

FAUNA & FLORA INTERNATIONAL


REDD+ POLICY BRIEF

#003

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Key Lessons Learned

-  **#1** From centuries of scientific experiments and medical trials, to modern-day policy development processes, it is unequivocally 'good practice' to start small, test and iterate, and then scale up - as is the case for REDD+
-  **#3** A sub-national REDD+ project requires the same design processes and mechanisms, and faces the same implementation challenges, as REDD+ implemented at national level, making it an ideal testing ground, and a viable model, for development and scaling up
-  **#2** REDD+ is a relatively new and complex mechanism that requires considerable capacity building, learning and experimentation, before it can be implemented nationally
-  **#4** As with the implementation of all national policies, sub-national roll-out, management and monitoring will be required for REDD+, especially within the context of a highly de-centralised governance system, like in Vietnam (or Indonesia, Brazil, India and so on)

Introduction

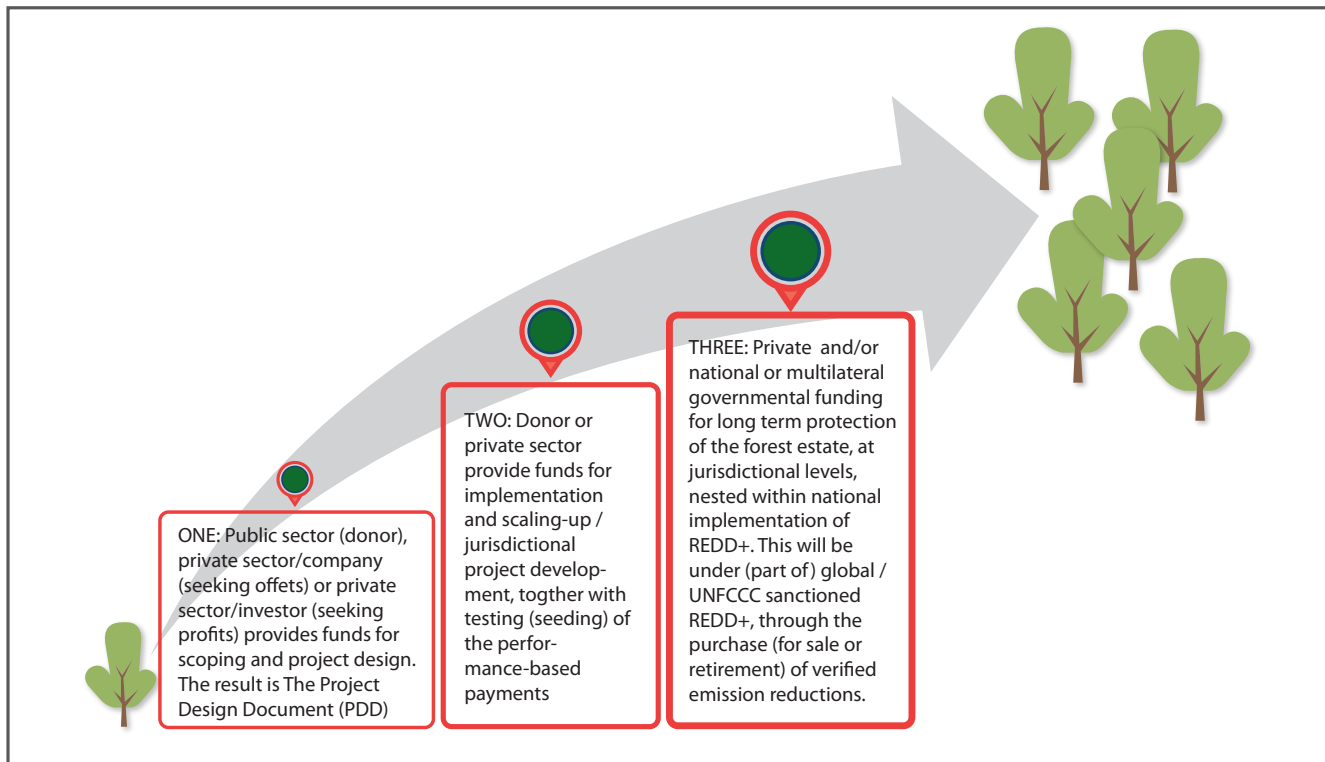
REDD+ is now drawing significant attention and investment, both public and private, because of its potential to reduce greenhouse gas (GHG) emissions while simultaneously benefiting local communities and protecting biodiversity. However, while REDD+ is still being discussed at high-level, inter-governmental meetings, under the auspices of the UNFCCC, it is currently not part of the Kyoto Protocol. Moreover, its role within a comprehensive climate agreement to succeed the current, more limited Kyoto Protocol remains uncertain. Even so, many countries are currently engaging in REDD+ readiness activities (focused on capacity building and awareness raising) and also piloting (testing) REDD+ at the site or project level.

Despite the number of REDD+ projects around the world continuing to grow, several key concerns remain. In particular, there is uncertainty about the optimal scale (of implementation) and doubts have been raised over the permanence of forest-based emissions reductions, including the risk of 'leakage'; the displacement of emissions from a newly protected forest to another (less/unprotected) forest. While one of the strengths of REDD+ is that payments (for carbon credits) are performance based – i.e. contingent upon compliance to agreed and permanent emissions reductions, and socio-environmental safeguards, non-performance (non-compliance) is a risk to all stakeholders, including project developers and investors, and credit purchasers. To frame and mitigate this risk, all REDD+ projects need a responsible entity which can be held accountable for non-performance. Furthermore, mechanisms must be in place to buffer non-compliance/non-payment, which hold back a number of credits from the market, thus saving a percentage of the revenue in a reserve and/or paying into an insurance scheme.

Until REDD+ is finally and officially sanctioned and operational at both the international and national levels, under the UNCCC, REDD+ projects are obliged to choose a responsible entity who has authority over delineated carbon accounting areas with clear, demarcated and legally recognisable boundaries. These perimeters **should** follow existing forest delineation or protected areas, administrative boundaries or in reality, anything that makes sense in terms of management, carbon accounting and monitoring, but there are particular advantages (for REDD+) to follow administrative (jurisdictional) boundaries.

Fauna & Flora International (FFI) have been piloting REDD+ in Hieu Commune, Kon Tum Province, Vietnam, since 2011, and share here lessons learnt on the value of project-level REDD+ as a scalable model (Diagram 1) for developing sub-national and jurisdictional REDD+ (district or provincial scales), and how these initiatives can be 'nested' within national REDD+ implementation.

Diagram 1. Jurisdictional nested REDD+ development (phased approach)



Hieu Commune REDD+ Pilot

The enabling conditions and ongoing requirements for REDD+ design and implementations are the same at any scale. All fully operational REDD+ projects need: legal and/or jurisdictional boundaries, crediting periods, eligible activities (to reduce emissions), GHG sources and carbon pools, baseline determination, leakage calculations and GHG emission reductions & removals (calculations), in addition to robust sets of community consultations, safeguards and legal frameworks. Crucially, the vast majority of 'REDD+ piloting' activities undertaken in Vietnam (and globally) by bilateral and multilateral development partners are intended to develop capacity for, and to test, the individual mechanisms within REDD+ (like those mentioned above). The Hieu Commune pilot, on the other hand, remains the only Vietnam-based pilot designed to be a fully functioning REDD+ project, albeit at the micro-scale. Crucially, this includes the architecture for the eventual securing of international climate finance for forest conservation, via a performance based crediting scheme, following the donor funded project development phase.

Experiences gained from developing the Hieu Commune pilot have provided some critical lessons for replication, scaling-up and national REDD+ implementation, as follows:

- Securing land tenure, through forest land allocation (FLA), is vital for REDD+ in Vietnam, as it addresses the issue of common pool access, incentivises participation and action among local communities, and supports the development of local land use plans, governance structures and benefit sharing mechanisms;
- Protection Forests and Production Forests (Forest Enterprises) may be both eligible for, and their management entities enthusiastic about, engaging with FLA and REDD+ development, where it provides an alternative land management and financing structure;
- Natural forest should be allocated and managed at the community (e.g. village) level and not at the household level. This will reduce implementation and transaction costs, make use of traditional or customary land management knowledge and provide viable management units for enforcement and monitoring purposes.

This will likely be most appropriate for forest with some history of being managed by communities, but there may be scope to expand the concept further – potentially by using a phased approach to allocation;

- Political support is essential, as REDD+ is underpinned by cross-sectoral coordination, transparency and effective land use planning - and that means effective communication and capacity building have to be at the heart of REDD+ development at any scale;
- Policy development must go hand-in hand with REDD+ development. Agreements at the sub-national level (including but not limited to provincial decrees on piloting or carbon rights) provide workable examples and opportunities to iterate, before national policy is drafted and written into law;
- Aside from secure tenure, active local participation and effective governance, REDD+ (being primarily a financial instrument) needs a sustainable source of funds (a purchaser of credits), in order to operationalise its concepts and test its validity. Without (this) finance, REDD+ is purely theoretical, and we will never know the true barriers, constraints, threats or values, associated with it, until finance is passing through its system(s); rewarding those who protect the forest, via performance-based payments, compensations and benefits.

Additional information on these lessons and recommendations can be found in the other four policy briefings, in this series, that accompany this one (policy briefing #3).

Lessons learned from other REDD+ pilots in Vietnam

While the Hieu Commune pilot is unique in Vietnam, due to its completeness and its sub-national/JNR design for phased implementation, there are other REDD+ projects around the country, aimed at testing various components and delivery mechanisms, for national REDD+, that have valuable lessons to share. Some of these key lessons are summarised here, having been captured during a multi-stakeholder workshop on REDD+ piloting, held in Hanoi during March of 2015:

- Piloting/testing of the Benefit Distribution System (BDS) should follow established REDD+ models that provide practical knowledge for national BDS development. Models developed by FFI (Kon Tum), CEDRA (Thai Nguyen) or JICA (Dien Bien) should be included. UN-REDD are best placed and have an opportunity to partner with these NGOs, on national BDS design;
- The development of Reference Emission Levels (REL)s need to be developed in coordination between higher levels (national or subnational) and those at the project (commune or village) level. It is essential that lower level RELs be eligible or nesting within national level REDD+ and the national scheme can benefit from knowledge being generated at lower levels;
- The Vietnam REDD+ Office (VRO) have the opportunity to convene a discussion with UN-REDD/FCPF and NGO local REDD+ implementation partners on the design on BDS, REL(s) and MRV, such that: the design is cost effective, it makes the best use of national expertise (supervised/evaluated by international experts), it is integrated among provinces, carbon measurement is tailored to different localities and/or for different forest types, a single system or approach to benefit sharing is agreed and that RELs be established for sub-national localities and integrated/nested into national REL, together with a decision on what sub-national means; i.e. regional or province or district?;
- The BDS requires a highly participatory, multi-stakeholder design process, with communities working alongside government, non-governmental/civil society actors and lawyers/judiciary. Furthermore, as there is still no guidance for finance regulation or BDS from UNFCCC negotiations (i.e. at COP 19 or COP 20 etc.)

- Vietnam is compelled to develop its own regulations;
- After the project development and piloting phase(s), there is critical need to secure advances of some money from buyers to incentivise and maintain behaviour change - i.e. to 'seed' the performance-based benefit system);
 - A mechanism is required, led by VRO, for feeding knowledge and technical expertise from safeguards piloting, by JICA, FFI and especially SNV, into a national safeguard information system;
 - Province level guidelines/manual should be developed for forest land allocation and community consultation, including tool of evaluation and monitoring of land conflicts, based on the work of FFI, GIZ, JICA and CERDA. Moreover, national FLA policy should be improved and approved, including allocation of forested land to local communities;
 - Forestland allocation, as demonstrated by FFI in the Hieu Commune pilot, should be an integral part of a sustainable forest management strategy, cutting across SFM, REDD+, PFES, FLEGT and so on; and
 - The national FPIC guidelines, currently under development, should be finalised and approved as a priority. These should include lessons learned from local implementation/piloting, as well as the provision of widespread capacity building/training on its use, across the country.

The value of Jurisdictional REDD+

The ability of an 'accountable entity' (for example a District People's Committee), which manages the REDD+ project, to protect the forest, enforce compliance and take meaningful, transparent and legal responsibility for any 'defaults', is directly correlated to the socio-cultural and/or legal power of the project boundary – i.e. governance. Jurisdictional accounting means that a REDD+ project's boundary is also that of a pre-existing, legally recognised and accountable government authority, within the national structure. For an existing jurisdiction, be that a commune, district, county or province, there will already be appropriate, responsible institutions, legal and enforcement mechanisms (including polices and laws) and development plans – as well as an agreed upon and demarcated boundary. Therefore, the concept of jurisdictional accounting has emerged as a potentially potent tool for reducing the risk of non-permanence and leakage; and for providing all stakeholders, investors and buyers with a clear and accountable management entity.

The project in Hieu Commune has been designed around a phased approach. Phase one took place at the project-level, within the jurisdiction of the commune. Phase two is designed around scaling up to the (sub-sub-national) district level, and phase three is provincial REDD+ implementation (sub-national), within a jurisdictional, nested approach to REDD+ across the country. Even at the commune scale, the governance and policy changes and requirements are relevant for higher level implementation. However, FFI consider that the minimum level of REDD+ implementation be sub-national, district level, as a microcosm of national REDD+ implementation. The district can act as both a stepping stone to full (national) implementation, by testing and sharing lessons, and potentially as the unit of management, under a national scheme, if provincial level (accounting, monitoring and managing) is considered too challenging. Sub-national implementation and REDD+ management will still need national policy, and MRV and accounting will be national, but REDD+ projects can help with the design of these frameworks, and provide guidance on the unit(s) / jurisdictions for eventual management.

Projects designed around jurisdictional accounting, due to their administrative boundaries and institutions (including ministerial departments and local government), behave like miniature versions of national REDD+ systems. These sub-national initiatives, with associated accounting, MRV and safeguards mechanisms, therefore

provide the most valuable, country specific, learning in support of developing national REDD+ strategies and policy. In turn, it will be easier to scale-up a jurisdictional REDD+ project to larger administrations, and on up to the national level.

It is also likely to be far easier to integrate jurisdictional / sub-national projects and mechanisms into eventual national accounting and MRV, due to the presence of similar structures, under what is known as 'nesting'. Without jurisdictional accounting and a vision towards nested REDD+, the eventual national REDD+ system will need to have performed an extremely difficult harmonisation process of the various REDD+ projects (and their associated methodologies), which may or may not prove to be possible. To this end, a national approach to REDD+ development is logical, as adopted by VRO, but that does not negate the valuable role of REDD+ piloting, to reduce risks and improve the design of national REDD+ .

As the progress towards a sanctioned, comprehensive global climate agreement including REDD+ remains slow, many practitioners and observers are suggesting that sub-national REDD+, based around 'state-to-state' deals represents an important interim step. The Governors' Climate and Forests Task Force (GCF), for example, is a unique subnational collaboration between 17 states and provinces from the United States, Spain (Catalonia), Brazil, Indonesia, Nigeria, Mexico, and Peru that seeks to integrate sub-national REDD+ and other forest carbon activities into emerging greenhouse gas (GHG) compliance regimes. The GCF is already facilitating the design of sub-national REDD+ projects whereby states in the 'developed world' are committing to purchasing the carbon credits generated by jurisdictional (state/province/regional) REDD+ projects in the developing world. Another example is the World Bank's FCPF Carbon Fund. Now operational, the fund has almost \$500 million USD to develop and provide payments for landscape (jurisdictional) level (100,000ha minimum) emissions reductions programmes. Grants are made available for technical advice and to purchase Emission Reductions (ERs). Funding is 'results based finance', with CO₂ as the metric (as for national/UNFCCC REDD+). Jurisdictions (states/provinces) are currently being chosen and an emissions reductions programme for the North Central provinces of Vietnam has been accepted into the pipeline. All World Bank safeguards will apply and funding (the purchase of ERs) is committed and guaranteed up to at least 2020.

Conclusion and policy recommendations

Regardless of scale, all REDD+ interventions have the same basic structures and needs. Successful REDD+ implementation requires certain enabling conditions; specifically the necessary capacity and governance frameworks, as well as a range of mechanisms or conditions (including design of activities, community engagement, secure tenure or benefit rights, carbon accounting, setting baselines, monitoring, legal frameworks and so on) tailored to local/national political, financial, cultural and environmental contexts. As such, it is probably essential to undertake REDD+ piloting or testing, at the project scale, and then scale up to larger areas/jurisdictions, and ultimately national implementation. Ideally, REDD+ 'projects' would be developed at the sub-national scale, to facilitate easier and faster nesting within a national system, and allow for the immediate local (e.g. provincial level) management and monitoring of emissions and removals.

Where it may be impossible to start REDD+ at the provincial/state level, lower level jurisdictions should be considered as viable alternatives, as in the case of Hieu Commune, as stepping-stones to district (and/or higher) level implementation. District level REDD+ could thus be an interim step in Vietnam to full-scale implementation of jurisdictional nested REDD+ (See Policy Brief #5 of this series), with existing, pilot schemes folded into (nested within) national policy and REDD+ architecture. This nested, phased approach would not only build crucial capacities in a

step-wise fashion, and reduce risks associated with technical, social or political obstacles, but also allow for selection of the optimum devolved/decentralised level and management unit for REDD+ – i.e. the district or provincial level.

Development partners should support, where possible, government agencies and their civil society (project development) partners with scaling up of project-level REDD+ pilots to sub-national jurisdictions/boundaries. Support should also be extended to the design of policies to underpin REDD+, such as forest land allocation, tenure, benefit sharing and carbon rights and crucially, as with the FCPF Carbon Fund, provide finance for the purchase of ERs. Governments (ministries and sub-national authorities) are encouraged to drive forward the phased development and application of REDD+, starting with smaller jurisdictions, and then replicating and scaling-up towards (eventual) JNR implementation of national REDD+, but managed at the sub-national level.



Rice farming in the forest - Hieu Commune, Kon Plong District, Vietnam. Credit: FFI

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Our vision

A sustainable future for the planet, where biodiversity is effectively conserved by the people who live closest to it, supported by the global community.

Our mission

To act to conserve threatened species and ecosystems worldwide, choosing solutions that are sustainable, based on sound science and take into account human needs.

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Background and Disclaimer

FFI have developed five policy briefs that analyse experiences and present lessons learnt and from implementing their Community Carbon Pools REDD+ pilot project in Kon Tum province, and from other sub-national REDD+ initiatives in Vietnam. The 5 REDD+ briefings are on:

- Forest land allocation (FLA) and tenure
- FPIC based community consultation
- REDD+ piloting, scaling up and nesting within national implementation
- Beyond carbon: REDD+ as innovative finance within sustainable landscapes
- Carbon accounting: Measuring forest cover and change

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