principles for analysing and reforming tenure systems under REDD+. This landmark document provides a vision for countries to work towards good governance of tenure with articles that provide specific benchmarks for countries to work towards. The VGGT:

- Recognize and respect all legitimate tenure rights and the people who hold them;
- Safeguard legitimate tenure rights against threats;
- Promote and facilitate the enjoyment of legitimate tenure rights;
- Provide access to justice when tenure rights are infringed upon;
- Prevent tenure disputes, violent conflicts and opportunities for corruption.

**REFLECTION POINT**

Do you have an example of how weak tenure rights aggravate a specific driver of deforestation or degradation, or constitute a barrier to conservation, sustainable management of reforestation activities?

## Lack of transparency in the issuance of permits

Lack of transparency can lead to misinformation and abuses that exacerbate certain DDFD as well as barriers to conservation or forest enhancement activities.

A Corruption Risk Assessment for REDD+ in the Philippines (UN-REDD, 2013b) identified risks related to the illegal issuance of permits (resource utilization permits, cutting permits and small scale mining permits) by local officials and congressional representatives. Increased transparency to allow civil society to effectively monitor the way permits are issued was deemed an important measure to consider.

Similarly, it was shown in Indonesia that licenses for forestry concessions play a role in high forestry and land sector emissions in Indonesia, not only because of the 52 million hectares covered by licenses, but also for governance reasons. First, when licensing is deemed too costly (in terms of time lost as well as formal and informal fees), people or companies applying for the license may attempt to recuperate those costs by exploiting the forest under their current license without abiding by the established standards, or by exploiting it outside the authorized areas or range of activities. Second, informal fees can allow licenses to be granted in areas such as protected forests or conservation forests, in violation of regulations. An in-depth evaluation of the regulations on the forest permit system pointed to a) weaknesses that allow permits to be granted inappropriately, such as some opacity at provincial and district levels resulting in a higher number of permits or permits granted in inappropriate areas and b) systemic strengths (such as the more transparent online automated systems at the national level that reduce face-to-face interactions and thus opportunities for corruption), which could be expanded to provincial and district levels (UN-REDD, 2015).

## Weak, incomplete or conflicting laws and policies

Effective governance also relates to the enhancement of laws and regulations related to the governance and sustainable use of forests and other natural resources, the lack of which can aggravate drivers. This process could start with identifying inconsistencies in terminology relevant to forestry matters and gaps and overlaps among sectoral laws. Actions to address drivers or barriers to 'plus' activities can be affected by definitions of terms such as forests, forest conservation, trees, deforestation, ecosystem services, community, etc., so it is important to make sure that this terminology is harmonized. Legislators may adapt existing definitions or include new ones in national laws.

For example:

- In Malawi, the issue of customary tenure not being legally recognized is causing encroachment in government-controlled Forest Reserves. Between 65 per cent and 75 per cent of land in Malawi is customary land and an estimated 51-65 per cent of Malawi's forests are located on these lands, which are governed by customary rights that remain ill-defined and unprotected in national legislation. A history of inequitable access to land and forest resources, accompanied by the lack of government capacity to enforce existing regulations, has also led to serious levels of encroachment in government-controlled Forest Reserves causing deforestation and degradation.

- In Myanmar, the Forest Department defines land with trees outside the legal forest estate as "Public Forest Land" whereas the Agriculture Department defines the same land as "Vacant, Fallow and Virgin Land".
- In Mexico, the term 'environmental services' was redefined to emphasize the relationship of their benefits with the functionality of the natural ecosystem and the individuals settled in the territory. In addition, it is now recognized that environmental services are regulated by the Forest Sustainable Development Law.
- Honduras carried out reforms to solve land categorization conflicts between the Law on Forestry, Protected Areas and Wildlife, the Agrarian Reform Law and the Law on the Protection of Coffee Activity.
- In Nepal, conflicts between the Forest Act and the Local Self Governance Act (LSGA) have led to negative environmental consequences including deforestation and forest degradation. The LSGA allows local governments to prepare and implement forest management plans and imposes taxes on forest products whereas the Forest Act invests such rights in District Forest Officers and local communities.

In addition, inconsistencies or conflicts between laws risk incentivising activities that may drive deforestation or forest degradation, e.g. by stating that a prerequisite for acquiring title to land is making the land 'productive,' or by granting mining, oil or gas exploitation permits for forested land without consulting other stakeholders or government agencies with a say over how that land is used.

### Lack of cross-sectoral coordination

Effective governance also relates to having adequate institutions and administrative frameworks to coordinate the various organizations involved in forest governance. A lack of coordination between state agencies may result in ineffective application of PAMs that affect drivers of deforestation and degradation.

An example is the lack of coordination of forest authorities with enforcement bodies. If the police, public prosecutors office or the judiciary are not informed about challenges related to forest crimes, they cannot be part of the response. Often the lack of involvement of enforcement bodies is rather caused by lack of information or awareness of the importance of illegal forest activities.

Most importantly, lack of coordination across sectors that impact forests can be a major underlying cause of deforestation or degradation. As a number of interconnected drivers cause forest loss, a number of sectors must be mobilized and work in harmony in order to address them effectively. For example, in the DRC, the country's agricultural policy did not, until recently, consider limiting the current and future impact of agricultural practices on forests. To correct this, the DRC developed a comprehensive REDD+ investment plan that address all major direct and indirect drivers – such as slash and burn agriculture, artisanal logging, charcoal and wood energy, mining, inadequate land tenure, demographic pressure, weak governance and poor land use planning - and whose implementation is supervised by the Ministry of Finance. All concerned ministries, such as the Ministry of Agriculture, of Health, of Environment have REDD+ focal points and were actively involved in finalizing the investment plan, now partially funded through the Central Africa Forest Initiative.

In Tunisia, a tenure assessment found that the poor coordination between the Direction Générale des Forêts and the Ministère des Domaines de l'Etat et des Affaires Foncières caused deforestation because it resulted in a lack of oversight and monitoring.

**REFLECTION POINT**

How do you think transparency and access to information could address, in practice, the issues presented in the Philippines and Indonesia examples above?

## GOOD GOVERNANCE IN REDD+ NATIONAL STRATEGIES AND PAMS

### Designing 'enabling PAMs'

PAMs are discussed in depth in ***Module 7: Policies and Measures for REDD+ Implementation***. In the same way that drivers may be divided into 'direct' and 'underlying' drivers for practical purposes, PAMs may be split into 'direct' and 'enabling' interventions. Underlying drivers may be targeted with enabling interventions such as capacity building, land use planning and governance programmes (for example, to strengthen coordination, transparency and anti-corruption).

Examples of 'governance-enabling PAMs' are shown in Figure 12.11 below.

**Figure 12.11 Examples of 'enabling governance PAMs'**

| Governance deficits | Examples of enabling PAMs/Interventions |
|---|---|
| **Lack of transparency/ access to information** | Increase access to information about sales/transactions at timber auctions |
| | Publish details about mechanisms and timelines for licenses granted to tobacco/palm oil/commodity farmers (also applies to other licenses) |
| | Increase access to information about who has a permit to do what on which land (registries) |
| | Monitor farm expansion real-time (via satellite imagery) |
| **Poor law enforcement** | Strengthen forest law enforcement (collaborate with national FLEGT processes to enhance traceability of timber, employ more guards with better equipment and capacity) |
| | Increase capacity of IPs/forest dependent peoples to monitor their lands |
| | Avoid revolving doors between agriculture lobbyists and decision makers |
| | Establish clarity on procedures for forest concessions and enforce adherence to requirements (to avoid 'personal treatment') |
| **Corruption** | Criminalize the acceptance of bribes by state employees |
| | Institute practices to promote budget tracking and transparency |
| | Establish accessible systems to make it easier for people to report illegal activities (anonymous hotlines, for example) |
| | Forbid forestry officials from engaging in the timber trade |
| | Install cameras at checkpoints to monitor bribes paid when charcoal trucks pass (and volume of charcoal transport) |
| | Strengthen conflict of interest rules for officials making decisions on land concessions |
| **Low judicial capacity** | Strengthen capacity to process cases in court e.g. training for judges, prosecutors |
| | Build capacity to prosecute multiple crimes perpetrated at the same time (e.g. Illegal logging/expansion, illegal permits, paying of bribes) |
| **Lack of policy or legal coherence** | Promote alignment of national and local priorities/plans/actions including through new laws and regulations |
| | Map existing policies to identify overlaps and conflicts across sectors and establish plan to harmonize and streamline relevant processes (promote holistic and cross-sectoral coordination) |
| **Lack of or poor stakeholder inclusion** | Clarify access/user rights among IPs and forest-dependent communities |
| | Promoting gender equity in forest access, use, capacity and awareness |
| | Establish platforms to allow different stakeholder perspectives and interests to shape plans, priorities, and PAMs |
| **Insecure tenure** | Improve security of tenure for indigenous peoples and land and access rights for women |
| | |
| | |

**REFLECTION POINT**

Can you think of an example of an 'enabling governance PAM' in your country? Would it affect more than one direct driver? Which additional benefits would this PAM bring about?

## Prioritizing 'feasible' PAMs

In ***Module 7: Policies and Measures for REDD+ Implementation***, a "multi-dimensional selection process for PAMs" was presented. A government ministry or entity in charge of REDD+ needs to engage in multi-dimensional decision analysis in order to weigh different possible PAMs, determine the trade-offs involved and assess both benefits and risks. Some of these dimensions refer to how governance strengths or governance deficits may make a PAM more or less feasible, such as:

- Will there be political resistance to this PAM if some influential stakeholder stands to lose?
- Does this PAM build on existing law or regulation that has been in the past exceptionally transparent and accepted or opaque and poorly enforced?

- How much local community knowledge, skill and participation is needed to implement one PAM?
- Policy coherence: has the parliament been involved in ensuring policy coherence between different sectoral policies? For example, will subsidies that encourage forest loss, such as those to the palm oil or timber sector, conflict and overwhelm the potential financial support provided for reducing deforestation?
- What has been the engagement to date of political decision makers in the REDD+ design and decision process? Has REDD+ been kept at a technical level, or has engaged the country's leadership?

In Sri Lanka, an assessment of tenure was conducted as part of the development of the country's national strategy on REDD+. The assessment involved applying VGGT criteria (see Box 12.10) to analyze the implications for tenure of a wide array of possible PAMs. The assessment found that some PAMs, including a crackdown on forest encroachment and improvements in land-use planning, were likely to have significant implications for tenure issues. This could make the PAM in question less feasible.

## Strategically engaging with the right agents /Participatory Decision-Making

Strategic engagement of the appropriate agents (both civil society or relevant ministries) is key again here to develop the most appropriate set of REDD+ PAMs. The actors here may be the same as those consulted during the drivers analysis process, but their interest and commitment will be higher, or their opposition stronger, as the design and fine tuning process could lead to the design of actions that has effects and consequences on their own institutions. Here again, such engagement is predicated on some governance principles:

- A basic legal framework must exist for participation: appropriate legal frameworks can institutionalize policies and actions that can enable cross-sectoral policies and commitments, as well as the right for indigenous peoples and civil society participation in public affairs, and a right to access to public information. At times this may necessitate legal reform, especially when the current legal frameworks puts a barrier to cross-sectoral coordination, especially regarding institutional mandates. Traditional authorities and laws should be considered as well. In any decentralized system of forest governance, legislation and guidelines that clearly define property rights and management responsibilities are crucial for effectively integrating cross-sectoral demands on forests;
- Access to information: a critical question is whether stakeholders have the information, as well as skills, capacity and tools to effectively participate in discussions and decision-making. For example, statistics on subsidies that have an impact on forests may be known by the Ministry in charge of agriculture, but not shared with the Department of Forestry, making the fiscal incentives reform all the more complex;
- Institutional arrangements, such as the interaction between the legislative, judicial and executive, are important.

### Box 12.12 Prioritizing actions based on actors' analyses

**Country Y has decided that the first iteration of its national REDD+ strategy would focus solely on cattle ranching, one of the major drivers of deforestation in the country. Several PAMs are contemplated such as: a) removing tax incentives and subsidies intended to support expansion of beef production; b) providing training and financial support for more intensive production based on improved breeds, feeds, pastures and animal health; c) ending land titling schemes that encouraged deforestation by allowing expropriation of 'under-utilized' forest lands and awarding farmers and ranchers legal ownership of lands that they have cleared and occupied; and/or d) discouraging road construction and improvement in most forest areas*.**

**Complementing a cost analysis, an institutional analysis of the actors (cattle ranchers, Ministry of Agriculture, Land, Trade or Infrastructure**) who need to be engaged and supportive of each of these reforms and the possible political barriers will help the country's REDD+ team in this choice.**

*Examples extracted from http://www.fao.org/3/a-a0262e.pdf

**In another country Z, where the selected activity is reducing degradation originating from timber and fuelwood collection, major actors to engage would be forest-dependent communities, with particular attention to be paid to the roles of women as agent of change

## STRENGTHENING GOVERNANCE TO IMPLEMENT NS/APS AND PAMS

While specially-designed PAMs can enable better governance for REDD+, further institutional strengthening may be needed to improve performance, i.e. the effective implementation of other PAMs. Some examples of such capacity building are discussed below.

Certain PAMs will need more 'boots on the ground'. Indonesia is for example strengthening its law enforcement on forest crimes and training stakeholders from forest guards to the judiciary to apply this approach. Elsewhere, strengthening the ability of indigenous organizations to monitor REDD+ forest activities may prove one of the most cost effective detection and enforcement measures.

Capacity-building can happen at different levels[9]:

i. Functional capacities, i.e. management capacities needed to formulate, implement and review policies, strategies, programmes and projects. In other words, the cross-cutting capacities needed to 'get things done';

ii. Technical capacities, i.e. are those associated with particular areas of expertise and practice in specific sectors;

iii. Collaborative capacity, i.e. having a clear vision and strategy to enable collective thinking, adaptive planning, and implementation beyond money, personnel, skills, and equipment. Collaboration between different sectoral ministries can encourage sustainable investments by sharing risks and rewards or providing needed capacity building. Collaboration may range from provision of information to another organization; sharing of personnel; collaboration on joint research projects with other stakeholders; collaboration on joint grant or funding proposal; creation of an inter-ministerial task force; signing a MOU; and sharing and permitting or regulating activities. New institutional arrangements may be needed to support better collaboration between sectors.

**REFLECTION POINT**

Once a suitable regulatory system or legal framework is in place to appropriately deal with REDD+ implementation, what is the best way to ensure this is implemented?

For a particular ministry or, indigenous peoples' group or civil society organization, can you provide an example of how capacities needed to design PAMs, are different from capacities needed to implement them?

9 UNDP (2008). Capacity Development Practice Note. Available at: http://www.undp.org/content/undp/en/home/librarypage/capacity-building/capacity-development-practice-note/

## ACCOUNTABILITY AND MONITORING FOR PAMS

Accountability mechanisms that oblige decision-makers to take responsibility for their actions should be supported by monitoring and feedback systems and grievance and redress mechanisms.

Monitoring PAMS is essential for accountability systems, as it enables adjustments to those that are not achieving the intended outcome and/or that have unintended negative impacts on stakeholders.

Feedback systems can occur through established platforms, participatory social impact analysis and policy audits, or social[10]. Feedback systems are only effective when government acts on the feedback received, through public and timely responses, be they positive or negative.

As REDD+ PAMs seek to induce positive shifts in current practice and use of forest resources, countries will need to monitor those shifts, i.e. evaluate if the legal, administrative and financial measures have produced the expected effects. This is different but complementary to the objectives of a National Forest Monitoring Framework (see Box 12.13). Safeguards (see section below) are another way to ensure accountability.

### What to monitor?

***Module 7: Policies and Measures for REDD+ Implementation*** discussed tracking implementation. Supporting countries to track implementation of PAMs can empower national governmental and non-governmental actors to monitor their performance (see box 12.12), including:

- Their relevance: whether the objectives of the PAMs cover the multiple dimensions of the issue
- Their usefulness: examine if the intervention has had not only the expected results, but also examine collateral effects, including negative ones;

10 See UNDP (2010) 'Fostering Social Accountability: From Principle to Practice,' available at http://www.undp.org/content/dam/undp/library/Democratic%20Governance/OGC/dg-ogc-Fostering%20Social%20Accountability-Guidance%20Note.pdf, and UNDP (2011) 'A Practical Guide to Social Audit as a Par-ticipatory Tool to Strengthen Democratic Governance, Transparency and Accountability,' available at http://www.pogar.org/publications/ac/books/practicalguide-socialaudit-e.pdf

- Their internal coherence: are different PAMs with the same objectives complementary or redundant;
- Their external coherence: are the PAMs aligned with and contributing to the country's national development strategy, or other sectoral PAMs, including governance and fiscal measures;
- Their strategic relevance or efficacy: can the results be attributed to the PAM, or are they a 'happy coincidence';
- Their cost-effectiveness: are costs reasonable compared to other PAMs implemented concurrently? Are efforts (inputs, resources) needed for results to be delivered;
- Their sustainability over time: are PAMs embedded sufficiently that they will survive changes in government? Can they be sustained without external funding?;
- Their capacity-building component: have the PAMs helped enhance the capacities of the institutions implementing them?

### Box 12.13 The difference and complementarities of monitoring PAMs and NFMS

**Monitoring the impacts of shifts in public policies and implementing a National Forest Monitoring System (NFMS) are different, but related, activities. One the one hand, a NFMS seeks to,** *inter alia***, monitor the impact of demonstration activities or REDD+ PAMs in terms of their effectiveness (in terms of tCo2e or biophysical proxies); on the other hand, monitoring shifts in policies is about monitoring what can be described as their overall performance. Indicators in the latter are not carbon-based, although efforts should be made to draw a causality chain between performance and effectiveness. More information can be found in *Module 5: National Forest Monitoring Systems for REDD+.***

## Who monitors PAMs?

Depending on the country context, a range of approaches can be used to monitor PAMs:

- **REDD+ national steering bodies, boards or agencies** are the primary actors to monitor the effectiveness of PAMS. They can be supported in this task by either multi-stakeholder platforms (including indigenous peoples, civil society, REDD+ agencies and donors) or governmental or non-governmental bodies with more independence from the national REDD+ decision-making process;
- **Government oversight bodies** such as Court of Accounts (TCU, Brazil), or more specific bodies such as anti-corruption agencies, play a role in monitoring different aspects of the performance of PAMs;
- **Parliaments** have a role to play in ensuring the coherence among policies addressing different sectors:
  - As the lawmaker, a parliament is responsible for debating and ratifying legislation that would govern a national REDD+ program. For example, parliaments can ensure that fiscal incentives such as subsidies to the palm oil sector do not dwarf parallel efforts to reduce deforestation caused by palm oil plantations;
  - Elected parliamentarians can give voice to the concerns of diverse social actors (including indigenous peoples, local communities and CSOs), and can ensure these are reflected in the law-making and budget allocations processes;
  - Parliaments have a unique role when it comes to oversight of the national REDD+ process, both related to the financial and the legislative process. By adopting and monitoring state budgets, parliaments serve as a check on executive power, and can help ensure the transparent, equitable and accountable management of REDD+ funds.

As seen above, effective monitoring of PAMS depends upon access to timely and relevant information as well as appropriate legal frameworks, which can institutionalize policies and actions to support monitoring. In addition, in many countries strengthening the capacities of the actors listed above to monitor REDD+ PAMs may be necessary.

## Grievance and redress mechanisms

Grievance and redress mechanisms (GRMs) are fair, transparent and accountable organizational systems and resources established by national government agencies to receive and address concerns about the impact of their policies, programmes and operations on external stakeholders, including women, men and youth. The stakeholder input handled through these systems and procedures may be called 'grievances,' 'complaints,' 'feedback,' or other terms.

GRMs can be the first line of response to concerns that could not be fully addressed by proactive stakeholder engagement or effective safeguards. GRMs are discussed in more detail in ***Module 11: Stakeholder Engagement in REDD+.***

### REFLECTION POINT

Given the governance structure of your country and the respective capacities of different actors, who do you think should be in charge of monitoring PAMs in your country? What mechanisms could support or complement this?

What could the role of the judiciary be for REDD+ accountability systems?

# SAFEGUARDS

The safeguards defined in UNFCCC Decision 1/CP.16 (commonly known as the Cancun safeguards) embody the principles of good governance and prescribe good governance arrangements in the design of NA/APs and PAMs for REDD+ and throughout their implementation. Information on how countries address and respect these safeguards is generated and presented through a Safeguard Information System, and a summary of this information is required by the UNFCCC to qualify for results-based payments (see ***Module 8: REDD+ Safeguards under the UNFCCC)***.

A country approach to safeguards allows a country to build on existing governance arrangements that, combined with national (and other international) policy goals, can be used to operationalize the Cancun safeguards. The governance arrangements targeted by the country approach comprise three core elements that together can ensure social and environmental risks from REDD+ are reduced and that benefits are enhanced:

i. **Policies, laws and regulations** (PLRs) - what needs to be done at the higher levels of government in order to enable REDD+ activities to be implemented in a manner consistent with the Cancun (and other) safeguards, i.e. how safeguards are being addressed;

ii. **Institutional arrangements** - the mandates, procedures and capacities to ensure that the relevant PLRs are actually implemented in practice, i.e. how safeguards are being respected; and

iii. **Information systems and sources** that collect and make available information on how REDD+ safeguards are being addressed and respected throughout REDD+ implementation.

## Assessment of benefits and risks of policies and measures

In the light of the Cancun safeguards, a country should undertake an assessment of risks and benefits of the PAMs it has identified (for example using the UN-REDD Benefits and Risk Assessment Framework (BeRT) tool presented in ***Module 8***). The assessment should include a determination of how the country's PLRs already address and mitigate risks or promote benefits. This assessment, which can be iterative, can bring out the gaps and can inform decisions on which actions to include in a REDD+ strategy.

For example, Cancun Safeguard (b) is about transparent, effective forest governance. If this safeguard were to be 'unpacked' or 'clarified' in a country context it could cover issues such as:

- Access to information;
- Accountability;
- Land tenure;
- Enforcement of the rule of law;
- Adequate access to justice, including procedures that can provide effective remedy for infringement of rights, and to resolve disputes (i.e. grievance mechanisms);
- Gender equality;
- Coherence of national/subnational legal, policy and regulatory framework for transparent and effective forest governance;
- Corruption risks;
- Resource allocation/capacity to meet institutional mandate;
- Participation in decision-making processes.

An assessment of the PAMs would generate questions such as:

- Will a particular REDD+ action/PAM generate and share relevant and timely information (i.e. financial information, information about decision-making processes, bidding and procurement processes, etc.) with stakeholders in the appropriate language and format;
- Will it set up new or enhanced forest-related decision-making structures, with clear and defined roles and responsibilities;
- Will it be monitored against a set of clear, measurable and time-bound targets;
- Is it framed and codified by legal/regulatory systems that are enforceable? And can it create and apply appropriate sanctions;
- Can it be safeguarded against corruption risks through additional specific detection, prevention and sanction measures;
- Does it have the appropriate capacities (individual, institutional, collaborative, financial) to be effectively implemented;
- Does it have adverse impacts on gender equality and/or the situation of women and girls;

- Does it equitably impact the ability of women, men and youth to participate in design, implementation and/or to access to opportunities and benefits? Or affect stakeholders' abilities to use, develop and protect natural resources?

At the same time, an analysis of the existing policies, laws and regulations should also be considered, and gaps ascertained, for example through the following questions:

- Do the PLRs in place provide timely, relevant and usable information about REDD+ actions, establish decision-making structures, and evaluate the effectiveness of REDD+ actions on a regular basis?
  - For example: information showing whether the volumes of timber sold at auctions exceed the maximum legal harvest, thus indicating illegal logging; or clear and realistic forest management targets and objectives as well as the data that shows whether they are beingn achieved;
- Do they include or propose approaches to ensure the accountability of bodies representing stakeholders;
  - For example, systems to help promote trust and participation of local stakeholders in REDD+ activities, such as reforestation efforts by local communities, including both women and men;
- Can they prevent or detect and sanction abuses of power and corruption in the implementation of REDD+ actions?
  - For example, a 'multi-door' approach to fighting forest crimes, as developed by Indonesia to help address illegal logging by utilizing several laws (for example, anti-money laundering legislation, forest legislation and anti-corruption law) to bring together intelligence and strengthen cases and sentences for those who have committed forest crimes.

## Examples of governance analysis feeding into country approaches to safeguards:

- As mentioned earlier, the primary corruption risks identified in the Philippines were related to illegal issuance of permits (resource utilization permits, cutting permits and small scale mining permits) by local officials and congressional representatives. These risks have been taken into consideration in the development of the country's safeguards, policies, laws and regulations**;**
- In Bhutan, a REDD+ corruption risk assessment[11] informed the development of the country's approach to the Cancun safeguards, especially on safeguard 2b, as it relates to governance strengths and weaknesses in commercial timber production and rural timber supply, illegal logging and forest crimes, and decentralization and community forestry;
- Nigeria, through extensive stakeholder consultations, prioritized the following four governance challenges: broad and informed participation of REDD+ stakeholders; community organizing and cohesion in REDD+ implementation; harmonization of the policy and legal framework for REDD+; and transparency and accountability of the REDD+ process and finance;
- In Vietnam, a PLR gap analysis was undertaken to provide options, priorities, milestones and recommendations on REDD+ safeguards in Vietnam. Sixty PLRs that would support the effective implementation of the Cancun Safeguards were identified, but their practical effectiveness has not been assessed. For example, with respect to Safeguard b) on 'transparent and effective national forest governance structures', access to information was identified as a gap, and the LEP No. 55/2014/QH13 and the 2013 Draft Law on Access to Information was seen as a way to address this gap.

11 UN-REDD (2015). Corruption Risk Assessment for REDD+ in Bhutan. Available at: http://www.unredd.net/index.php?option=com_docman&view=download&alias=14590-bhutan-corruption-risk-assessment-for-redd-executive-summary&category_slug=technical-2505&Itemid=134

### REFLECTION POINT

What principles of good governance or particular issues would you highlight for your country under safeguard b) ("transparent and effective forest governance")?

What existing governance information system in your country could provide valuable information on REDD+ safeguards? Which stakeholders are involved in this system?

# MANAGING REDD+ FUNDS IN A TRANSPARENT, EQUITABLE AND ACCOUNTABLE MANNER

Considering transparency and accountability when designing a REDD+ fund management system can decrease the risk of conflicts with stakeholders - by managing expectations on accessing funds, for example - and increase donor confidence, and hence a programme's ability to attract financial support.

A number of good practices in REDD+ fund management arrangements have been highlighted[12], and are listed below:

## Transparency

- A fund operates with a clear set of minimum fiduciary standards (with specific criteria for assessment and procedures for addressing shortcomings);
- Financial accounts, including donor contributions and expenditures, are made public in a timely and accessible manner. In particular, sufficient data is available to reconcile disbursements and payments;
- Use of the publically available information is monitored to ensure that it reaches the intended stakeholders.

## Participation and decision-making

- Documents are circulated in line with agreed deadlines and made publicly available in the appropriate languages, and regular information sessions are held with civil society to maintain an open dialogue;
- There is a balance of power between donors and the recipient country in decision-making on the disbursement of funds, with representation or other accountability mechanisms for civil society organizations, indigenous peoples and local communities;
- A fund has clear guidelines on conflicts of interest to prevent any individual involved in its governance structure from receiving economic gains, for example by requiring proper disclosure or restricting voting rights.

## Oversight, complaints and redress

- Responsibilities for managing and monitoring the risks of corruption and misuse of funds[13] are clear and these roles can be carried out without fear of retribution;
- An independent body provides clear oversight over financial management and deals with allegations of fraud, misuse and other corrupt practices;
- Internal and external independent financial, performance and impact audits are regularly conducted;
- Preventive systems (including capacity building, spot checks, and careful monitoring) are emphasized; sanctions are appropriate and are applied fairly;
- Complaints and redress systems are accessible and may be used by groups as well as individuals.

## Equity

- Definition of REDD+ beneficiaries includes indigenous groups, communities, women, or youth, who may not have customary or legal ownership over land and the resources on it, but may have use rights and play a direct or indirect role in forest management and use. Viet Nam's REDD+ gender analysis cited above highlighted a gap in equity in fund design, governance and management;
- Those who participate in REDD+ activities are rewarded through equitable benefit sharing (understood here as both monetary and non-monetary benefits, including up-front payments, milestone payments, royalties, institutional capacity building, education and training). The UN-REDD Viet Nam Programme Gender Analysis (UN-REDD, 2013c) found that

12 Global Witness (2012). Safeguarding REDD+ Finance, available at: https://www.globalwitness.org/sites/default/files/library/Safeguarding%20REDD+%20Finance.pdf; UNDP (2013). Background Note on UNDP's support to Countries on REDD+ Finance and National REDD+ Funds. Available upon request.

13 Including training, per diems, salaries, vehicles, recruitment processes, travels, overheads.

women have struggled to access benefits from payment for ecosystem services and community forestry projects, partly because they lack land rights.[14]

## Country examples

A number of national REDD+ funds have integrated considerations on transparency and accountability in the design of their REDD+ fund management systems and the modalities for disbursement. For example:

- Democratic Republic of Congo (DRC) has included in the operational manual of its National REDD+ Fund a number of measures related to proactive information disclosure and to the detection, reporting and sanction of misuse. For example, the technical committee that submits advice and recommendations includes civil society experts, the review of proposals is characterized by a double blind process where the identity of the reviewers is kept anonymous to avoid collusion, a financial micro-evaluation of implementing entities is undertaken by a third party, and a multi-channel complaints mechanism is provided for;
- Brazil's Amazon Fund is generally considered as demonstrating high standards of transparency and accountability. The Brazilian Economic and Social National Development Bank was entrusted with managing the funds for its ability to meet high standards of transparency and accountability through strong financial management. High transparency on disbursement has been observed. Observers have however noted that robust fiduciary standards have made it more difficult for small organizations to access the fund. Civil society representatives are active in the Multi-Stakeholder Guidance Committee (COFA) which also includes federal and state representatives. Monitoring and transparency are among the criteria with which project proposals are screened. The transparency of the applications received and the projects funded has increased substantially over time, in part as a result of guidance by COFA;
- The Congo Basin Forest Fund allows sub-national and local entities direct access to funds; when combined with stringent financial safeguards, this is considered an effective way to reduce risks of misallocation at the national level.

**REFLECTION POINT**

What progress is your country making in how it manages REDD+ Funds, from the international to the national and sub national levels?

14 The concept of carbon rights is not covered here, since countries do not need to address this issue to access results-based payments under the UNFCCC. Project-based approaches to REDD+, however, require that countries define carbon ownership. Furthermore, results-based payment initiatives such as the FCPF Carbon Fund require that ER-Program entities be able to demonstrate title to emission reductions and transfer such titles to buyers. Note that there are challenges with operationalizing this approach since assessing emission reductions at a scale corresponding with land ownership may be technically very challenging and prohibitively expensive, except perhaps in countries of limited size or in countries where tenure is already well-defined.

# ANNEX 1: TOOLS AND APPROACHES

Various tools can be used to assess governance in relation to the elements of REDD+ described in Figure 12.2:

| Tools and approaches | Countries where approach has been applied | Suitable/adaptable to | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Analysing governance-related of drivers | Designing PAMs | Implementing PAMs | Monitoring PAMs | Addressing safeguards | Respecting safeguards | Managing REDD+ funds |
| Institutional and context analysis | Argentina, Côte d'Ivoire, Honduras, Panama, Paraguay | | ✓ | ✓ | | | | |
| Participatory governance assessment | Nigeria, Viet Nam, Indonesia | ✓ | ✓ | | | | | |
| Corruption risk assessment | Kenya, Bhutan, Philippines, Nepal, Peru, Malawi, Bangladesh | ✓ | ✓ | | | ✓ | | ✓ |
| Social audit for PAMs | Not piloted yet | | | | ✓ | | | |
| Gender analysis | Papua New Guinea,Viet Nam, Sri Lanka, Cambodia | ✓ | ✓ | ✓ | ✓ | | | |
| Legal assessment | Kenya, Pakistan, Honduras<br>Ivory Coast, Peru, Madagascar, Guatemala, Nepal, Mexico | ✓ | ✓ | | | | | |
| Tenure assessment | Laos, Tunisia, Malawi, Benin, Vietnam, Sri Lanka | ✓ | ✓ | | | | | |
| Assessment of existing GRMs | Suriname, Cambodia, Panama, Paraguay | | | | ✓ | | | |
| CAST | Costa Rica, Mexico, Viet Nam, Zambia | | ✓ | | | | | |
| BeRT | Republic of Congo, Peru | | | | ✓ | ✓ | ✓ | |

## EXERCISE 24

Link the main components of good governance on the left to the seven safeguards for REDD+

| Principle of good governance | Safeguards |
|---|---|
| Transparency and access to information | a) Policy alignment (national and international) |
| Accountability | b) Transparent and effective forest governance |
| Respect for rights | c) Knowledge and rights of indigenous peoples and local communities |
| Participation | |
| Performance effectiveness | d) Full and effective participation of relevant stakeholders, in particular indigenous peoples and local communities |
| Rule of law | |
| Gender equality | e) Natural forest, biodiversity, social and environmental benefits |
| Consensus seeking | f) Address risk of reversals |
| Responsiveness to feedback | g) Reduce displacement of emissions |
| Coordination | |
| Capacity | |

The following are some of the key principles of good governance, but they have been

## EXERCISE 25

scrambled. Unscramble the letters and take the letters in parenthesis to get the secret word.

ATACBICUONITLY A _( _) _ _ N _ _ _ _ _ _ _ _ _

WFOR LU ELA _ U _ _ _ F _ (_) _

CANITPROIPIAT (_) _ _ T _ _ _ _ A _ _ _ _ _

ECPRREOFMNA _ E _ _ _ _ _ (_) _ C _

FRTHEER PSI SCTORG _ _ S _ _ (_) _ _ O _ _ _ _ _ _ S

QGNYEE EDRAUILT _ _ _ D _ _ _ _ (_) L _ _ _

UCOT-RRNNAITPOI _ _ (_) _ - _ OR _ _ _ _ _ _ _

RPEYTRAACNNS _ _ _ N _ _ A _ _ _ _ (_)

Answer: _ _ _ _ _ _ _ _

## KEY MESSAGES:

- As there is no universal definition of good governance that is applicable to all people, societies and cultures equally, it is simpler to understand the concept through its key principles, such as participation, transparency, accountability, coordination and rule of law;
- Governance principles are important for a country to 'govern', or manage, its REDD+ process and a key feature contributing to the sustainability of national REDD+ strategies;
- Governance principles can help to
  - understand underlying factors that enable drivers of deforestation and forest degradation, or impede effective conservation, sustainable management of forests and enhancement of forest carbon stocks;
  - develop successful and effective national REDD+ strategies and REDD+ PAMs, and to implement and monitor them;
  - ensure that safeguards are addressed and respected; and
  - manage REDD+ funds in a transparent and accountable manner that avoids corruption risks.

## WHAT FURTHER QUESTIONS DO YOU HAVE ABOUT THIS TOPIC?

## NOTES

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### Web resources

- REDD+ Web Platform, at http://redd.unfccc.int/. The UNFCC's hub for sharing information and lessons learned about REDD+ activities.
- UNFCCC website, at https://unfccc.int/2860.php (not unfccc.int). A source of background information on the Convention and, in its 'Land Use and Climate Change' section, on REDD+.
- UN-REDD Programme, at: http://www.un-redd.org/, and its Collaborative Online Workspace, at http://www.unredd.net/. The workspace provides resources and a discussion forum to support countries engaged in REDD+ and promote stakeholder engagement.

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### Additional resources


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**Web resource**


- Global Forest Watch, http://www.globalforestwatch.org/
- REDD+ Web Platform, at http://redd.unfccc.int/. The UNFCC's hub for sharing information and lessons learned about REDD+ activities.
- UNFCCC website, at https://unfccc.int/2860.php (not unfccc.int). A source of background information on the Convention and, in its 'Land Use and Climate Change' section, on REDD+.
- UN-REDD Programme, at: http://www.un-redd.org/, and its Collaborative Online Workspace, at http://www.unredd.net/. The workspace provides resources and a discussion forum to support countries engaged in REDD+ and promote stakeholder engagement.
- Wageningen University, GOFC-GOLD, World Bank FCPF (2015). REDD+ training materials https://www.forestcarbonpartnership.org/redd-training-material-forest-monitoring

## Chapter 4 - National Strategies or Action Plans


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- RECOFTC (n.d.). "A Fair Climate: Gender Equity in Forestry & REDD+"[Video File]. Available at http://www.recoftc.org/site/resources/A-Fair-Climate-Gender-Equity-in-REDD-.php
- UN-REDD Programme (2013). Guidance Note on Gender-Sensitive REDD+. Available at http://bit.ly/1TnF3ek


### Web resources

- FAO Development Law Service http://www.fao.org/legal/home/legal-office/en/
- REDD+ Web Platform, at http://redd.unfccc.int/. The UNFCC's hub for sharing information and lessons learned about REDD+ activities.
- UNFCCC website, at https://unfccc.int/2860.php (not unfccc.int). A source of background information on the convention and, in its 'Land Use and Climate Change' section, on REDD+.
- UN-REDD Programme, at: http://www.un-redd.org/, and its Collaborative Online Workspace, at http://www.unredd.net/. Provides resources and a discussion forum to support countries engaged in REDD+ and promote stakeholder engagement.

## Chapter 5 - National Forest Monitoring Systems for REDD+


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### Web resources

- Task Force on National Greenhouse Gas Inventories, at http://www.ipcc-nggip.iges.or.jp/public/index.html. The site, hosted by the IPCC, gives access to technical materials and tools including the Emission Factor Database (EFDB).
- REDD+ Web Platform, at http://redd.unfccc.int/. The UNFCC's hub for sharing information and lessons learned about REDD+ activities.
- UNFCCC website, at https://unfccc.int/2860.php (not unfccc.int). A source of information on the convention and, in its 'Land Use and Climate Change' section, on REDD+. The IPCC guidance on compiling greenhouse gas inventories can also be found at https://unfccc.int/land_use_and_climate_change/redd_web_platform/items/6734.php
- UN-REDD Programme, at: http://www.un-redd.org/, and its Collaborative Online Workspace, at http://www.unredd.net/. Provides resources and a discussion forum to support countries engaged in REDD+ and promote stakeholder engagement.
- Wageningen University, GOFC-GOLD, World Bank FCPF, 2015. REDD+ training materials, including on forest monitoring, at https://www.forestcarbonpartnership.org/redd-training-material-forest-monitoring.

## Chapter 6 - Forest Reference [Emission] Levels for REDD+


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**Video**


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## Chapter 7 - Policies and Measures for REDD+ Implementation


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**Web resources**

- REDD+ Web Platform, at http://redd.unfccc.int/. The UNFCC's hub for sharing information and lessons learned about REDD+ activities.
- UNFCCC website, at https://unfccc.int/2860.php (not unfccc.int). A source of background information on the convention and REDD+.
- UN-REDD Programme, at: http://www.un-redd.org/, and its Collaborative Online Workspace, at http://www.unredd.net/. Provides resources and a discussion forum to support countries engaged in REDD+ and promote stakeholder engagement.

## Chapter 8 - REDD+ Safeguards under the UNFCCC


- Braña Varela, J., Lee, D., Rey, D., and Swan, S. (2014). REDD+ Safeguards: Practical Considerations for Developing a Summary of Information. Available at: http://www.merid.org/reddsafeguards
- Brazil Ministry of the Environment (2015). Summary of information on how the Cancun safeguards were addressed and respected by Brazil throughout the implementation of actions to reduce emissions from deforestation in the Amazon biome between 2006 and 2010. Ministry of the Environment, Secretariat for Climate Change and Environmental Quality, Department of Policies to Combat Deforestation and Climate Change and Forests Division, Brasilia. Available at: http://redd.unfccc.int/files/brazil_safeguards_summary_final20150508.pdf
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- Ecuador Ministerio del Ambiente, Conservación Internacional y ONU-REDD (2015). Diseño del Sistema de Información de Salvaguardas para REDD+. Ecuador Ministerio del Ambiente, Quito. [In Spanish]
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- FONAFIFO (2015). Proposal for REDD´s Safeguards Information System in REDD adopted by the COP 16 of the UN Framework Convention on Climate Change. Costa Rica National Forestry Financing Fund (FONAFIFO), San Jose. Available at: http://www.fonafifo.go.cr/proyectos/finalizados/SIS-REDD_Summary.pdf
- REDD+ Social and Environmental Standards. Available at: http://www.redd-standards.org
- Rey, D., Roberts, J., Korwin, S., Rivera, L., and Ribet, U. (2013). A Guide to Understanding and Implementing the UNFCCC REDD+ Safeguards: A Review of Relevant International Law. ClientEarth, London. Available at: http://www.clientearth.org/reports/a-guide-to-understanding-and-implementing-unfccc-redd+-safeguards.pdf

- Rey, D. and Swan, S. (2014). A Country-Led Safeguards Approach: Guidelines for National REDD+ Programmes. SNV - The Netherlands Development Organisation, Ho Chi Minh City. Available at: http://www.climatelawandpolicy.com/files/files_publications/Country-led_safeguards_approach_guidelines_for_national_REDD_programmes.pdf
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- UN-REDD Programme videos: Safeguards and SIS lessons learned from Asia-Pacific, at http://www.unredd.net/announcements-and-news/2145-safeguard-and-sis-lessons-learned-shared-in-new-video.html;
- Safeguards lessons and experiences from Africa, at http://www.unredd.net/announcements-and-news/2266-lessons-and-experiences-on-safeguards-from-africa.html
- Women's Environment and Development Organization (WEDO) and REDD+ Social and Environmental Standards (SES) Secretariat (2013). "From research to action, leaf by leaf: Getting gender right in REDD+ SES. Booklet 1 and 2. Available at http://www.redd-standards.org/key-issues/redd-ses-and-gender
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**Key Resources**

- The following key resources are available from the UN-REDD Programme's Collaborative Online Workspace, at http://www.unredd.net/:
- Technical Brief 2: Conceptual framework for country approaches to safeguards (English). Overview summary of generic, good practice approaches to safeguards using existing, in-country governance arrangements.
- Technical Resource Series 1 - REDD+ Safeguards Information Systems: Practical Design Considerations (English/Français/Español). Provides a synthesis of stakeholder perspectives on SIS design considerations, complementing and elaborating on the guidance provided by the UNFCCC.
- Technical Brief 1: REDD+ Safeguards Information Systems: practical design considerations (English/Français/Español). Summarises the above.
- Technical Resource Series 2 - Country Approaches to REDD+ Safeguards: A global review of Initial Experiences and Emerging Lessons (English/French/Spanish). Presents an overview of progress towards meeting UNFCCC safeguards requirements; includes country factsheets and case studies.
- Info Brief 4 - Country Approaches to Safeguards: Initial Experiences and Emerging Lessons (English/Français/Español). Summarises the above.
- Info Brief 5 - Summaries of information: How to demonstrate REDD+ safeguards are being addressed and respected (English). Elaborates on UNFCCC guidance, indicating possible content of summaries of information by drawing on key elements of country approaches to safeguards.
- Benefit and Risk Tool (BeRT). Helps REDD+ countries to: a) assess the social and environmental risks and benefits associated with potential REDD+ PAMs; and b) analyse how existing policies, laws and regulations address the Cancun safeguards.
- Country Approaches to Safeguards Tool (CAST). An interactive tool that supports REDD+ countries to plan and review their country approach to safeguards via multi-stakeholder processes; CAST is designed to be broadly applied to the full scope of a country's safeguards-related activities and help countries identify tools and resources available to support each activity or area of work.

### Other web resources

- REDD+ Web Platform, at http://redd.unfccc.int/. The UNFCC's hub for sharing information and lessons learned about REDD+ activities.
- UNFCCC website, at https://unfccc.int/2860.php (not unfccc.int). A source of background information on the convention and REDD+.

## Chapter 9 - REDD+ Finance


- Angelsen, A., Brockhaus, M., Sunderlin, W.D. and Verchot, L.V. (eds) (2012). Analysing REDD+: Challenges and choices. CIFOR, Bogor, Indonesia. Available at: http://www.cifor.org/publications/pdf_files/Books/BAngelsen120107.pdf
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- Boucher, D., Roquemore, S. and Fitzhugh, E. (2013). Brazil's success in reducing deforestation. Tropical Conservation Science. Special Issue Vol. 6(3):426-445. Available at: http://tropicalconservationscience.mongabay.com/content/v6/TCS-2013_Vol_6(3)_426-445-Boucher_et_al.pdf
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**Web resources**

- REDD+ Web Platform, at http://redd.unfccc.int/. The UNFCC's hub for sharing information and lessons learned about REDD+ activities.
- UNFCCC website, at https://unfccc.int/2860.php (not unfccc.int). A source of wide-ranging information on the Convention, including REDD+.
- UN-REDD Programme, at: http://www.un-redd.org/, and its Collaborative Online Workspace, at http://www.unredd.net/. The workspace provides resources and a discussion forum to support countries engaged in REDD+ and promote stakeholder engagement.

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### Web resources

- REDD+ Web Platform, at http://redd.unfccc.int/. The UNFCC's hub for sharing information and lessons learned about REDD+ activities.
- UNFCCC website, at https://unfccc.int/2860.php (not unfccc.int). A source of background information on the convention and REDD+.
- UN-REDD Programme, at: http://www.un-redd.org/, and its Collaborative Online Workspace, at http://www.unredd.net/. Provides resources and a discussion forum to support countries engaged in REDD+ and promote stakeholder engagement.

## Chapter 12 - Good Governance

Governance-related material published by the UN-REDD Programme is available in English, Spanish and French on the UN-REDD Programme Collaborative Online Workspace at http://www.unredd.net/. Key materials include:

- Ensuring Inclusive, Transparent and Accountable National REDD+ systems: the Role of Freedom of Information (2012)
- Guidance on Conducting REDD+ Corruption Risk Assessment (2013)
- UN-REDD Support and Country Examples on Legal Preparedness for REDD+ (n.d.)
- Ten simple slides on Freedom of information for REDD+ (2013)
- Fast Facts: Participatory Governance Assessments for REDD+ (2013)
- PGA Pilots Overview (2013)
- Frequently Asked Questions about PGA (2013)
- UN-REDD Viet Nam Programme Gender Analysis (2013c)
- Implementing Gender-sensitive, Effective and Sustainable REDD+ Strategies (2012)
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- An online discussion group on legal preparedness for REDD+. Accessible at: https://dgroups.org/fao/law-for-redd-plus/

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Cross-regional


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