



WWF's Submission to UNFCCC SBSTA 40

Addressing methodological issues of non-carbon benefits and non-market-based approaches in REDD+

According to decision FCCC/SBSTA/2013/L.12, the SBSTA has invited Parties and admitted observer organizations to submit to the secretariat, by 26 March 2014, their views on methodological guidance for non-market-based approaches and on the issues referred to in decision 1/CP.18, paragraph 40 (non-carbon benefits). WWF welcomes this opportunity and wishes to share the following views and information.

1. REDD+ as a tool for sustainable land use

Placing REDD+ within a broader (inter)national and subnational framework of policies and instruments for sustainable land use can contribute to the long-term sustainability of the interventions.

REDD+, as agreed upon under the UNFCCC (disregarding the source of support, e.g. market, non-market, public, private, etc.), focuses on reducing carbon emissions while safeguarding other social and environmental values. Results are to be measured and expressed in tonnes of CO₂-equivalent per year.¹ However, REDD+ also represents a tremendous opportunity to explicitly seek additional benefits and ensure that emissions reductions are not isolated from other ecosystem services.²

Effective forest conservation may require broad thinking, such as on how to promote holistic approaches that reconcile forest conservation and land-based economic activities such as agriculture. A *landscape approach* could provide an appropriate scale to integrate carbon and non-carbon aspects of REDD+. A landscape can be understood as a contiguous area, intermediate in size between an "ecoregion" and a "site", with a specific set of ecological, cultural and socio-economic characteristics distinct from its neighbours.³ Such an approach could assess how carbon and non-carbon benefits can be enhanced through the transformation of land-based economic activities toward sustainable land-use systems, including through REDD+.

Experience has shown that REDD+ works most effectively when inserted in a broader framework of policies and mechanisms for sustainable land use. Some of the most successful examples of REDD+

¹ Decision 14/CP.19, "Modalities for measuring, reporting and verifying."
<http://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf>, paragraph 4.

² Visseren-Hamakers, I.J., Gupta, A., Herold, M., Peña-Claros, M., Vijge, M. (2012). Will REDD+ work? The need for interdisciplinary science to address key challenges. *Current Opinion in Environmental Sustainability* 4(6): 590-596.

³ WWF (2002). The landscape approach, <http://awsassets.panda.org/downloads/po11landscapeapproach.pdf>

implementation to date (e.g. Acre state in Brazil) have embraced REDD+ as a tool in a broader toolkit.⁴ In other words, REDD+ should promote policy integration (see box below).

Placing REDD+ within broader policy frameworks: The case of Acre state, Brazil

The state of Acre, in Brazil, has shown one of the most advanced experiences of REDD+ implementation to date. Acre is a state of about 800,000 people and 152,581km² of area – nearly the size of Suriname – lying in the heart of the Amazon. It maintains 86 per cent of its original forest cover, and it has managed to reduce its deforestation rate by 71 per cent between 2003 and 2012.

Since 2010, Acre has had an Environmental Service Incentives System (SISA, in Portuguese), which includes a mechanism for incentivizing activities that help keep forests standing, the ISA Carbon Programme. This programme monitors forest-cover change and utilizes several instruments (e.g. technical assistance and rural extension, investments for conservation initiatives, eco-labelling) to finance a transition towards low emissions. It is designed to use both funds and carbon credits generated through avoided deforestation and reforestation/afforestation activities. By 2013 it had secured more than 50 million USD in funds. Overall, it has been estimated that, in addition to forest conservation, 30,000 rural properties (most from smallholders) are benefitting from the programme.

Key lessons from Acre's experience include, crucially, the need to cushion REDD+ actions within a broader legal and institutional framework (SISA, in that case), and the focus on transforming production systems in order to deliver multiple environmental and socio-economic benefits.

In order to help deliver other environmental and socio-economic benefits in addition to emission reductions, REDD+ needs to be well tailored into those broader sustainable land-use strategies, as well as to be implemented in complete compliance of the Cancun safeguards; this by itself will produce benefits beyond carbon.

⁴ Enright, A. (2014). Models for incentivising multiple benefits: Options for the Lam Dong Provincial REDD+ Action Plan. SNV. <http://www.snvworld.org/redd>; and WWF (2013). Environmental service incentives in the state of Acre, Brazil: Lessons for policies, programmes and strategies for jurisdiction-wide REDD+. WWF-Brazil. http://wwf.panda.org/what_we_do/footprint/forest_climate2/publications

2. Why recognize non-carbon benefits (NCBs)?

Recognition and targeting of non-carbon benefits in REDD+ policy and initiatives can help create broader environmental, social and governance benefits.

Forests do much more than sequester and store carbon – they perform a large number of ecosystem services such as providing clean water, habitats for species, and cultural services. Forests are particularly key to biodiversity conservation and local livelihoods. As such, efforts to conserve forests may secure a broad range of benefits in addition to carbon emission reductions, i.e. *non-carbon benefits* (NCBs). Earlier UNFCCC COP decisions⁵ have made clear that REDD+ actions need to be consistent with biodiversity conservation and seek various social and environmental benefits.

The concept of NCBs therefore goes beyond that of safeguards, in recognizing that REDD+ activities should not only “do no harm”, but should explicitly “do good”. NCBs may include the maintenance and enhancement of various ecosystem services, the promotion of sustainable local economic development and improvements in governance (e.g. land tenure or participatory decision-making arrangements). Such benefits may also reduce the risk of reversals and thereby help ensure the *permanence* of forest carbon stocks and emission reductions. Therefore, NCBs should be actively pursued.

Many NCBs, such as land tenure reforms and the enhancement of local institutional capacity, are actually *enabling conditions* (preconditions or factors that need to be in place to produce transformational changes) for REDD+ implementation. They are promoted and implemented through finance for phases I and II of REDD+.

Further clarity and explicit recognition of NCBs in UNFCCC REDD+ deliberations would mean they can be more clearly targeted in REDD+ actions and implementation at the domestic level. Moreover, there might be trade-offs between carbon and non-carbon benefits of REDD+ activities that need to be considered in light of the broad range of roles that forests play in a particular context.⁶ A forest that is richer in biodiversity and which helps sustain local livelihoods will be given preference over one that stocks more carbon only if NCBs are clearly recognized and explicitly targeted at the national and/or local level.

3. How to incentivize NCBs?

NCBs may be best incentivized at domestic levels, adjusted to national circumstances, and through *transformational* approaches that use REDD+ incentives to change land-use activities within and nearby forests.

⁵ See Decision 1/CP.16, “The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention.” <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>, Appendix I.

⁶ Visseren-Hamakers, I.J., McDermott, C., Vijge, M., Cashore, B. (2012). Trade-offs, co-benefits and safeguards: Current debates on the breadth of REDD+. *Current Opinion in Environmental Sustainability* 4(6): 646-653.

The Warsaw decision on REDD+ finance explicitly “*recognizes the importance of incentivizing non-carbon benefits for the long-term sustainability*” of REDD+ activities.⁷ While WWF echoes this importance – as stated above – it is probably not viable – or adequate – to have international guidance on each and every conceivable NCB. Moreover, the diversity of NCBs and lack of comparable measuring units prevents us from having a uniform system to assess them under the UNFCCC. However, there are several options for countries to incentivize NCBs at national and subnational levels, where they may also be able to adjust them to their local priorities and circumstances.

Some options may include the following:

- 1) A *premium* approach, as done in voluntary market certification at the project level, where there would be larger payments to REDD+ activities that deliver NCBs;
- 2) A *priority, eligibility or quota* approach, where REDD+ activities that deliver NCBs are given priority or special eligibility to finance, possibly under a minimum quota system (e.g. 50 per cent of support earmarked to actions that deliver NCBs);
- 3) *Non-bundled additional payments or compensation*, whereby performance on NCBs is incentivized separately, i.e. through separate payments/funds for biodiversity or water benefits, governance reforms, etc.;
- 4) *Bundled additional payments or compensation*, i.e. additional support for NCBs are made as part of a “package” of results that include carbon emission reductions. This is similar to the premium approach but would allow for different ways of valuing and compensating for NCBs.⁸

Each of these options may have weaknesses and strengths. For instance, a “wildlife premium”⁹ could help conserve biodiversity, particularly charismatic megafauna. However, it also risks creating “green islands” by leaving the drivers of deforestation and forest degradation unaddressed, simply redirecting them to other areas. On the other hand, in the case of the Mexican national payment for ecosystem service (PES) programme, the eligibility and prioritization system allowed the forest agency to target the payments to the most important areas in terms of water, biodiversity, poverty alleviation, etc.¹⁰

⁷ Decision 9/CP.19, “Work programme on results-based finance to progress the full implementation of the activities referred to in decision 1/CP.16, paragraph 70.”

<http://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf#page=24>, paragraph 22.

⁸ REDD+ Safeguards Working Group (2013). Non-Carbon benefits in REDD+: Providing incentives and addressing methodological issues.

<http://www.greenpeace.org/international/Global/international/briefings/forests/2013/NCBs.pdf>; and Rey, D., Swan, S. and Enright, A. (2013). A country-led approach to REDD+ safeguards and multiple benefits. SNV – The Netherlands Development Organisation, Ho Chi Minh City.

⁹ See Nepal (2014). Nepal’s ER-PIN to FCPC Carbon Fund.

<https://www.forestcarbonpartnership.org/sites/fcp/files/2014/February/Nepal%20ER-PIN%20CF9.pdf>

¹⁰ Muñoz-Piña, C., Guevara, A., Torres, J.M., Braña Varela, J., 2008. Paying for the hydrological services of Mexico’s forests: analysis, negotiations and results. *Ecological Economics*, 725-736.

Whichever the choice, it is important to pursue NCBs through *transformational* approaches, i.e. using REDD+ to help tackle drivers of forest loss and ignite structural changes in the land-use activities within and nearby forests.¹¹

4. How to assess NCBs?

Countries can make use of existing methodologies and of lessons learned from the implementation of domestic policies and/or other international commitments (e.g. the CBD) in order to assess NCBs in REDD+ actions.

Assessing NCBs can be a more complex task than assessing carbon emission reductions. There are several different NCBs that require their own assessment methods, and they cannot all be simplified into a single measurable unit such as tonnes of CO₂-equivalent per year. Moreover, demonstrating that socio-economic and governance improvements indeed are caused by REDD+ activities may pose additional challenges. However, there are tested ways to address these methodological issues. Furthermore, countries can take the advantage of the efforts they are embarking on to gather data and information for their national forest monitoring systems and MRV to collect additional information related to NCBs, such as biodiversity benefits.

Many countries *already* assess NCBs in the context of their domestic policies and other international agreements such as the Convention on Biological Diversity (CBD) or the Indigenous and Tribal Peoples Convention (C169) under the International Labour Organization. Countries' efforts to implement and report on these other conventions can offer lessons for, and potentially be streamlined with, assessment of NCBs under REDD+. For instance, many of the CBD Aichi Targets on Biodiversity¹² could be pursued through REDD+ actions *if the latter prioritize biodiversity-rich forests*. Similarly, lessons could be learned from the methodologies applied for developing the National Biodiversity Strategies and Action Plans that ensue from the adoption of the Aichi Targets. Streamlining would build synergies, reduce transaction costs of implementation and generate internationally accepted standards. The CBD and its Parties are also monitoring progress toward the Aichi Targets, which could provide important information for REDD+.

Furthermore, the assessment of NCBs does not have to be uniform across all countries, nor must it necessarily be quantitative. It may combine quantitative and qualitative indicators, such as species richness, household income, (reduced) number of land conflicts, and local perceptions on the cultural services performed by the forests conserved. In addition, some NCBs may be more relevant than others in different contexts, and countries may wish to focus more on those that they consider most important.

5. Beyond market mechanisms: exploring non-market-based approaches (NMAs) in REDD+

¹¹ WWF (2014). Building REDD+ for People and Nature: from lessons learned across Indonesia, Peru and the Democratic Republic of Congo to a new vision for REDD+.

http://wwf.panda.org/what_we_do/footprint/forest_climate2/publications

¹² Notably targets 5, 7, 11, 14 and 15. See Miles, L., Trumper, K., Osti, M., Munroe, R., and Santamaria, C. (2013). REDD+ and the 2020 Aichi Biodiversity Targets: Promoting synergies in international forest conservation efforts. UN-REDD Policy Brief 05.

NMAs can help improve REDD+ outcomes in terms of carbon emissions reductions and NCBs. International support in the form of finance, technology transfer, guidelines and capacity enhancement is key to scaling up existing domestic initiatives and promoting new ones.

It is clear that market-based approaches, based on trade of standardized units (e.g. tonnes of CO₂-equivalent per year), have their limitations. Not everything sought through REDD+ actions can be measured in terms of such units – NCBs, in particular, may need a different treatment. Moreover, effective forest conservation may involve many elements that require going beyond market mechanisms, such as land rights recognition, land-use planning, and elimination of perverse policy incentives and availability of finance to help start up local sustainable development projects. Non-market-based approaches (NMAs) encompass all such measures that do not rely on the establishment of a “price” value, and that won’t include transactions in a market. For others, NMAs refers also to mechanisms that won’t use standardized, internationally transferable units.¹³

Many examples can already be found as part of nationally appropriate mitigation actions (NAMAs) or of national adaptation programmes of action (NAPAs) and could be linked to REDD+. For instance, building on existing domestic PES programmes or supporting ecotourism initiatives through subsidies or tax breaks could offer opportunities for co-financing REDD+. Developed-country governments, too, may be an important source of co-financing for multiple-benefit delivery. Initiatives such as debt-swaps for biodiversity conservation, for example, illustrate how foreign governments could support co-financing of REDD+. Finance could also be leveraged from the private sector. Industries could be attracted toward sustainable forest management if instruments such as improved capital access (credit lines, funding streams, soft loans), climate change insurance products and removal of perverse incentives such as subsidies for unsustainable economic activities are put in place by governments.

Although these actions are implemented at national and subnational levels, they can substantially benefit from international support in the form of technology transfer, additional finance and capacity enhancement. In fact, some countries may be unable to undertake effective actions without such international support. REDD+ thus has ample room to optimize NMAs by identifying, enhancing, spreading and scaling up good practices.

In this context, the REDD+ Partnership could assist both with information sharing and best practices. It could compile national and subnational experiences and point out funding, technology and other capacity needs, thus helping guide investment in relevant technology development and attracting finance. Based on that, it could then provide Parties with useful information that could be adapted to various national circumstances. On the other hand, under the UNFCCC, NMAs must be adopted, including under the Green Climate Fund and its deliberations on ways and means to deliver support to developing countries.

¹³ Environmental Integrity Group (2013). Non-market-based approaches. Submission to SBSTA 39. http://unfccc.int/files/cooperation_support/market_and_non-market_mechanisms/application/pdf/nma_environmental_integrity_group_12092013.pdf

6. REDD+ potential contributions to climate change adaptation: the Joint Mitigation and Adaptation Mechanism

REDD+ actions can contribute also to climate change adaptation. Integrated approaches, such as the joint mitigation and adaptation mechanism, can help achieve carbon emission reductions, adaptation benefits and other NCBs at the same time.

UNFCCC Parties have recognized the potential for REDD+ actions to generate adaptation co-benefits.¹⁴ One particular proposal in this direction is the joint mitigation and adaptation mechanism. This mechanism, proposed by Bolivia¹⁵ and supported by other UNFCCC Parties, includes policy integration and land planning, promotion of biocultural conservation initiatives, and actions oriented to articulate agricultural productive processes managed at the local level. This is in tune with similar propositions, such as the Amazonian Indigenous REDD+ Proposal, which highlights the need for greater participation from these actors.¹⁶ These initiatives echo the robust evidence showing that in many cases forests managed by traditional local communities such as peasants or indigenous peoples have lower deforestation rates than protected areas (e.g. in the Amazon region) – even though the former tend to be in areas more suitable to agricultural expansion and urbanization than the latter, which are frequently in remote areas and hard to access anyway.¹⁷

A joint mitigation and adaptation mechanism should also highlight that actions aimed at forest conservation, such as those promoted through REDD+, can make substantive contributions to *adaptation* to climate change, too. First, natural forests can help buffer some of the main biophysical impacts of climate change, such as freshwater scarcity. Second, support to traditional forest-based livelihoods can help diversify income sources, reduce the vulnerability of local communities to ecological or economic changes, and make them more resilient.¹⁸ Third, when they maintain local traditional or indigenous knowledge, forest conservation initiatives also help communities cope socially with environmental change.¹⁹

¹⁴ Decision 9/CP.19, “Coordination of support for the implementation of activities in relation to mitigation actions in the forest sector by developing countries, including institutional arrangements.”
<http://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf>, paragraph 8.

¹⁵ See Bolivia (2013). Submission from the Plurinational State of Bolivia to SBSTA 38. FCCC/SBSTA/2013/CRP.1.
<http://unfccc.int/resource/docs/2013/sbsta/eng/crp01.pdf>

¹⁶ WWF (2013). Holistic management of indigenous territories: the development of the Amazonian Indigenous REDD+ Proposal. http://awsassets.panda.org/downloads/ip_holistic_management_medres_1.pdf

¹⁷ Porter-Bolland et al. (2012). Community managed forests and forest protected areas: An assessment of their conservation effectiveness across the tropics. *Forest Ecology and Management* 268, pp. 6-17; Nolte, C., Agrawal, A., Silvius, K.M., and Soares-Filho, B.S. (2013). Governance regime and location influence avoided deforestation success of protected areas in the Brazilian Amazon. *Proceedings of the National Academy of Sciences* 110(13), pp. 4956-4961.

¹⁸ RECOFTC (2012). Community forestry adaptation roadmaps to 2020 – Asia.
http://www.recoftc.org/site/uploads/content/pdf/Roadmap_final_323.pdf

¹⁹ Somorin, O.A., Peach Brown, H.P., Visseren-Hamakers, I.J., Sonwa, D.J., Arts, B., Nkem, J. (2012). The Congo Basin forests in a changing climate: Policy discourses on adaptation and mitigation (REDD+). *Global Environmental Change* 22(1): 288-298; and Global Forest Coalition, ICCA Consortium and Econexus (2013). Non-market-based approaches to reducing deforestation and forest degradation.
<http://unfccc.int/resource/docs/2013/smsn/ngo/333.pdf>

Some questions, however, may still need further thought. For one, there needs to be more discussion on how baseline reference levels can be set up. In addition, it might be useful to reach some agreement on what “joint indicators” (i.e. those that serve both mitigation and adaptation benefits) could be used to assess performance. NCBs, coupled with indicators on adaptation, could be a way forward at the national and local level, and could provide a framework for assessing such integrated interventions. Finally, it is important to think of the various roles the private sector could play, as this role is no longer limited to buying and selling carbon. In such integrated approaches the private sector has room to engage in various ways, such as in partnerships with local communities and/or in diverse forms of investment to complement REDD+ and provide interim finance.

Recommendations for Actions on NCB and NMA

Parties could:

At national and/or subnational levels

- Build **policy frameworks and incentive structures** in the context of sustainable land-use where REDD+ could be integrated, rather than operate in isolation;
- Use REDD+ incentives (including non-market based approaches) to help ignite **structural changes** in land-use patterns, aiming at emission reductions, adaptation benefits, and other NCBs;
- **Seek synergies** between the implementation of REDD+ and of other commitments (e.g. Aichi Biodiversity Targets) for the assessment of NCBs;
- Look for **complementarity among incentives** for NCBs and other approaches and local conservation initiatives, such as the proposal of “Amazon Indigenous REDD” or compensation mechanisms for ecosystem services.

At the international level

- **Share** information, best practices, and lessons on how countries address and incentivize NCBs, as well as experiences with NMBAs and promoting adaptation and mitigation jointly, through the UNFCCC’s REDD+ web platform, and through the REDD+ Partnership;
- Ensure **international support** in the form of finance, technology transfer, and capacity enhancement to scale-up successful initiatives and promote new ones, such as joint mitigation and adaptation efforts;
- Strengthen the link between the UNFCCC, as the “house” of REDD+, and the CBD to **harmonize the implementation** of REDD+, through the organization of joint meetings and workshops which should include Parties’ **focal points for both Conventions**;
- Explore different ways and means to deliver non-market based incentives in the context of all REDD+ phases.

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