

## Options for promoting high-biodiversity REDD+

International climate and biodiversity conventions agree that to be effective in the long term, strategies to reduce emissions from deforestation, forest degradation, conservation and enhancement of forest carbon stocks, and sustainable forest management (REDD+), must not undermine biodiversity. But how do countries achieve 'high-biodiversity REDD+' in practice? At a global level, options include immediate policy strengthening in international negotiations; promotion of co-benefit standards; and financial incentives and preferences for buying countries. At a national level, developing countries can also promote high-biodiversity REDD+ through more coherent policies; integrated planning; regulatory and economic instruments; and improved monitoring of biodiversity impacts.

### Policy pointers

- **The effectiveness of** globally agreed measures to safeguard biodiversity in REDD+ will depend on how they are defined and implemented by each developing country.
- **A range of national and** international policy options can be pursued to promote high-biodiversity REDD+ and reinforce the Cancun safeguards.
- **Developing countries** must play a leading role in defining their national biodiversity priorities and standards for REDD+.
- **Any additional cost** of implementing high-biodiversity REDD+ must be fairly shared between those countries that demand forest-related emission reductions and those that supply them.

### REDD+ and biodiversity

The idea of reducing emissions from deforestation and forest degradation (REDD) in developing countries first emerged in 2005, as a potential strategy for tackling the estimated 20 per cent of greenhouse gas emissions arising from destruction of tropical forests. In 2007, negotiators at UN climate talks in Bali acknowledged that REDD could also open the door to a range of 'co-benefits' — from biodiversity conservation to greater social equity for forest-dependent peoples — that could complement the aims and objectives of other multilateral agreements.

The scope of REDD was broadened to include conservation of forest carbon stocks, sustainable forest management and enhancement of forest carbon stocks, giving birth to 'REDD+' — a term that was officially adopted by the UN Framework Convention on Climate Change (UNFCCC) in 2009.

Soon after, in response to concerns about the potentially negative impacts of REDD+ on biodiversity and local people — especially given the lack of incentives to pursue what are perceived as more costly options with co-benefits — a series of safeguards were developed and, in 2010, adopted by parties to the UNFCCC.

The decision to adopt the 'Cancun safeguards', as they are known, is certainly a positive move. But their

effectiveness will depend on how they are defined and implemented and the extent to which they are supported by other policy measures.

REDD+ is also of interest to other global policy arenas. The Convention on Biological Diversity (CBD), for example, is exploring how biodiversity impacts from REDD+ can be net positive. Its executive secretary has already been asked to advise on how REDD+ actions can avoid negative impacts on, and enhance benefits for, biodiversity. The CBD secretariat is consulting with parties about potential indicators for monitoring biodiversity impacts of REDD+, and has already proposed guidelines on how to put the Cancun safeguards into operation at the national level.<sup>1</sup> In 2010, the convention adopted a new strategic plan for achieving 20 targets by 2020, including several that are relevant to promoting a 'high-biodiversity REDD+' approach.

The need for such an approach is clear. If REDD+ is going to be effective in the long term, it must invest in forest biodiversity — to reduce the risks of forest ecosystem dysfunction in a changing climate and reversal of emission reductions.<sup>2</sup>

### Opportunities and risks

Exactly what a multilateral REDD+ regime will look like is still under discussion and a high-biodiversity approach is by no means guaranteed. As already acknowledged by

the CBD, REDD+ presents both opportunities and risks to forest biodiversity (see Figure).<sup>3</sup>

On the positive side, REDD+ could open the door to improved *in situ* conservation by establishing protected areas and associated corridors for connecting landscapes. It could improve production forest management practices through incentives for activities such as reduced impact logging. It could improve forest governance

through tenure reform and better law enforcement. And REDD+ could lead to better monitoring and reporting of biodiversity benefits through, for example, participatory forest monitoring approaches.

But REDD+ could also end up undermining biodiversity. For example, if it leads to the conversion of high-biodiversity natural forests to industrial monocultures, or to the afforestation of valuable, biodiverse non-forest ecosystems.

There are also indirect risks to biodiversity, including 'leakage' — where deforestation, forest degradation and unsustainable forest management practices are simply displaced from areas with relatively low biodiversity to more biodiverse forests. Leakage control measures themselves, to provide alternative supplies of forest and agricultural products, might even adversely impact biodiversity if they involve clearance of natural ecosystems or agricultural intensification.

Another indirect risk is an increase in social inequities caused by disenfranchisement, exclusion or tenure reform reversals. These would negatively impact forest-dependent indigenous peoples and local communities, who often conserve biodiversity effectively through decentralised forest management and governance.<sup>4-6</sup>

## International options

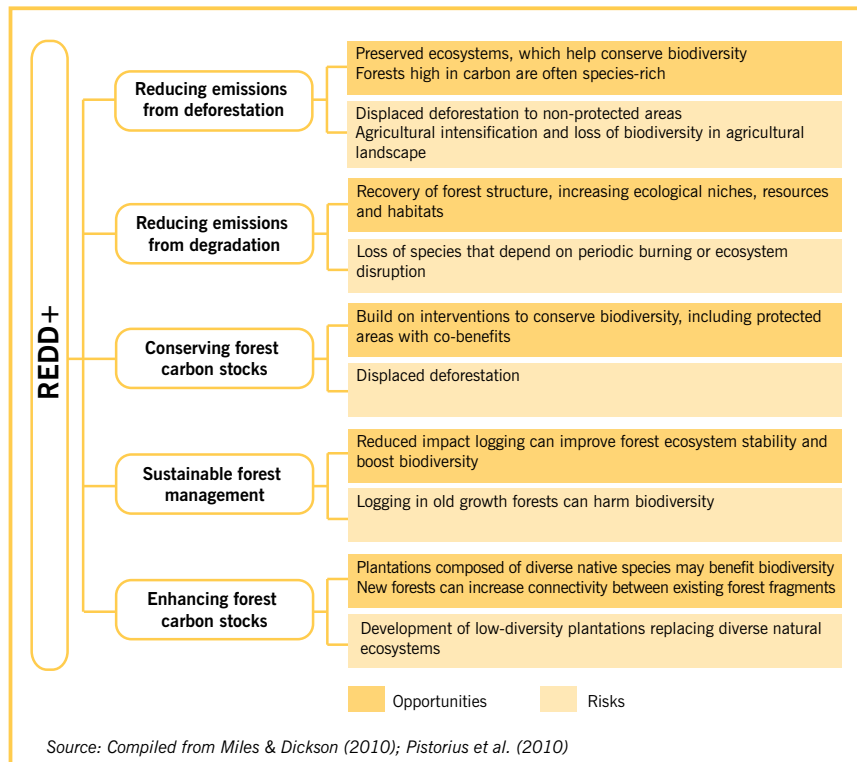
When it comes to influencing the design of REDD+ to ensure biodiversity benefits, actions can be taken at both national and international levels.

Within global arenas, there are three main sets of activities to pursue (see International options for promoting high-biodiversity REDD+).

First is strengthening international policy. This includes clearly defining key terms — such as 'natural forest' and 'sustainable management of forests' — used in the Cancun safeguards, and harmonising guidance across the UNFCCC and CBD. Addressing leakage issues is also important, and will require wide participation in the international REDD+ mechanism. An international levy, following the precedent of the two per cent adaptation levy applied to all Clean Development Mechanism (CDM) transactions under the UNFCCC, could also help promote high-biodiversity REDD+. And the proceeds of such a 'biodiversity duty' could be used by developing countries to defray any additional costs associated with promoting safeguards and incentivising best practices.

Second is the use of standards through the REDD+ readiness phase. This is arguably the most immediately relevant development in the field of REDD+ co-benefits, and has attracted greatest interest as a way of implementing the Cancun safeguards.<sup>7</sup> Prominent standards at the national, and sub-national, level include the Forest Carbon Partnership Facility Strategic Environmental and Social Assessment and the UN-REDD draft Social and Environmental Principles and Criteria, which are both being applied as potential

Figure. Risks and opportunities for biodiversity from REDD+



## International options for promoting high-biodiversity REDD+

### 1. International policy strengthening, including:

- clearly defining key terms in the Cancun safeguards
- addressing leakage through a geographically broad REDD+ agreement
- international biodiversity levy on REDD+ transactions

### 2. Programme-level standards during the readiness phase, including:

- Forest Carbon Partnership Facility Strategic Environmental and Social Assessment
- UN-REDD draft Social and Environmental Principles and Criteria
- REDD+ Social and Environmental Standards

### 3. Financial incentives and preferences driven by buyer country or fund, including:

- minimum targets for high-biodiversity REDD+ credit volumes
- price premiums for high-biodiversity REDD+ credits
- procurement standards for high-biodiversity REDD+ credits
- discounts or downward adjustments in risk scoring for the lack of permanence of emission reductions
- co-financing from development assistance or environment budgets
- joint demand and supply country co-financing

conditions for accessing REDD+ readiness funds. Another major set of standards is the voluntary REDD+ Social & Environmental Standards, developed by the Climate, Community and Biodiversity Alliance in collaboration with CARE International.

These are not the only standards that could be applied to REDD+ for co-benefit purposes. Indeed, coping with the proliferation of co-benefit standards being promoted by individual REDD+ investors and proponents is a potential burden to developing countries, which often have limited human resource capacity.

The potential for procedural overloading is compounded further by many of these countries simultaneously pursuing other similar processes in the forestry sector, such as Forest Law Enforcement and Trade Voluntary Partnership Agreements and national forest certification standards.

If developing countries are to effectively implement standards and keep transaction costs at acceptable levels, REDD+ biodiversity standards need to be harmonised and developing countries must be allowed to play a leading role in defining their own biodiversity priorities and indicators to track, as part of a multi-stakeholder planning process. The readiness phase of REDD+ is important for ensuring that these countries are provided with the financial support, technical assistance and capacity-building they need to do this and integrate national biodiversity and REDD+ strategies.

The third type of action for promoting high-biodiversity REDD+ at an international level is the use of financial incentives and preferences applied by countries, or funds, 'buying' REDD+ credits. These would be relevant to the results-based phase of REDD+, but should be tested during the readiness phase.

Adopting policies such as minimum targets, price premiums or joint financing would raise the demand for actions that reduce emissions while also yielding significant biodiversity co-benefits, and potentially influence their price. These options are equally relevant to a market-based scheme, where governments buy REDD+ credits from many 'competitor' countries, as to a more regulated system based on international or bilateral funds.

## National options

While much can be done at the international level, minimising the risks to, and maximising the opportunities for, biodiversity conservation from REDD+ ultimately requires translation of the Cancun safeguards into national policy and subsequent sub-national practices. There are five broad categories of policies and measures that could promote high-biodiversity REDD+ at the national level (see National options for promoting high-biodiversity REDD+).

First is national policy strengthening, which calls for explicit statements of biodiversity conservation

in national REDD+ strategies and programmes together with similar statements of proactive REDD+ engagement in national biodiversity policy, such as National Biodiversity Strategies and Action Plans. To ensure coherence, existing legislative, policy and regulatory frameworks must be integrated across sectors, and must acknowledge the role of forest biodiversity in mitigating climate change. One emerging tool to help such integration is high-biodiversity mapping: overlaying biodiversity indicators on maps of forest biomass carbon density.

Second, is sub-national planning. Translating national policies into locally appropriate sub-national actions will require intermediary planning, which facilitates integrating biodiversity considerations into productive

## National options for promoting high-biodiversity REDD+

### 1. National policy strengthening and coherence, including:

- incorporating biodiversity into low-carbon development strategies
- including explicit statements of biodiversity objectives in REDD+ strategies and programmes
- establishing inter-ministerial committees and multi-stakeholder networks for REDD+
- incorporating REDD+ considerations into National Biodiversity Strategies and Action Plans
- adapting payment for ecosystem service schemes to address both emissions reductions and biodiversity conservation

### 2. Integrated and strengthened sub-national planning, including integrating biodiversity into:

- low emissions (spatial) development planning
- socioeconomic planning
- forest protection and development planning

### 3. Regulatory approaches, including:

- applying national REDD+ programme-level standards for co-benefits
- establishing protected areas and corridors
- improving forest management practices such as reduced impact logging
- improving forest governance through tenure reform and better law enforcement

### 4. Economic incentives, including:

- biodiversity premiums added to the payment for emission reductions
- differential taxation so that high-biodiversity REDD+ credits are taxed at a lower rate
- front loading payments so that a greater proportion is paid in the initial years while not changing the total amount paid over time
- downward adjustment of risk scoring for lack of permanence of emission reductions as biodiverse forests are more resilient
- subsidies on the inputs of goods and services that are required for delivering high-biodiversity REDD+

### 5. Monitoring and reporting, including:

- harmonised indicators for monitoring against REDD+ standards and biodiversity targets
- participatory forest monitoring for local management and national reporting
- integrated monitoring systems for biodiversity and forestry

landscapes, including natural forests managed for climate change mitigation purposes.

High-biodiversity REDD+ can also be promoted through an appropriate balance of regulatory and economic instruments. The main regulatory intervention is the application of national standards. But other options include prioritising REDD+ actions in existing or new protected areas; devolving land tenure and governance to forest-dependent indigenous peoples and local communities; and legislating for more sustainable production forest management practices, such as reduced impact logging. Applicable economic instruments range from price premiums for non-carbon performance to subsidies on inputs to deliver biodiversity co-benefits from REDD+.

Last in the list of national options for high-biodiversity REDD+ is monitoring and reporting on the impacts of REDD+ — which will be essential to realise tangible net gains in environmental and social co-benefits. Monitoring of biodiversity outcomes is also required to a certain degree under commitments made to the CBD.

At the local level, co-benefit monitoring can point to how REDD+ actions can be modified to be more effective and efficient. At the national level, it can inform policy reform and international communications to, for example, the UNFCCC and CBD. Implementing standards effectively also requires monitoring, both of compliance and of biodiversity outcomes. The challenge is how to help governments develop cost-effective and integrated monitoring solutions that can serve forest carbon, biodiversity and social performance needs.

Some countries are already exploring how to promote a national high-biodiversity REDD+ response. For example, Vietnam — working with SNV Netherlands Development Organisation, and supported by Germany's International Climate Initiative — is working to identify and test possible high-biodiversity policies and measures. The country is using policy research coupled with on-the-ground demonstration activities to find practical and effective approaches to turning the Cancun safeguards and biodiversity targets into a reality.

## Notes

- <sup>1</sup> Epple, C., Dunning, E., Dickson, B. Harvey, C. 2011. *Making Biodiversity Safeguards for REDD+ Work in Practice – Developing Operational Guidelines and Identifying Capacity Requirements*. Summary Report. UN Environment Programme-World Conservation Monitoring Centre, Cambridge.
- <sup>2</sup> Strassburg, B.N. et al. 2010. Global congruence of carbon storage and biodiversity in terrestrial ecosystems. *Conservation Letters*. 3, 98–105
- <sup>3</sup> Miles, L., Dickson, B. 2010. REDD-plus and biodiversity opportunities and challenges. *Unasylva* 236, 56–63
- <sup>4</sup> SCBD. 2010. *Outcomes of the Global Expert Workshop on Biodiversity Benefits of Reducing Emissions from Deforestation and Forest Degradation in Developing Countries*. Secretariat of the Convention on Biological Diversity (SCBD), Montreal.
- <sup>5</sup> SCBD. 2011. *CBD Technical Series No. 59: REDD-Plus and Biodiversity*. SCBD, Montreal.
- <sup>6</sup> SCBD. 2011. *Submission by the Secretariat of the Convention on Biological Diversity to the Secretariat of the United Nations Framework Convention on Climate Change on 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 (REDD-plus), Specifically Related to Systems for Providing Information on how Safeguards Referred to in Appendix I to UNFCCC Decision 1/CP.16 are Addressed and Respected*. SCBD, Montreal.
- <sup>7</sup> Moss, N., Nussbaum, R. 2011. *A Review of Three REDD+ Safeguard Initiatives*. Forest Carbon Partnership Facility, Washington DC and UN-REDD Programme.

**Corrigendum:** The figure has been corrected in this version of the briefing to include a fifth activity — enhancing forest carbon stocks — and the associated opportunities and risks.

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## Moving forward

International standards for implementing REDD+ may be the obvious response to the Cancun safeguards but they are not the only option available. The range of complementary policy responses outlined here, for both forest carbon credit seller and buyer countries, must be promoted and considered both in international policy dialogue and within national REDD+ processes.

Many of these policies are already in place, or are already required under existing national and international commitments. When considering REDD+ in isolation, a high-biodiversity approach may incur higher costs than carbon-only REDD+; any additional costs must be fairly shared between those countries that demand forest-related emission reductions and those that supply them.

Ultimately, the need for REDD+ to invest in biodiversity is inescapable: ecological stability, together with evolutionary potential in the long term, are essential biodiversity-mediated functions of forest ecosystems and are crucial contributions to permanent climate change mitigation.

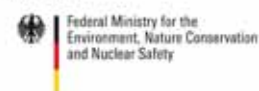
### ■ STEVE SWAN, RICHARD MCNALLY, MARYANNE GRIEG-GRAN, DILYS ROE AND ESSAM YASSIN MOHAMMED

*Steve Swan is a biodiversity conservationist leading the development of SNV's REDD+ co-benefits work. Richard McNally is an environmental economist who co-ordinates SNV's global REDD+ portfolio. Maryanne Grieg-Gran ([www.iied.org/sustainable-markets/staff/maryanne-grieg-gran](http://www.iied.org/sustainable-markets/staff/maryanne-grieg-gran)) is principal economist in IIED's Sustainable Markets Group. Dilys Roe ([www.iied.org/natural-resources/staff/dilys-roe](http://www.iied.org/natural-resources/staff/dilys-roe)) is leader of the Biodiversity Team in IIED's Natural Resources Group. Essam Mohammed ([www.iied.org/sustainable-markets/staff/essam-yassin-mohammed](http://www.iied.org/sustainable-markets/staff/essam-yassin-mohammed)) is a researcher in IIED's Sustainable Markets Group.*

*With support from the Germany's International Climate Initiative, SNV provides technical assistance to the government of Vietnam to identify and introduce REDD+ safeguard mechanisms. SNV's work on co-benefits strives to support governments and civil society to move beyond minimum safeguard compliance to achieving higher standards of social and environmental performance from REDD+.*



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Contact: Maryanne Grieg-Gran  
[maryanne.grieg-gran@iied.org](mailto:maryanne.grieg-gran@iied.org)  
 80–86 Gray's Inn Road,  
 London WC1X 8NH, UK  
 Tel: +44 (0)20 3463 7399  
 Fax: +44 (0)20 3514 9055  
 Website: [www.iied.org](http://www.iied.org)