



Results-Based Finance in REDD+: The Place of Non-Carbon Benefits

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Outline

- What non-Carbon benefits?
- How to identify important non-Carbon Benefits?
- When and what to measure?
- How can non-carbon benefits for REDD+ be, measured and valued?
- What role should non-carbon benefits play in a REDD financial framework?
- Links between non-C Benefits and safeguards, leakage and non-permanence
- Reflections
- Selected references

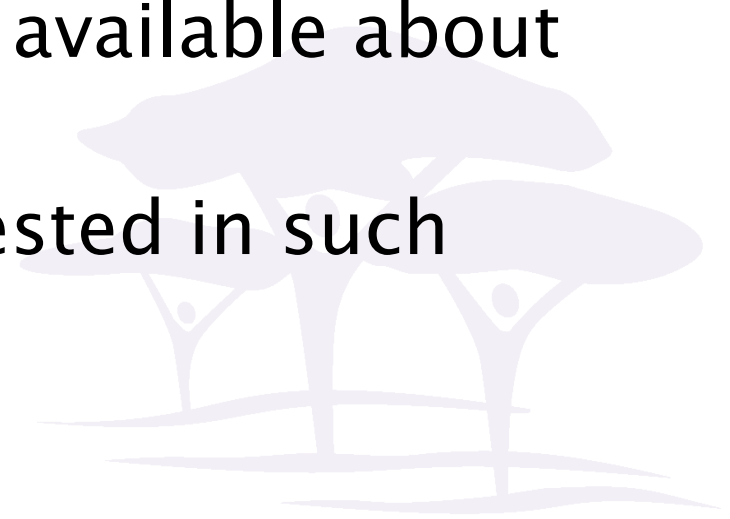


What Non-Carbon Benefits for REDD+?

- Forest Governance
 - Land rights
 - Carbon rights
 - Institutions etc
- Ecosystem Services
 - Water regulation
 - Biodiversity
 - Scenic Beauty
- Climate change adaptation
- Economic / Livelihoods
 - Employment
 - Livelihood (infrastructure)– Community
 - Increased / sustained/ secured supply of for medicinal plants
- Social
 - Cultural services / Values of forests

What non-carbon benefit is important?

- Depends on where you are?
- From whose perspective? Depends on who determines what is important?
- Best done in a participatory fashion?
- How much information is available about co-benefit?
- How much should be invested in such information?

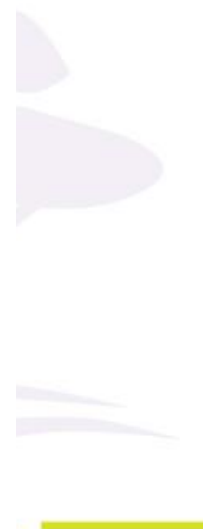
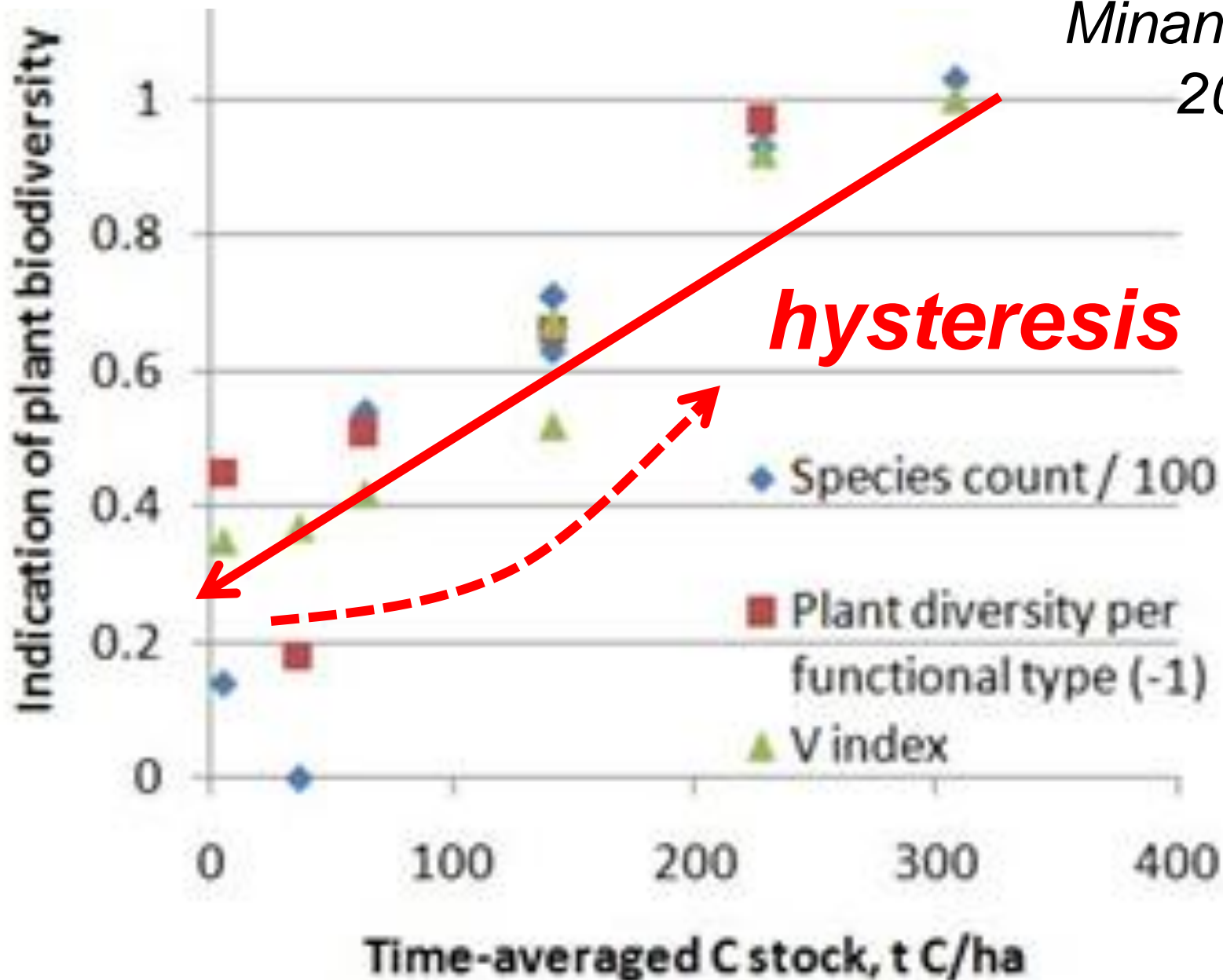


How can non-carbon benefits for REDD+ be identified?

A number of ecosystem services are broadly correlated with terrestrial carbon stocks (forests, trees, C-rich soil, peatlands), and reducing conversion of those can be said to have “co-benefits”, but:

- Correlations are generally not as tight once you zoom in (e.g. C-stock versus Biodiversity), degradation/restoration trajectories may diverge
- The scaling relationships and site-specificity varies between functions, with C stocks have the simplest (area-proportional) rules

ASB-data:
Minang et al.,
2011



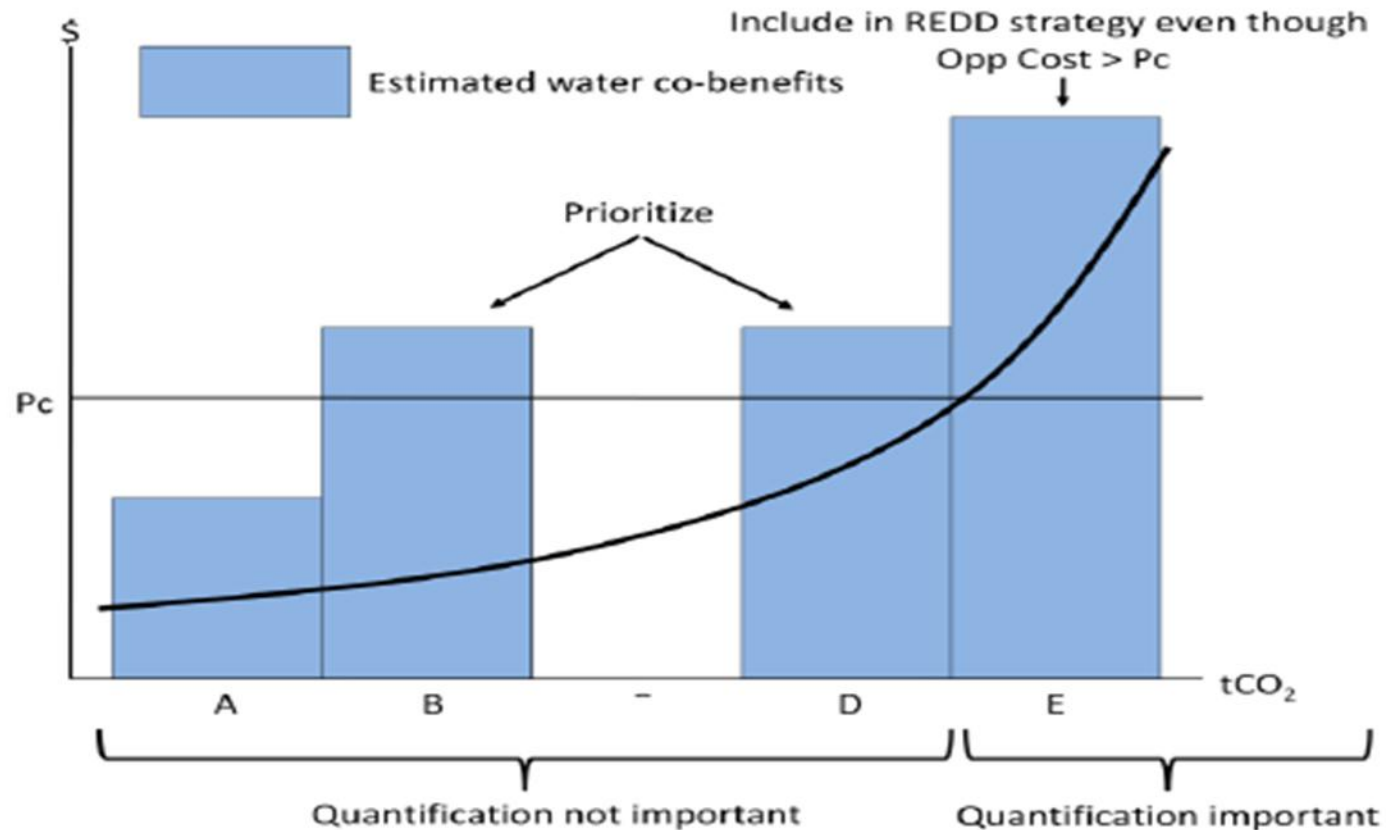
When and what to measure?

- Should we measure all non-carbon benefits?
- YES and NO
- YES: Quantification of benefits may be important for the case where the REDD+ costs exceed the price of carbon. Then you may need additional benefits to justify REDD+
- May not be necessary: In cases where carbon costs are less than carbon benefits so quantification of co-benefits may not be needed. Some kind of qualitative indication might suffice

When and what to measure?

- Quantification of benefits is only important for the case where the REDD+ costs exceed the price of carbon. In all other cases, the carbon costs are less than carbon benefits so quantification of co-benefits may not be needed.

Opportunity costs and other costs can be important in determining what to measure?



At current low C prices and finance levels, non-C benefits might be more important hence necessary to measure and focus on.

How can non-carbon benefits for REDD+ be, measured and valued?

The two basic approaches are:

- Area-based: using the specific spatial attributes of terrain, climate, land cover to analyze the sensitivity of other ecosystem services (in local context) to changes (+ or -) that would be included in REDD+ accounting of change
- Land Use System based: land use systems as concept related to the lifecycle analysis of production systems and hence to economic analysis, can be linked to C stocks as well as ES provisioning, as basis of triangular tradeoffs
- Modeling approaches
- Economic valuation approaches: TEEB study, Green accounting- BUT BAWARE OF ASSUMPTIONS UNDERLYING VALUATIONS

Quantification (Detailed)

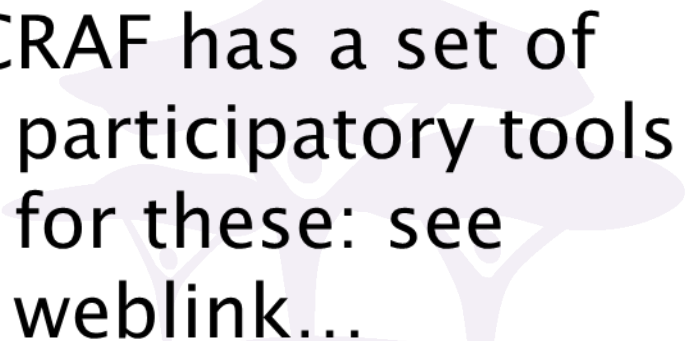
WATER

- Hydrological parameters (flow rates, total water yield, regularity of flow)
- Water quality indicators (colour, sediment / particles, chemical composition)

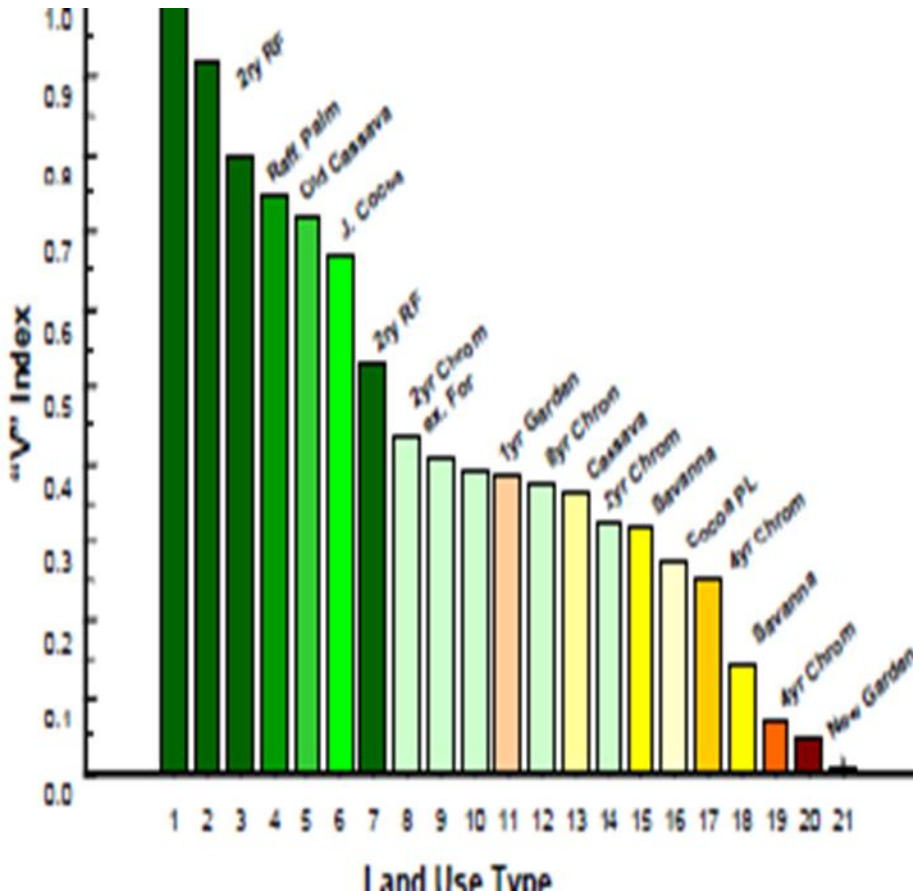
BIODIVERSITY

- Biodiversity indices
 - Shannon,
 - V-Index)
- Species curves

ICRAF has a set of participatory tools for these: see weblink...



E.G of V Index in Cameroon



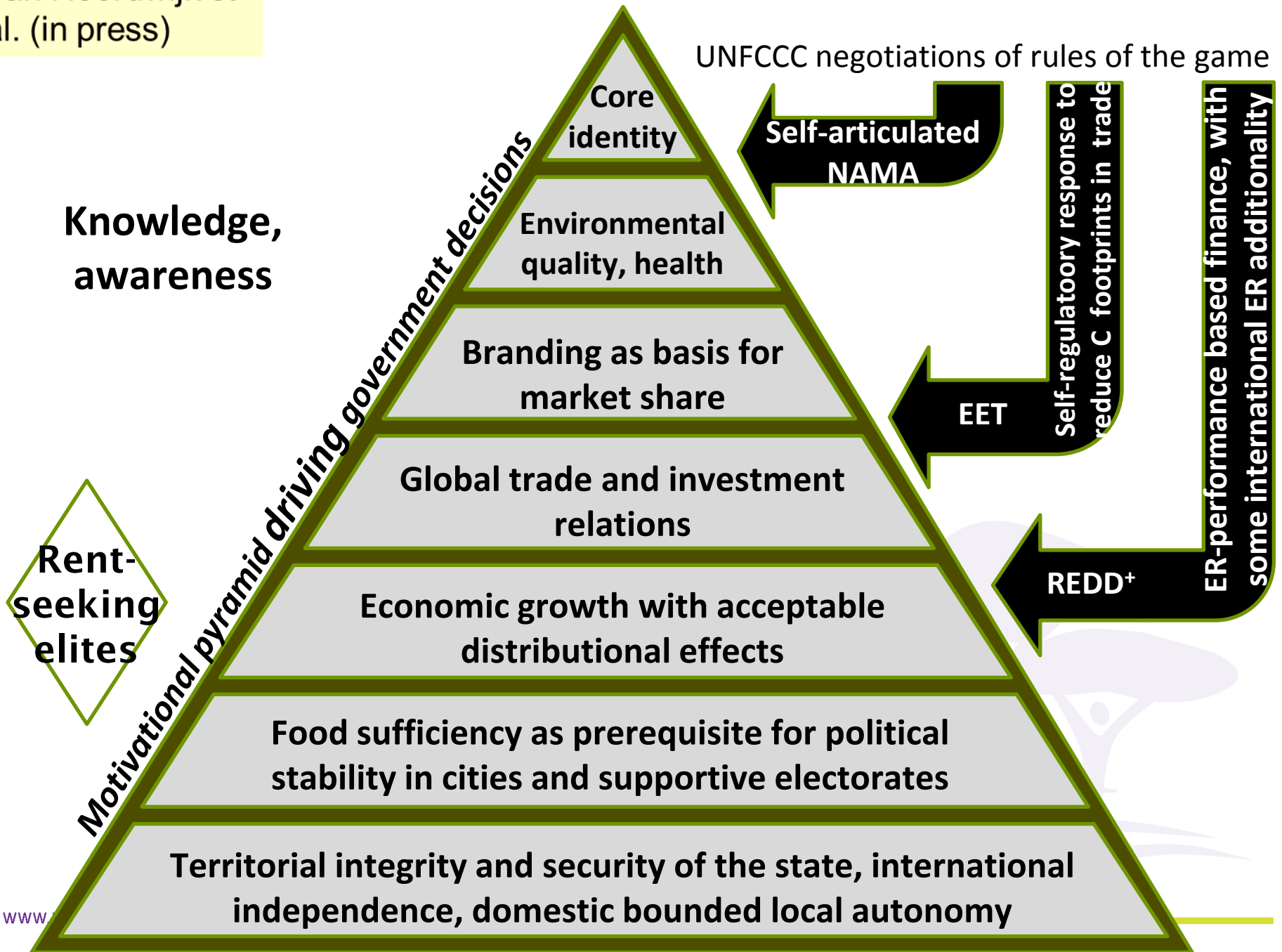
- mean tree canopy height,
- basal area ($m^2 ha^{-1}$),
- total number of vascular plant species,
- total number of PFTs or functional modi (plant taxonomic and functional types - PFTs).
- the ratio of plant species richness to PFT richness (species/modi ratio)

What role should non-carbon benefits play in a REDD financial framework?

- Statusquo: Non-Carbon benefits is a conditionality embedded in SIS
- Can governance and other social criteria be part of results-based financing (i.e. process indicators for Phase 2)
- Results-based: could consider REDD financing of a “bundle” or “stacked” services and benefits through eco-certification (with MRV costs implications)
- These should translate into market and price incentives

How can they be incentivized?

- Financial incentives mentioned in previous slide
- Non-financial incentives could include a wide range of policy instruments
 - Carrots: e.g. legal, and policy instruments- property rights, **private sector investments** etc,
 - Sticks: e.g. penalties and regulations for defaulters
 - Sermons: e.g. educational, capacity building



Could incentives for non-carbon benefits help address the risks of non-permanence and leakage? If so, how and in which context?

- Yes, when non-carbon benefits are linked to drivers of deforestation or tools for addressing the same
- Non-permanence and leakage are strongly scale-dependent concepts, that change meaning with scale. For REDD the most salient evaluation of both is at the national scale of accounting and accountability.
- As co-benefits differ strongly with scale, so does their relationship with non-permanence and leakage
- Prime challenge for co-benefits is at “additionality” and REL level debates within a results-based system

Linkages between the promotion & generation of non-carbon benefits with safeguards for REDD-plus implementation

- Linked within the current rules in Appendix 1 of Decision 1./CP16
- Existing approaches:
 - **SESA** of the World Bank;
 - Social and Environmental Principles and Criteria (**P&C**) – of **UN-REDD**); and
 - REDD+ Social and Environmental Standards (**REDD+ SES**) of CCBA

Table 1

Proximate and long-term social co-benefits of the two principal safeguards

Safeguards	Proximate co-benefits	Long-term co-benefits
Tenure security	Improved rural livelihoods	Increased adaptive capacity
Effective participation	Lower implementation costs	Democratic deepening

Chhatre et al., 2012



Some reflections

- Non-Carbon benefits extremely important for results-based REDD+ Effectiveness
- At current carbon prices & rate of financing, non-C benefits are likely a necessary condition for making REDD+ financially viable and therefore implementable
- However, options for integrating non-carbon benefits into a REDD+ financial framework needs careful efficiency considerations within the evolving REDD+ infrastructure

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- **PLUS Many More**

THANK YOU – MERCI - GRACIAS

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