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# Harvesting Knowledge on REDD+:

## Early Lessons from the FCPF Initiative and Beyond

## The Forest Carbon Partnership Facility (FCPF)

FCPF is a global partnership of 37 forested developing countries, 14 donor countries and organizations, and civil society, indigenous peoples, private sector, and international organization observers. FCPF is working to pilot REDD+: 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 (UNFCCC, Decision 4/CP15). FCPF's Readiness Mechanism assists countries in moving from a planning stage to a phase of REDD+ Readiness preparation. Its Carbon Fund intends to pilot generation and payment for emission reductions from REDD+ countries, and is expected to become operational in 2011. Fifteen 'REDD countries' have submitted formal or draft REDD+ Readiness Preparation Proposals (R-PPs) for consideration by its governing body, the Participants Committee. These R-PPs provide a wealth of experience from which the international community is learning about REDD+. The FCPF also is serving as a key platform in bringing together its wide range of partners to discuss opportunities and challenges to implementing REDD+ in their respective countries, in a neutral space outside of climate negotiations. More information: [www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)

*FCPF Working Paper #1 is an initial knowledge dissemination effort that builds on observations from the Facility Management Team (FMT) in the 2009 Annual Report of the FCPF, a request by the FCPF Participants Committee at its 4<sup>th</sup> meeting in October 2009, and country Readiness Preparation Proposals (R-PPs) presented in 2009-10. Further knowledge management products that would draw on wider outreach to the FCPF community are being considered by the FMT. Comments are welcome: [fcpfsecretariat@worldbank.org](mailto:fcpfsecretariat@worldbank.org)*

As the Forest Carbon Partnership Facility (FCPF) initiative evolves as a performance-based pilot on REDD+ preparation and implementation, it is generating innovative experience. The FCPF's Facility Management Team (FMT) is beginning a knowledge management process to summarize important lessons being learned by the FCPF Partnership. This note is offered in order to help facilitate communication among FCPF participants and observers, to create a better understanding of how much progress has been made to date, and to share ideas on how to address the challenges ahead.

## Early Lessons from the FCPF: Summary

**Lesson 1:** Overall lessons: It is about financial incentives and governance. We have many solid building blocks, but need to start building. Poverty matters. Accounting may be done at the national level while activities are implemented at the sub-national level. Timing and sequencing are important to piloting REDD+.

**Lesson 2:** Partnership lessons from the FCPF: A partnership among often-contentious stakeholders in tropical land use can find ways to communicate and explore highly policy-sensitive topics, if it first builds trust and willingness to share new ideas.

**Lesson 3:** Lessons in sectoral coordination: The cross-cutting nature of REDD+ presents new challenges in sectoral coordination that may be solved by embedding the REDD+ strategy in overarching policy frameworks (e.g., a low-carbon development strategy) and by mobilizing decisive political will.

**Lesson 4:** Stakeholder participation: Countries are now grappling with how to operationalize the inclusion of stakeholders in REDD+ policy and implementation, raising new issues of control over resource management and the respective decision-making processes.

**Lesson 5:** Lessons from country R-PP formulation process: Political will is required to create highly qualified, teams capable of resolving competing interests into a coherent national Plan for REDD+.

**Lesson 6:** New techniques and tools: Promising results are emerging where countries are combining traditional evaluation of potential REDD+ strategy options with newer analytic tools that facilitate making choices among competing options.

**Lesson 7:** Implementation of REDD+ on the ground: A REDD+ bridge has not yet been built between the wealth of experiences at the local level in managing forest resources and land use change, and ideas on REDD+ policy frameworks and incentive programs at the national level.

**Lesson 8:** Governance aspects of REDD+: Early cooperative development of a first set of rules of the game for REDD+ transactions and benefit sharing is an essential prerequisite for the broad legitimacy and support of REDD+ programs.

**Lesson 9:** REDD+ methodological issues: Addressing methodological issues such as reference level and measurement, reporting and verification (MRV) is a key entry requirement for REDD+ programs. In the absence of clear policy guidance from the international level and price signals for REDD+, countries could embark on a no-regrets stepwise approach to begin building capacity.

**Lesson 10:** REDD+ financing: Early initiatives to finance REDD+ have illuminated a paradox: In spite of the high level of international commitments to REDD+ funding, the mechanics of multilateral programs to move resources to REDD+ partner countries require due diligence and safeguards that have slowed the flow of funds to countries.

**Lesson 11:** REDD cannot be cast as a potential solution to every problem: If REDD+ is to evolve and achieve its promise to mitigate global climate change, these lessons suggest it needs some time, some space, and some flexibility to be fairly experimented with over the next few years.

**Final Remarks:** There are many more steps to take together.



# 1. Overall lessons learned

**It is about financial incentives and governance.** Forests disappear and become degraded for a wide range of causes. At the heart of unplanned deforestation are two deep-rooted failures. One is the fact that other forms of land use are often more attractive in terms of financial return over the near or medium term (the market failure argument). The other failure is that enforcement of existing legislation or outdated legislation and regulations (creating perverse incentives) is not sufficient to stop deforestation and forest degradation (the governance failure argument). Conventional efforts to stem the tide of deforestation and forest degradation have often led to unsatisfactory results. These failures in markets and governance are accentuated, in many cases, by cultural preferences and heritage.

The FCPF offers a promising chance to the 37 participating REDD+ countries undertaking an effort to address these two failures with newly emerging, cross-sectoral financial and governance approaches which have to go hand in hand and reinforce each other.

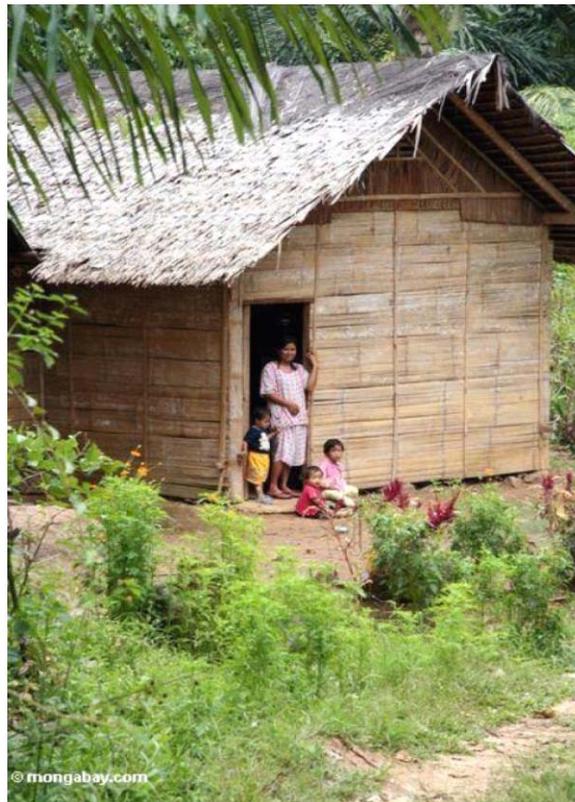
**We have many solid building blocks, but need to start building.** While REDD+ is a relatively new concept, many building blocks are already tested and ready to integrate into a successful strategy towards REDD+: Payments for environmental services (PES); best practices for sustainable forest management (SFM) including forest certification (e.g., FSC); voluntary carbon certification schemes (e.g., VCS, CCBA); participatory approaches to resource management including co-management; land tenure reform. REDD+ will be successful to the extent that it creatively integrates successful and transparent instruments and lessons into new policy approaches of how to cooperatively manage natural resources and the pressures on them, and how to share burdens and benefits.

**Poverty matters.** Poverty is the dominant human condition of populations in and around many of the tropical forests of the world. People are trapped in poverty by not having alternatives to current forms of resource utilization. Poverty also occurs at the institutional level, where frequently there are not enough resources for adequate salaries; gasoline for law enforcement vehicles, infrastructure, institutional capacities, etc. REDD+ provides an opportunity to address poverty-related drivers of deforestation both at the household level and at the institutional level by putting in place economic incentive-based programs and new resources. Nevertheless, REDD+ cannot become the unique policy instrument for poverty reduction in any country.

**National scope with sub-national and local implementation.** The ongoing UNFCCC negotiations have not yet defined the scope for REDD+ at the country level. National, sub-national, nested approaches and their respective links are under discussion. What sets REDD+ apart from previous attempts to reduce the loss of forests, is the new order of magnitude and its nationwide scope. Earlier experiences with payments for carbon services in forestry (e.g., the Kyoto Protocol's Clean Development Mechanism) indicate that project-based approaches pose some difficult challenges—leakage, and to some extent also additionality. In order to avoid these disadvantages, REDD+ is probably going to focus on a national approach for accounting—and accountability: all forest-related sinks and sources of

carbon in a country most likely will be included in the accounting system. Within this national accounting framework, a range of activities would be implemented, including at the sub-national level.

**Timing and sequencing are important to piloting REDD+.** The timely availability of financial resources, skilled staff, and institutional capacity is critical to advancing budding ideas. Political timing is also sensitive to election cycles that move governments into or out of power, often waylaying the first glimpses of progress as new teams and consensus need to be built to continue work just begun.



## 2. Partnership lessons from the FCPF

**The process of creating a functioning partnership in the FCPF is its fundamental lesson**

***Lesson: A partnership among often-contentious stakeholders in tropical land use can find ways to communicate and explore highly policy-sensitive topics, if it first builds trust and willingness to share new ideas.***

The governance model of the Participants Assembly and Committee—the latter with equal representation of 14 REDD+ countries and 14 donors, plus a range of official observers—necessitates challenging consensus building. But it has provided a firm foundation of equality, open exchange, and a commitment to work through thorny issues that has kept the FCPF continually evolving.

- Willingness to share ideas that may not be accepted has helped to build a partnership. The partnership aspect of the FCPF has risen over its many meetings as a function of continual, open sharing of very early thoughts on what REDD+ is and could become, relatively free of judgment. Tense climate negotiating issues and country and other positions do surface. But a record of trying new ideas in an informal setting outside of the negotiating rooms has encouraged expansive discussions and constructive debate.
- The proactive role that networks of indigenous peoples and other forest dwellers have played in the FCPF has challenged it in fundamental ways. This challenge has nurtured more transparent, more open communication among these critical forest stakeholders, their respective governments, civil society, and the World Bank, which serves as the Facility Management Team for the FCPF Partnership.
- Fund governance: The three different roles and responsibilities the Bank has in the FCPF (as trustee, as Facility Management Team, and as delivery partner) have required careful balancing of issues that arise from the division of work between the administrative units involved. While the World Bank is uniquely positioned to convene partners, and to harness safeguards tools and due diligence, in some cases other delivery partners, e.g., the UN agencies active in REDD+ or the regional development banks involved in the Forest Investment Program, may be needed to provide all countries with assistance towards REDD+ readiness.
- The governance model of the Participants Assembly and Committee—the latter with equal representation of 14 REDD+ and 14 financial contributors, plus a range of official observers—necessitates challenging consensus building. But it has provided a firm foundation of equality, open exchange, and a commitment to work through thorny issues that has kept the FCPF continually evolving.
- A systematic approach to knowledge generation and management is essential to harness the partnership: harvesting lessons learned, and feeding experiences back into the process helps cross-fertilization between countries and regions. Regional workshops, studies and other activities offer powerful knowledge sharing tools.

- There is a strong demand for South-South technical knowledge and assistance to be harvested and shared. However, countries like Mexico, Costa Rica and Brazil that have decades of experience in programs addressing deforestation and degradation also have limited capacity to divert scarce staff and funding to assist others. New funding could vastly expand South-South transfer.
- Indonesia hosted a South-South workshop with Brazil and DRC, co-financed by the Global Environment Facility through the FCPF FMT where these mega-forest countries shared: how Brazil's space agency INPE and environment ministry are enhancing its national forest inventory and remote sensing technologies, and incorporating traditional knowledge of forest dwellers to improve its greenhouse gas inventory and to regulate deforestation; a common understanding of the need for social safeguards at the country level to ensure the credibility of REDD+ programs; informal mutual peer review for work on MRV and reference levels for deforestation, since each country has a different approach and view on how to proceed; and financing options.
- Early experiences with regional workshops can pivotally strengthen intra-regional exchange of information and enhance cooperation. Regional workshops have been organized in Strategic Environmental and Social Assessment (SESA) in Kenya and Argentina, and on the FCPF readiness work in Colombia. FCPF regional workshops on REDD+ with Indigenous Peoples (IPs) in Africa, Asia and Latin America began to lay groundwork for strengthening regional discussion on REDD+ and the R-PPs. In East Africa, IPs from Uganda and Kenya continue to build on these early meetings to share information among themselves and with other civil society organizations on an ongoing basis, on what each country is doing in terms of engagement of IPs in the R-PP development process.



### 3. Lessons in sectoral coordination

**REDD+ is essentially cross-sectoral. High-level political buy-in can make the difference.**

***Lesson: The cross-cutting nature of REDD+ presents new challenges in sectoral coordination that may be solved by embedding the REDD+ strategy in overarching policy frameworks (e.g., a low-carbon development strategy) and by mobilizing decisive political will.***

The Government of Guyana has been a globally visible architect of the concept of low-carbon development. The President has articulated the central role that Guyana's REDD+ strategy plays in forgoing rapid agricultural expansion in favor of alternative energy, high-tech information technology development, and sustainable timber harvest practices--monitored by a newly implemented measurement, reporting and verification (MRV) system.

- Political will is needed to ensure multi-sectoral approach to REDD+. Experience shows that high level support, e.g., from the Presidential office or the Ministry of Finance, makes the establishment of a cross-sector approach and working groups easier. Political will is also an important prerequisite to embed the R-PP process in overarching policy frameworks such as a national low-carbon development strategy, national poverty reduction strategy, or national biodiversity conservation strategy.

- Countries are beginning to propose and design their REDD+ framework within an overarching national vision for sustainable management of natural resources, protection of ecosystems and biodiversity, low-carbon development, and climate change adaptation. Kenya, for example, stresses the harmony of its REDD+ plans with ongoing biodiversity and water conservation planning to better protect and manage the montane ‘water tower’ forests that supply much of the country’s fresh water.
- A clear mandate and a high-level chairperson can help the National REDD+ Working Group to achieve and keep a broad spectrum of relevant stakeholders from different sectors involved. Carefully prepared meetings will achieve clear outcomes. A high-level chairperson for the sessions, with strong facilitation capacity, can help to move the agenda forward.
- Ensuring multi-sector representation in the national REDD+ deliberation structure takes political capital and organizational capacity.
- Bridging the government-civil society divide is important. Kenya, for example, has partnered with two major local NGOs to foster greater inclusion of stakeholders in the REDD+ process. Together they crafted and delivered the regional consultation process on REDD+ to forest-dependent indigenous peoples and other forest communities.
- Countries are overlaying multiple criteria they consider high-priority with REDD+ considerations, to pinpoint and target areas well-tailored to meet both longstanding objectives and newer REDD+ ones. Mexico, for example, is defining priority REDD+ areas with criteria like presence of national protected areas, sustainable forest management, protection of ecosystem to provide water supply and preserve biodiversity, and other criteria that match high biomass content per hectare.

## 4. Stakeholder participation

### Early information sharing builds trust that allows stakeholder dialogue

***Lesson: Countries are now grappling with how to operationalize the inclusion of stakeholders and rights holders in REDD+ policy and implementation, raising new issues of control over resource management and the respective decision making processes.***

FCPF country experience: The outreach programs in Kenya and in Uganda have been effective in involving stakeholders and traditional rights holders in the formulation of REDD+ activities, especially forest-dependent communities. The creation and dissemination of REDD+ brochure in Swahili and English in Kenya as well as the use of community radio to share information on REDD+ has been instrumental in the active participation of forest communities. Government partnering with local NGOs like Forest Action Network and Kenya Forest Working Group to deliver information sharing workshops, and using the local 12 platform of these NGOs, has ensured a huge turnout of participants in the various workshops held regionally and locally.

- Establishing open, transparent, respectful dialog processes has emerged as the major objective of successful early outreach campaigns in Ghana and DRC. Early information sharing on REDD+ to all the key stakeholders is crucial in understanding and formulating the R-PP. This can be accompanied by communication and outreach strategy to ensure that concerned stakeholders are kept informed and engaged at all time and that they continuously receive and provide feedback on process and products. An excellent starting point is to begin building capacities on the very concept of REDD+; and the process that will lead to the formulation of a national REDD+ strategy. Stakeholders in Kenya, Tanzania, Guyana and Panama have sought clear explanations about how the government is thinking about REDD+, the R-PP development process, and related land use issues, prior to being willing to engage in consultations on stakeholder views. The time, resources and trained facilitators needed to deliver information sharing campaigns in which information freely flows in all directions are usually underestimated.
- Investment in information sharing and consultation varies by country. Nepal has undergone extensive information sharing, conducting over 57 workshops at national, regional and district levels. Other countries like Ghana, Kenya, Indonesia, and Guyana have conducted about 15 workshops at national regional and local levels.
- Civil society participation in the decision-making body, at least as observers helps to generate consensus and provide technical input into Readiness decision-making. IP and civil society representation on the national REDD steering committee is occurring in Kenya, DRC, Panama, and Uganda. Their presence in national level decision-making body helps generate consensus and is contributing to the inclusion of their issues into the overall process (i.e., benefit sharing, land tenure security, consultations, forest governance, etc).

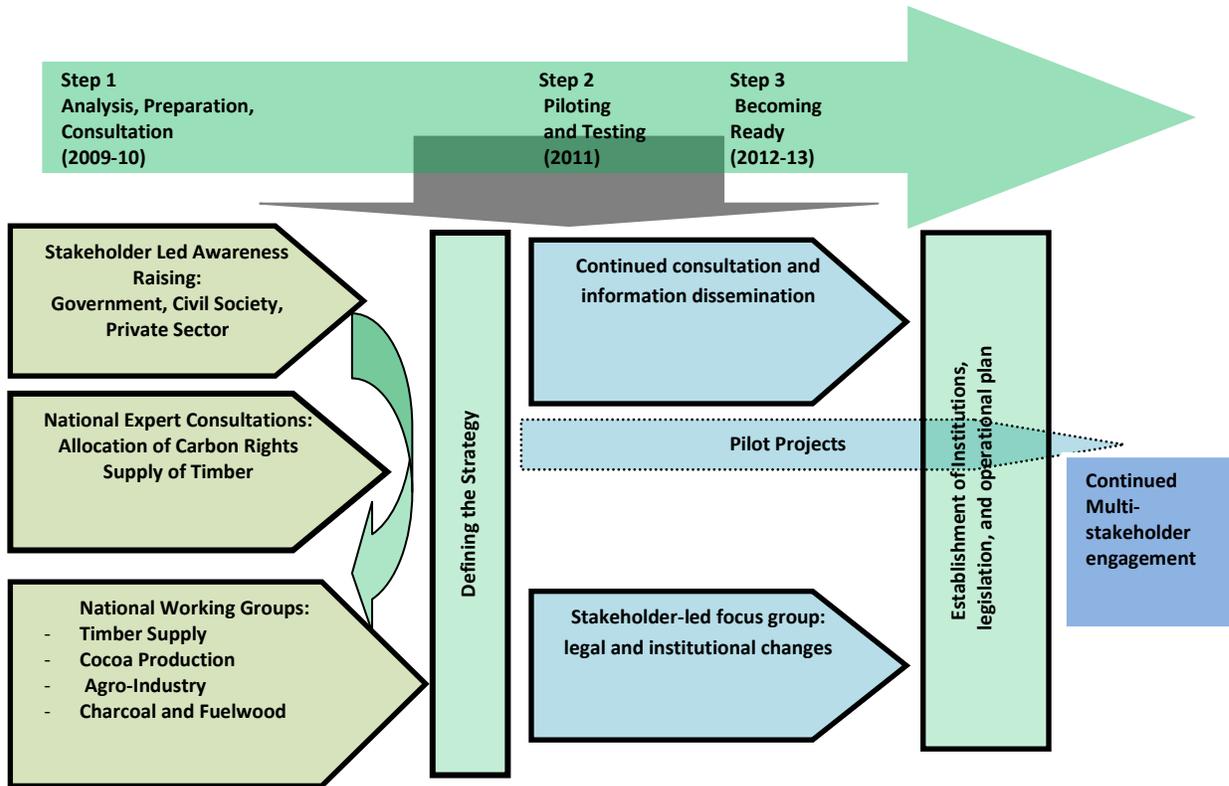
- It helps to distinguish between two separate stages of stakeholder engagement. In a first step, Ghana and Nepal have broadly shared information about REDD+ and the R-PP development process with potential stakeholders is undertaken to inform them well in advance. Then governments in a second step embark on asking stakeholders their views, and to participate in the consultation process.
- These processes will form the foundation for broader-based, full consultations on the evolving REDD+ strategy—once some trust has been built, adequate funding raised, and the studies proposed in the R-PP are being implemented.
- Transparent mechanisms for self-selection of Indigenous Peoples representatives ensure that those in geographically isolated and marginalized areas do receive the information required to provide meaningful feedback.

### Practical Steps for Carrying out Effective Consultations

1. Define the desired outcomes of consultations
2. Develop a Consultation and Participation Plan and request endorsement through a national stakeholder workshop
3. Select the consultation and outreach methods
4. Define the issues to consult on
5. Identify stakeholders
6. Establish grievance and redress mechanism
7. Conduct the consultations
8. Analyze and disseminate results

Source: Forest Carbon Partnership Facility and UN-REDD Programme Guidance on Stakeholder Engagement (October 29, 2010)

# Emerging generic approach for consultation and participation in REDD+



Source: adapted from Ghana R-PP, January 2010



## 5. Lessons from country R-PP formulation process

**Countries are now writing quality REDD+ proposals, but implementing them will be harder**

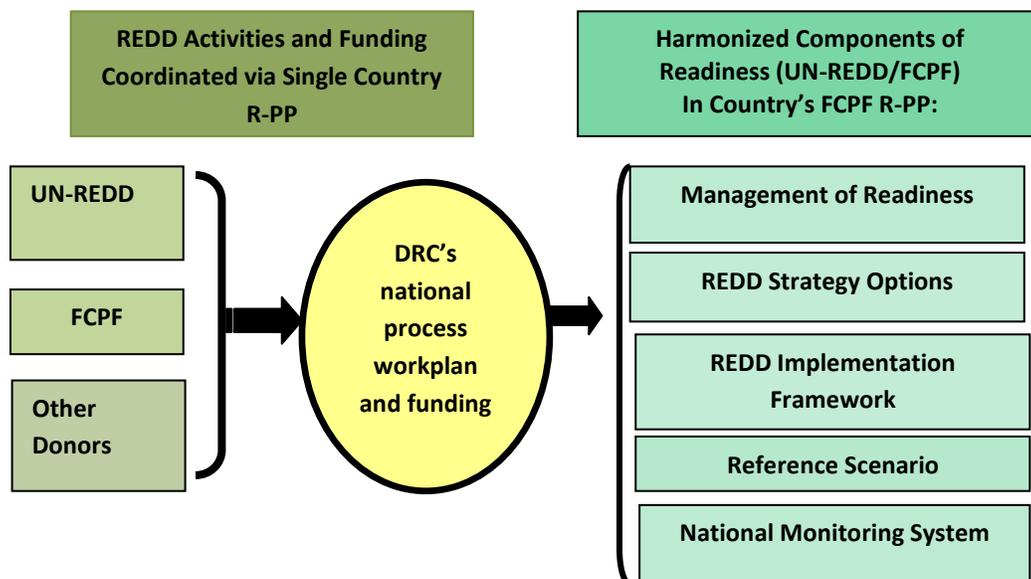
***Lesson: Political will is required to create highly qualified teams capable of resolving competing interests into a coherent national plan for REDD+***

R-PP preparation is a complex process that requires various types of skills. As an early enabling action, countries like Ghana, Nepal, DRC and Guyana have strengthened the REDD+ cell team or the president's office that works on REDD+ Readiness by hiring new staff, and tapping into long-term consultants to provide additional capabilities and generate new technical products.

- Some of the challenging aspects of the R-PP are the formulation and design of the more technical components such as the MRV and reference level sections. These have required most countries to obtain highly specialized external support in the design phase. Guyana, for example, tendered international proposals to help it ensure that requirements like IPCC Good Practice Guidance and UNFCCC reporting are complied with from the start in the design phase.

- Countries are beginning to realize they need to be certain to add R-PP work plan tasks that specifically build these capabilities in-country over time.
- The independent review process by the FCPF Technical Advisory Panel experts and by representatives of the Participants Committee member countries provide detailed and timely feedback to countries preparing their R-PP's. This rapid review process is helping countries to develop and revise their proposals to meet the standards.
- The evolution of a standard for each Readiness component facilitates cross country learning, transparent reviews, and rising quality of R-PP submissions.

## Harmonizing FCPF and UN-REDD requirements into a single DRC country plan



Source: adapted from DRC presentation

## 6. New techniques and tools

### Countries need better analytic tools to select REDD+ strategies

**Lesson: *Promising results are emerging where countries are combining traditional evaluation of potential REDD+ strategy options with newer analytic tools that facilitate making choices among competing options.***

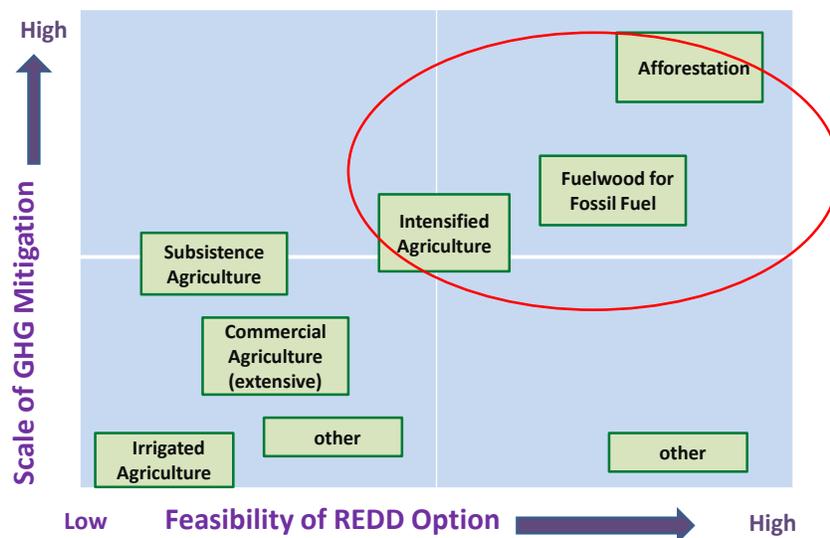
FCPF country experience: Climate mitigation cost curves have been generated and used in the R-PP writing process, and in deliberations in-country on low-carbon development national planning, in Guyana and DRC. Presidential-level vision is driving these governments to mobilize foreign expertise and to train REDD+ teams in analytic methods that allow the quantification and comparison among a wide array of potential alternative land uses and other sectoral policies. Options being assessed include improving transportation for enhanced agricultural commodity exports in Guyana, and expanded biofuel or fuelwood development in DRC. This new capacity to compare multiple benefits, estimated costs, and potential REDD+ value across alternative policies is allowing countries to integrate REDD+ thinking into its development planning framework.

- REDD+ policy actions need to represent clear linkages between the land use factors causing deforestation and degradation, and changes in land use or in policy and program incentives that would diminish these drivers.
- Different REDD+ strategy approaches or programs may be needed for ecosystems or administrative units in a country with differing land use practices, deforestation drivers, or local institutional arrangements for managing natural resources. The selection of REDD+ policies and programs needs to match the unique combination of drivers of deforestation and degradation in each ecosystem or political jurisdiction. For example, Nepal is proposing community forestry-based programs in its middle hills, where village-led management is common, but plans to explore a variety of approaches in the lowland Terai region with less experience in community approaches and larger-scale loss of forests to agricultural expansion and immigration pressures.
- Countries are creating the outlines of potential REDD+ strategies. However, they need access to training and analytical tools that allow them to analyze the trade-offs between different options.
- Opportunity costs are a very significant component of the total costs of REDD+ programs. Opportunity cost analysis of alternative uses of forest land (such as crop or livestock production) provides monetary estimates of how different stakeholders and sectors of the national economy would be affected by REDD+ policies and payments. It is an important part of a national planning process, but should always be considered in the broader context of other tangible and intangible costs and benefits. It is beginning to be used by external consultants in Papua New Guinea, Mexico, Argentina, Indonesia, DRC and Guyana in some form and incorporated into their R-PPs or equivalent proposals.

- Use of such analysis is being combined with REDD+ option investment analyses in Indonesia to compare potential interventions and their investment requirements, for massive options like relocating pulp mills away from natural forest as a fiber source and toward new plantations established on degraded lands.
- However, not many countries currently have these capabilities. Accelerated provision of technical assistance and training in their use is urgently needed, to assist stakeholders, the private sector investors, and governments in sorting through the overwhelming array of ideas that have been advanced for REDD+ in their countries.

## Using opportunity cost and feasibility assessment to evaluate REDD+ strategy options in DRC

### Linking REDD to Low Carbon Development Strategy: Finding Feasible Options (DRC example)



Source: adapted from DRC presentation



Rhett A. Butler

## 7. Implementation of REDD+ on the ground

### Countries do not start from scratch to deliver REDD+ to the ground

***Lesson: A REDD+ bridge has not yet been built between the wealth of experiences at the local level in managing forest resources and land-use change, and ideas on REDD+ policy frameworks and incentive programs at the national level.***

FCPF country experience: Best practices are available on financial mechanisms to deliver payments on a multi-annual basis to communities in Costa Rica (FONAFIFO) and Mexico (Fondo Forestal Mexicano) for water infiltration, biodiversity conservation, and other ecosystem services. Such payments for ecosystem services (PES) approaches still need to be reviewed and potentially adapted to meet the specific requirements of REDD+.

- Many countries have experimented with reducing deforestation and forest degradation by means of national or local projects and programs, and incentives and disincentives for specific land management that could serve as strong models for REDD+ activities. But these potential models need to be systematically reviewed and their insights for REDD+ harvested and adapted to the circumstances of the full suite of REDD+ activities.
- Promising experience that could be tapped includes payments for community forest products in Mexico and other countries, and valuation methodologies for multiple benefits in the PES context. Community trust funds have been established to funnel external funds generated by forest carbon project payments to the appropriate land owners or land users, and to support broader village development in the Scolel Té project in Chiapas and the “Servicios Ambientales de Oaxaca A.C.” where private users are paying verified carbon capture in Mexico. Such innovations need to be widely inaugurated in countless villages and regions for this approach to work for national-scale REDD+.
- The use of taxes and subsidies for REDD+ should be explored in greater detail. Argentina's recent forest policy revision has given it a new, economic incentive-based tool to stimulate private landowner participation in its potential REDD+ programs being designed around implementation of the policy. Its R-PP also proposes to use disincentives to unwanted land use behavior like taxes and fines.
- Various countries may consider the use of endowments set up for biodiversity conservation purposes to channel financial resources for REDD+. This is the case for Madagascar, for example.
- Many countries are evaluating the use of a national tracking system or registry to manage data collected about sub-national and national REDD+ activities, ownership of REDD benefits generated, the exchange of REDD+ benefits, and integration with the eventual MRV system. Use of a national registry is being proposed in DRC (which has a rough draft of its potential structure and functions), for example, to increase: i) transparency; ii) coordination among initiatives; iii) identify gaps in financing. DRC envisions building it in a step-wise way, starting as a simple database of projects and

initiatives, but growing into a more complex registry of carbon transactions in the future, potentially linked to international registries.



## 8. Governance aspects of REDD+

### Advancing governance is essential for implementation

**Lesson: *Early cooperative development of a first set of rules of the game for REDD+ transactions, allocation of carbon ownership or user rights and benefit sharing is an essential prerequisite for broad legitimacy and support of REDD+ programs.***

FCPF country experience: Promising approaches on transparency in resource allocation and distribution exist in past programs implemented in many countries. In Tanzania, community forestry programs have provided lessons on community engagement. There are also REDD+ pilots in Tanzania, e.g., by the Tanzania Forest Conservation Group (the TFCG), which will provide lessons on the role of communities. In Mexico, lessons around the Pro-Árbol program teach how to combine PES with good governance practices in resource allocation and administration.

- Only in a few countries and initiatives have the carbon revenue sharing rules been adopted. The government of Indonesia has regulations that specify the ratio of benefits for about a dozen forestry activities or types, including community forestry, protection, and forest management, that are allocated to the federal government (ranging from 20% to 50%), the community where a forest practice is occurring (20–60%), and the project developer (20–70%).
- Governance has emerged as a critical cross-cutting issue in REDD+, as stakeholders learn early country plans for REDD+ and begin to express the full set of long-contested resource use and land management tensions into the newer REDD+ debate.
- Building on existing experiences of other governance related initiatives such as National Forest Programs (NFP) promoted by FAO, or the European Action Program on Forest Law Enforcement, Governance and Trade (FLEGT) can help prevent duplication of efforts and find synergies with REDD+ preparation and implementation. The broad stakeholder participation leading to the signature of a Voluntary Partnership Agreement (VPA) for exports of timber products from Ghana to the European Commission, or the Republic of Congo's own VPA experience hold important lessons for REDD+.
- Assessments of current legislation pertaining to who owns the rights to lands and to carbon, and pertaining to land tenure are underway in Indonesia and, Guyana among others. These reviews will help determine if laws and regulations in place adequately clarify these issues for local land owners and users, and for potential investors in REDD+ activities. These reviews are necessary but development of REDD+ programs should not wait until all details of land ownership are clarified.
- Countries are starting the development of Readiness programs while, in parallel, issues of land and carbon ownership and user rights are being assessed.
- Indonesia and DRC, among other countries, have actively advanced their definition of clear early 'rules of the game' for REDD+ transactions. They have issued national regulations and draft

legislation or policies that seek to clarify the roles of land owners, investors and local and national governmental bodies, in response to investment interest but high uncertainty on the part of potential private sector investors, international conservation NGOs, and provincial governments in commencing pilot projects. The future will tell if these regulatory frameworks are effective and sustainable.

- A REDD+ Governance Development Plan (RGDP) is being developed in Guyana to link its Low Carbon Development Strategy with its REDD+ readiness efforts outlined in its R-PP. The RGDP lays out governance aspects (like information sharing, or indigenous peoples' participation in the Strategy and in consultations on REDD+ processes) that need to be reviewed and improved, and specific indicators by which to gauge improvement.

### Early example of benefit sharing— Indonesian forest permit benefit allocation

No.	Type of Forest Permit	Percent of Total Benefits		
		Government	Community	Project developer
1	Permit to use products from timber and natural forests	20	20	60
2	Permit to use products from planted forests	20	20	60
3	Permit to use products from forests: Ecosystem restoration	20	20	60
4	Permit to use products from Community planted forests	20	50	30
5	Community-owned forest	10	70	20
6	Community-managed forest	20	50	30
7	Customary forest	10	70	20
8	Village forest	20	50	30
9	Forest management units	30	20	50
10	Forests for special uses (KHDTK)	50	20	30
11	Protected forest	50	20	30

## 9. REDD+ methodological issues

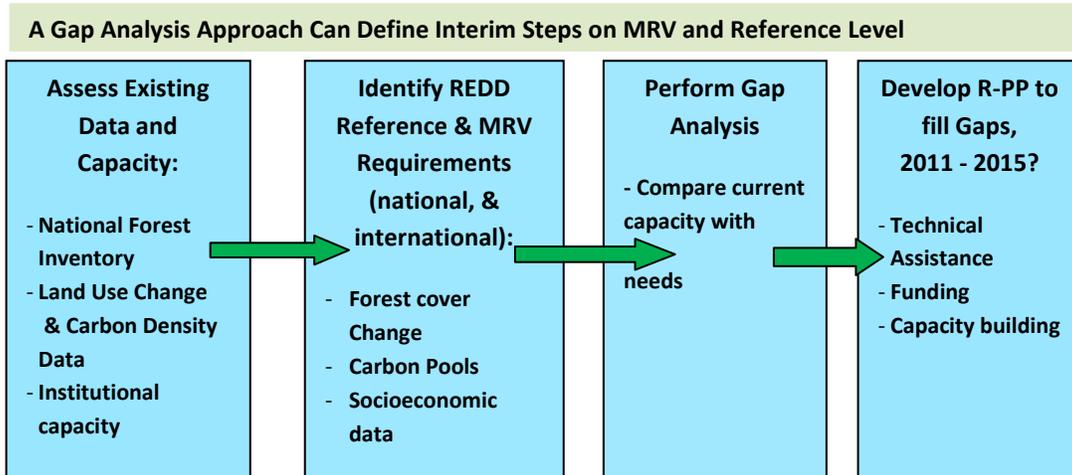
### Making stepwise progress on REDD+ methodologies

**Lesson: Addressing methodological issues such as reference level and measurement, reporting and verification (MRV) is a key entry requirement for REDD+ programs. In the absence of clear policy guidance from the international level and price signals for REDD+, countries could embark on a no-regrets stepwise approach to begin building capacity.**

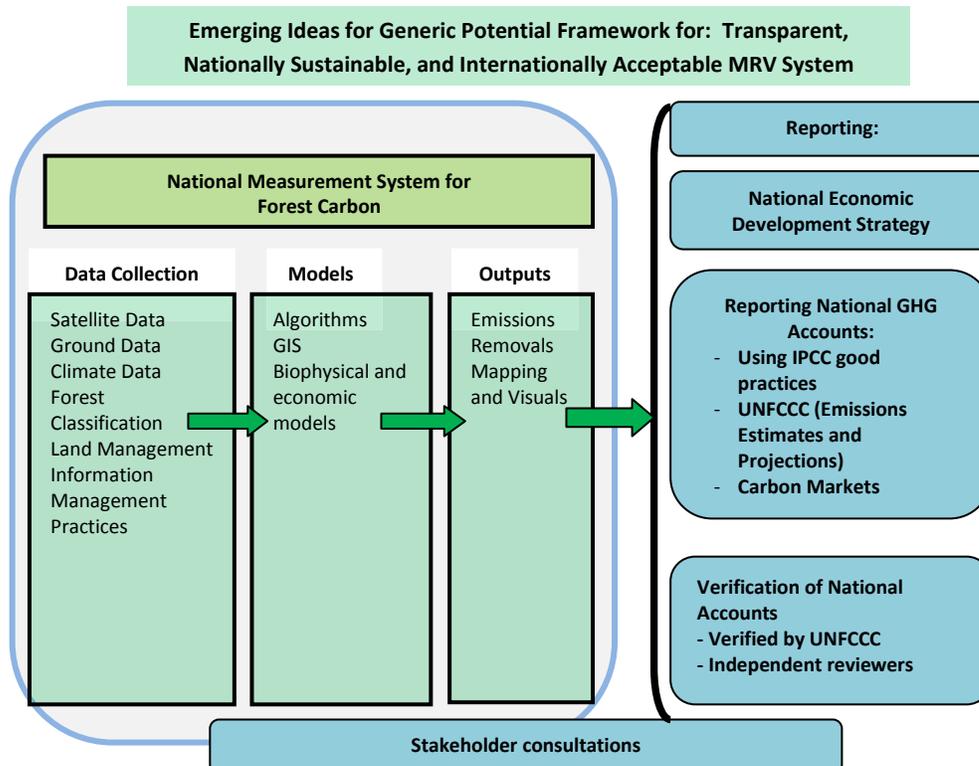
FCPF country experience: Only a few countries, for example Mexico or Brazil, have both adequate data and the internal capacity to develop historical deforestation and forest degradation reference levels or emissions estimates at this point of time. Most FCPF countries are submitting R-PPs that propose to use both historical data and to undertake projections into the future, by making assumptions on how drivers of deforestation and forest degradation might change over time.

- There is no cookie-cutter approach to finding the historical land cover change data (i.e., deforestation, degradation of forests say via unsustainable logging or fuelwood extraction) necessary for a reference scenario. An incremental approach may be best, starting with net deforestation rates from available international data, and working towards a more complete reference scenario that includes deforestation, forest degradation, and the newer REDD+ activities of conservation, sustainable forest management and enhancement of carbon stocks over the years ahead.
- Most countries are in early stages of determining their MRV design. They are relying heavily on external technical expertise. International partners can help countries to evaluate the trade-off between spending more to have higher accuracy systems later, versus starting from early on monitoring at a lower IPCC Tier 2 level. Over time they could advance to a more advanced Tier 3 system.
- However, international consensus on methods to be used is urgently needed.
- Countries like Kenya, Mexico, Vietnam, DRC, Guyana and Tanzania are designing MRV systems which integrate several elements. These include expansion of existing national forest inventories to provide carbon density data; acquisition of remote sensing imagery to assess forest cover change over time; and opportunities for local community participation. Independent monitoring of national forestry governance has been proposed by Tanzania and DRC, in cooperation with international governance NGOs, as a new element of the MRV system. Their R-PPs call for independent monitoring activities that will need to be blended with government-led MRV programs. Indigenous peoples in Panama and Kenya are actively involved in measurement and monitoring of their tribal lands, and are exploring how to contribute to national REDD+ MRV systems.

## Assessing Current Capacity and REDD+ Requirements for a Stepwise Approach



## Emerging Ideas for MRV Generic Framework



Source: generic approach adapted from Clinton Climate Initiative work on Guyana, and Kenya, DRC and Tanzania R-PPs

## 10. REDD+ financing

### The complexities of moving REDD+ funds have been underestimated

**Lesson: *Early initiatives to finance REDD+ have illuminated a paradox: In spite of the high level of international commitments to REDD+ funding, the mechanics of multilateral programs to move resources to REDD+ partner countries require due diligence and safeguards that have slowed the flow of funds to countries.***

FCPF country experience: Promising portraits of how FCPF and UN-REDD Programme can be actively coordinated by a national steering committee are provided by the DRC R-PP writing process, and ongoing work in Vietnam and Panama to revise previously separate program documents into a single whole.

- For the first time, countries engaged in REDD+ have begun to systematically think about financial and human resources required to making REDD work, and make those estimates publically available in ways that allow comparison across countries.
- The commitment that emerged in the Copenhagen REDD+ negotiations to inclusion of a wide range of safeguards, and financial due diligence, has reassured some REDD+ participants countries and observers about how REDD+ would be implemented.
- REDD Country Participants in the FCPF, however, continually have expressed concern about the time and effort required to receive pledged funds. In some countries, the pace of REDD+ actions may exceed the current ability of international agencies to receive pledged funds from donors and then disburse funds to country institutions that meet program standards.
- Near-term solutions are needed to challenges that include:
  - How to fund early R-PP and other readiness preparation activities necessary to participate in FCPF or other REDD+ activities;
  - Accelerating matching of country requests for funding (say, for consultations, or design of an MRV system) with the priorities and restrictions of the FCPF, World Bank, UN-REDD Programme or other REDD+ program;
  - Pathways to efficiently meet due diligence requirements by the World Bank, UN agencies, regional development banks and other donors, which require institutions in-country that meet internationally recognized standards for environmental and social safeguards, procurement and financial management;
  - Adopting common approaches to environmental and social safeguards across various REDD+ initiatives;
  - Devising national-scale investment plans for REDD+ such as those anticipated in the multiple-donor Forest Investment Program, consistent with analytical results and capacity building work plans created in the R-PP formulation and readiness preparation contexts.

- Countries committed to attracting potential fast-start funding are identifying mechanisms for REDD+ resources management early on, for example DRC. Mobilizing resources is varying from cases where little or no national contribution can be expected, to countries contributing their own substantial resources (e.g., Mexico, Argentina). Bilateral cooperation, international NGO and other funding sources are being used to help prepare R-PPs and to fill gaps not covered by anticipated FCPF funds.
- Experimenting with use of proxies for REDD+ actions may stimulate early funding: Building on Guyana's R-PP proposal of how REDD+ readiness will be pursued, Guyana and Norway have signed an agreement to embark on a landmark pilot program to explore using proxies for REDD+ actions in return for annual performance-based payments for monitored programmatic actions. The Guyana REDD+ Investment Fund (GRIF), which is designed to build on Guyana's REDD+ readiness achievements, supports investments and capacity building activities within the framework of Guyana's Low Carbon Development Strategy. This \$250 million program experiment in fast-start finance for prototype REDD+ activities relies on proxy activities since MRV of REDD+ emissions reductions are not yet feasible, including social and environmental indicators (e.g., stakeholder participation), maintenance of forest cover area, and volume of extracted timber from selective logging. Guyana's R-PP includes priority development of an enhanced MRV system to measure and monitor performance, which would eventually supersede these interim indicators.
- The estimated cost for a medium-sized country to achieve REDD+ Readiness has risen four-fold over the past two years, as preliminary estimates are replaced by country-generated R-PP proposal budgets. The early FCPF staff estimate that countries would need about \$3.2 million to reach REDD+ readiness has risen to an average of \$13 million, for the first eleven R-PP proposals endorsed for funding by the FCPF Participants Committee. The largest increases in these estimates are in institutional arrangements for national management of REDD+ activities and consultations, and development of reference levels and MRV system design.
- While donor coordination and reporting on REDD+ programs are increasing, countries thus far are less clear about how much potential funding has been found to date and how funding gaps would be closed. Further work is needed by countries and FCPF and other REDD+ initiatives in making this information widely available, more consistent, and in helping identify funding gaps that need to be closed, potentially under the aegis of the REDD+ Partnership initiative.
- Providing the right conditions for private participation: Early national-scale REDD+ has not yet provided the framework conditions or attractive investment environment for private firms considered essential for future large-scale REDD+. To jumpstart public-private REDD+, the FCPF Carbon Fund is expected to become operational in the coming months, to support a few countries that have made progress in the readiness process to test and evaluate incentive payments for REDD+ programs.

## Estimated REDD+ Readiness costs for an average country have risen as countries develop their R-PPs

Components of RED Readiness Preparation Proposals (R-PP)	FCPF 2008 Estimate (Average, in '000)	Eliasch 2008 Estimate: High (in '000)	FCPF 2010 Average Estimates for 11 National R-PPs ('000)
REDD management and consultations	\$890	\$2,000	\$2,301
Develop REDD strategy	\$450	\$1,000	\$4,062
REDD implementation framework	\$341	\$1,500	\$877
Environmental and social impacts assessment	\$50	—	\$377
Develop reference scenario	\$516	\$4,000	\$1,457
Design REDD MRV system	\$1,008	—	\$5,740
<b>TOTAL (without annual MRV costs)</b>	<b>\$3,250</b>	<b>\$8,500</b>	<b>\$13,661</b>

**Notes:** Countries included in the FCPF 2010 estimate are: Argentina, Costa Rica, Panama, Mexico, Guyana, Indonesia, Nepal, Ghana, Republic of Congo, Kenya, and Democratic Republic of Congo. Eliasch study is: Eliasch, J. Climate Change: Financing Global Forests. The Eliasch Review. Office of Climate Change, London.



## 11. REDD+ requires evolution

**REDD+ cannot be cast as a potential solution to every problem.**

***Lesson: If REDD+ is to evolve and achieve its promise to mitigate global climate change, these lessons suggest it needs some time, some space, and some flexibility to be fairly experimented with over the next few years.***

REDD+ will need to be able to grow without being encumbered with all the hopes of every interest group or government entity, and without inheriting all the resource use divisions of the past. No single idea or initiative can instantly change a long history of unsustainable resource use or challenging governance conditions.

We need to be creative and patient—and to learn from the lessons of the past as we look forward.

## Final Remarks

**There are many more steps to take together**

These lessons illustrate the deepening exploration of what REDD+ could be, and how it could be operationalized, in myriad political, socioeconomic and cultural settings. REDD+ has matured as a policy initiative over the past five years since its inception in the 2005 Montreal COP. It has been debated from remote villages where indigenous peoples arrive by canoe, to national capitals where the roles of different government agencies are being defined, to corporate boardrooms where financial analysts contemplate future investments.

Though primarily a climate change mitigation tool, REDD+ appears to be envisioned in widely different settings as a flexible tool that can be adapted to the requirements of a given context. It may offer the potential to contribute towards slowing the loss of biodiversity, towards improving livelihoods, towards reopening awkward dialogs among natural resource stakeholders and regional and national governments.

REDD+, and the FCPF experiment in piloting it in many countries, will need to evolve, as experience dictates best in each country context.