Briefing

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Policy pointers

Stakeholders must recognise the multiple drivers and actors of land use change within any given landscape. Cross-sector coordination will help mobilise and support collective and complementary actions embedded in integrated and sustainable development goals.

Governments must lead the way by developing clear policies and regulations and commit to enforcing these, providing clear guidance to the private sector for tackling the causes of deforestation and forest degradation.

Public capital should be channelled through existing financing channels to support the supply side and create demand for carbon credits generated by tropical countries between now and 2020.

The few key global players who have the capacity to drive demand for reducing emissions both at home and elsewhere need to take leadership. There is a need for certification schemes that bundle ecosystems services including carbon credits, increased consumer awareness and willingness to pay.

Governments need to lead the way for REDD+ delivery

Countries are establishing strong policy and institutional arrangements to develop strategies to reduce emissions from deforestation and forest degradation (REDD+). But they face a number of challenges, including funding, tackling the major drivers and ensuring all the relevant actors are on board. Government regulation and leadership in financing REDD+ is vital. This will drive demand for reduced emissions and pave the way for long-term private sector investment. Climate change cannot be tackled through token actions under corporate social responsibility and the voluntary carbon market. Governments need to ensure the greening of supply chains, bringing in all relevant actors and implementing REDD+ in the context of broader development targets. They must capitalise on policies and resources to galvanise cross-sector coordination towards a sustainable development path that delivers multiple benefits.

REDD+ has continued to galvanise attention around forests, focusing on the need to find sustainable land use models and practices that reduce both forest loss and resulting emissions. Governments are establishing strong policy and institutional arrangements at national and sub-national levels, including the development of REDD+ strategies, strategic social and environmental assessments, information management, monitoring, reporting and verification. Nearly 50 developing countries endowed with different types of forests are receiving multilateral or bilateral support to get ready for REDD+. Governments, NGOs, communities and the private sector are testing REDD+ on the ground.

The REDD Rulebook that emerged from the 19th Conference of Parties to the United Nations Convention on Climate Change (UNFCCC COP 19) in Warsaw in 2013 highlighted key elements for REDD+ implementation, including the need for:

- Results-based, predictable finance
- Coordinating mitigation and adaptation efforts
- Adopting phased data collection for national forest monitoring systems
- Voluntary establishment of emissions reference levels that acknowledge and strengthen existing capacity
- Monitoring, reporting and verification systems
- National reporting on safeguards
- Mechanisms to avoid negative impacts as acknowledgment that addressing drivers might have an adverse impact on livelihoods and the economy.

Although COP 20 in Lima, Peru earlier this month was unable to deliver consensus on guidance for

There is a need for integrated planning to clarify the vision and priorities of REDD+

reporting safeguards and linking mitigation and adaptation, the fact that all countries acknowledge the need to tackle the risk that climate change places on us continues to provide impetus for action.

Early this year, stakeholders from national and global institutions, the private sector, government, NGOs, bilateral and multilateral agencies and academia met at IIED to share reflection on what can make REDD+ materialise and discuss whether there is:

- Real and long-term commitment among governments and actors driving deforestation and forest degradation
- Any source of finance to fund work beyond readiness
- High enough demand for carbon credits to stimulate supply.

This briefing draws on some of the key discussions from this meeting[1], focusing on aspects of high-level issues that need attention if REDD+ is to meet its ambition of mitigating climate change while delivering co-benefits as well as rewarding proven contributions towards that goal. A subsequent briefing will focus on issues pertaining to implementation.

REDD+ in the wider development paradigm

REDD+ has been central in bringing forests to high-level discussions about climate change and the role they can play in mitigating its impacts. Debate and action over the past few years has highlighted the need to channel resources to avoid further escalation of forest loss by tackling direct and indirect drivers. There is consensus on the key drivers of deforestation and forest degradation, which include agriculture (small- and large-scale commodity chains), logging, infrastructure and energy.

Figure 1 illustrates the complex landscape under which REDD+ is being implemented and the need for cross-sectoral coordination. It is clear that REDD+ urgently needs to be seen in that broader landscape. REDD+ should be promoted as a multi-purpose platform with many benefits, not just for forests. Discussions should include integrated land use issues and not revolve solely around forests. It is vital that discourse on all drivers and actors continues to take centre stage — actions on these will generate reduced emissions. Differentiating between carbon from forests and carbon from other sectors will render REDD+ financing insufficient. It therefore has to be implemented in the context of a broader framework agreement on climate change.

But what does this mean in practice? Can countries, governments and the private sector break the sectoral barriers under which they operate? Governments need to bring together all stakeholders to set up a vision of development that contributes to reducing emissions and development needs. To do this, governments must understand and acknowledge the fact that rural households have to take multiple decisions and make compromises about the assets they have available locally and how they can derive a livelihood from these — through farming, energy, housing, access to water or other means.

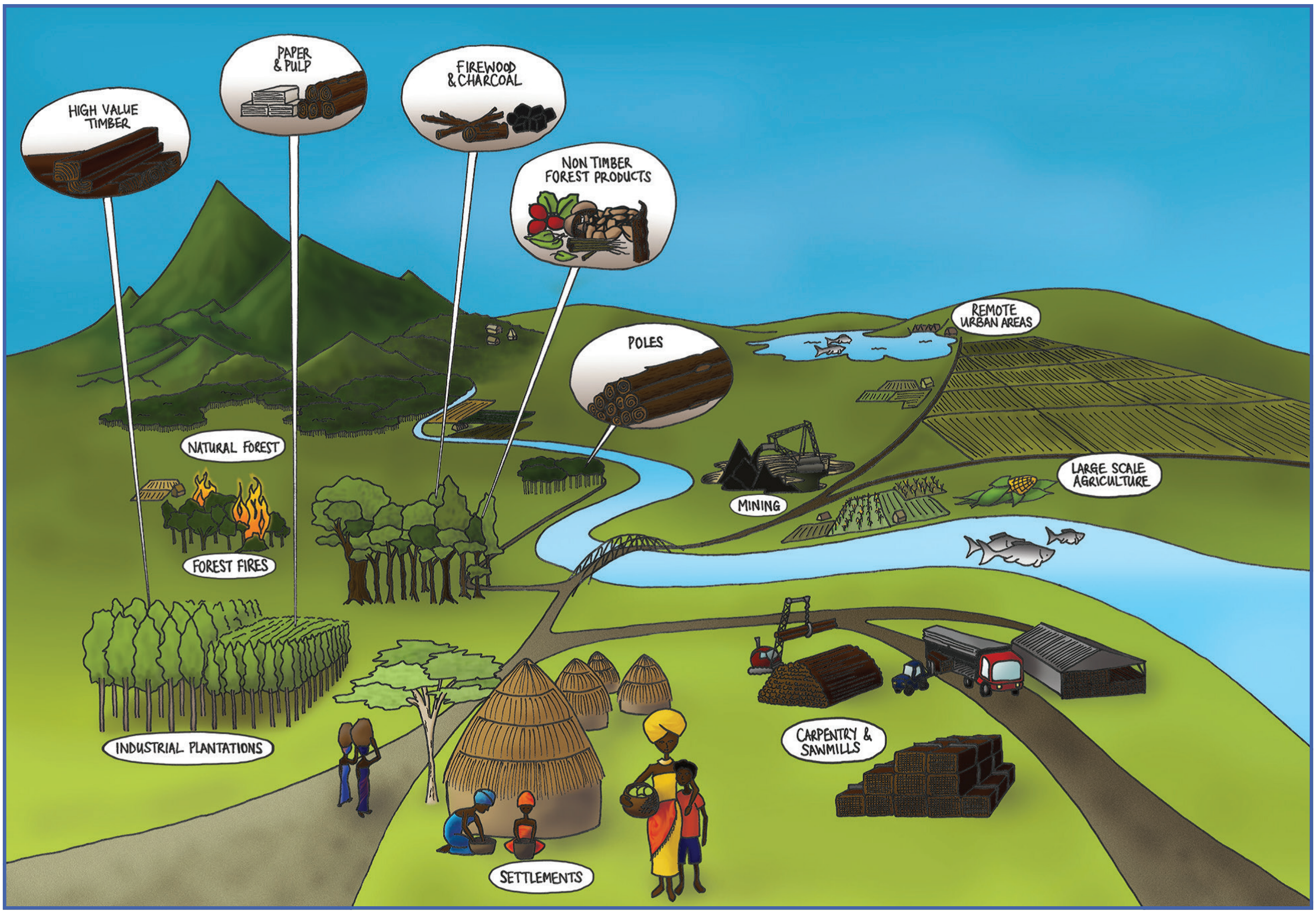
However, it is not only about taking care of large-scale players and rural households. The small- and medium-scale businesses that drive local economies also need to be part of the dialogue and action for climate change mitigation.

There is a need for integrated planning to clarify the vision and priorities of REDD+ and the roles that different parties can play in meeting that vision. Governments need to show leadership in this process and ensure coordination between agriculture, forest, environment, energy, mining, infrastructure, planning and finance. The latter two, often absent in REDD+ discussions, are responsible for aligning sectoral plans with broader development goals. Many countries want to grow fast. But sustainable, inclusive and equitable growth can deliver better results for all. Planning and finance ministries must therefore join the table.

Trying to reconcile multiple interests and policies has often led to conflicts in views of what the issues are, the actors and the solutions in countries getting ready for REDD+. This is not necessarily a bad thing; it is rather an opportunity to address bottlenecks and develop more robust policies and institutions for REDD+ and for broader development.

This briefing focuses on the role governments from developing tropical countries should play in creating an environment conducive to adoption of pathways that will reduce emissions. But governments from developed countries also have responsibilities. REDD+ progress thus far represents commitments from countries like Norway as well as tropical countries — such as Brazil, Democratic Republic of Congo, Indonesia, Mexico and Tanzania — to take bold steps for REDD+ delivery.

Figure 1. The complex landscape and multi-sector causes of land use change



Governments should lead the way for the private sector to follow

The debate around market and non-market mechanisms hinges on the role that the private sector can play by investing in greening their supply chains and offsetting emissions, thus creating demand for the carbon credits generated in sustainable investments. The voluntary carbon market, driven mostly by corporate social responsibility, is playing a role in supporting the early movers who are internalising emissions reductions from their supply chain. Large companies are increasingly doing this as part of their core business model.

Developed country governments must finance REDD+ to create the necessary conditions for developing countries to increase the supply of carbon credits, while also driving up demand for it. Emerging economies such as Brazil, Russia, India, China and South Africa also have a role to play, and national companies need to upscale their emissions offsetting and insetting within developing countries.

Even though all countries recognise that more needs to be done to encourage more sustainable land use practices and thus reduce emissions from land use and land use change, the market already seems saturated with carbon credits. This surplus leads to low prices, creating a disincentive for early movers, including communities who are making the changes.

There were strong views that governments need to do more to raise public capital, and channel it through existing multilateral financing mechanisms to support REDD+ and other emission reduction efforts until a new compliance dispensation on climate change is reached in 2020. This would offer certainty over the price and volume of REDD+ emission reductions, which in turn would stimulate private sector investment and over-supply of carbon credits. Increasing supply reduces prices and can often be a good thing as it stimulates consumers to buy more. Mitigating climate change demands a price premium to be put on carbon credits to encourage the continued growth of supply. Paying more to those who help achieve this

By **insetting**, we mean that emissions are reduced at all steps along the commodity value chain. For example, in cocoa production farmers use agroforestry techniques to enhance soil fertility rather than using chemical fertilisers associated with higher emissions; the buyer uses a fuel efficient means of transport; the processing industry uses energy efficient technologies and cleaner energies such as solar or wind; and so on up to the final sale of the product.

makes sense because the cost of doing otherwise would be greater. We need to capitalise on current opportunities to create the momentum and prepare the ground for implementing a compliance agreement after 2020. It should be possible to leverage private sector funding through partnerships with the public sector.

Certifiers and consumers need to play their part

Current certification schemes emanate from promoting the conservation of biodiversity and providing other ecosystem services, which often do not include carbon. The offsetting and insetting of emissions in the supply chain need to find consolidated certification schemes that address the many services that can be generated from green production, value addition and commercialisation of commodities. Multi-attribute (carbon, biodiversity, social benefits) and streamlined certification schemes are likely to meet companies' expectations to screen their supply against growing commitments and pledges towards zero-deforestation supply chains.

Final consumers — in all economies — also have a part to play. Despite the existence of educated markets and consumers regarding environmental sustainability, we need to step up awareness around links to climate change. Prices and purchasing power drive the majority of consumer choice, so awareness of the non-monetary benefits that a premium price can deliver is essential for conscious and deliberate acceptance of payment for goods and for sustainable ecosystems services.

Conclusion

Although the stage and pace of their strategic planning for REDD+ differs, countries understand and acknowledge the risk of inaction. If REDD+ is to be delivered, there must be leadership from government — from the nearly 50 countries that the world looks on to implement more sustainable land use options and from those that can drive the demand for reduced emissions. These governments need to develop clear policies and regulations around the issue, and commit to enforcing them, thus providing all land use actors with clear guidance on how to reduce emissions from land use and land use change. Sector coordination, public-private partnerships and public capital will also help ensure both the supply and demand of reduced emissions to mitigate climate change impacts.

The blurred finance for REDD+ and reduced emissions is counterproductive and needs to be addressed. The Warsaw REDD+ framework also needs to be implemented. There has been great investment in readiness at global, national and subnational levels — in terms of finance and social and political capital. This has created huge momentum, which should not be lost. Public capital, public-private partnerships and demand from developed countries and emerging economies can all drive the demand for REDD+ credits and stimulate supply. This will pave the way for meeting the targets of a compliance instrument post-2020. Bundling together ecosystem services and certification schemes that include carbon emission reduction can also help build demand for reduced emissions.

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This briefing draws on discussions stimulated by informative and thought-provoking presentations made by Thais Juvenal (United Nation REDD Programme), Josefina Brana (Worldwide Fund for Nature), Monica di Gregorio (University of Leeds and Senior Associate of Centre for International Forestry Research), Asheton Carter (Althelia Foundation), Matt Leggert (Global Canopy Programme) and Jane Boles (Ecosystems Restoration Advocates), Mirko Serkovic (World Bank) and Simon Milledge (IIED)[1]. The 39 participants of the IIED event, Moving ahead with REDD+, from institutions based in Canada, Democratic Republic of Congo, Finland, Indonesia, Norway, Sweden, Switzerland, Tanzania and United Kingdom shared valuable insights. Thanks to Annabelle Powell for helping with organisation.

Knowledge Products

The International Institute for Environment and Development (IIED) promotes sustainable development, linking local priorities to global challenges. We support some of the world's most vulnerable people to strengthen their voice in decision making.

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Notes

[1] For more information on these discussions, see www.iied.org/coverage-moving-ahead-redd-prospects-challenges-workshop