

*Building REDD+ Policy Capacity
for Developing Country
Negotiators and Land Managers
Phase III: Lessons learned*

*Expert Meeting and REDD Project Field Visit
April 2-5, 2012*

Meeting report and main messages

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Abbreviations and Acronyms

ASB-ICRAF	ASB Partnership for the Tropical Forest Margins
CCBA	Climate, Community and Biodiversity Alliance
COP	Conference of the Parties
FPIC	Free, prior and informed consent
IISD	International Institute for Sustainable Development
MRV	Measurement, reporting and verification
NGO	Non-governmental organizations
PES	Payment for Ecosystem Services
PFM	Participatory Forest Management
PNRPS	Philippines national REDD+ strategy
REL	Reference Emission Level
RL	Reference Level
R-PP	REDD Readiness Preparation Proposal
SES	REDD+ Social and Environmental Standards
SIS	Safeguard Information Systems
REDD+	Reducing emissions from deforestation and forest degradation in developing countries, plus conservation, sustainable management of forests, and enhancement of carbon stocks in developing countries
REDD-DD	REDD Development Dividend
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
VCS	Verified Carbon Standard

1.0 Main Messages from the Expert Meeting

REDD+¹ is a highly technical and rapidly evolving subject with significant promise to produce multiple mitigation and sustainable development benefits. But there are significant uncertainties with how REDD+ will evolve under the international climate regime. Identifying and analyzing lessons learned, contributing to innovative thinking and continuously seeking to improve processes will be critical to REDD+'s success moving forward. Two critical determinants of success need further consideration within the climate change negotiations: (1) developing and implementing REDD+ safeguard information systems (SIS) and (2) fostering effective private sector engagement in the REDD+ value chain.

To explore these two determinants of success, a REDD+ expert meeting was held in Nairobi, Kenya, in April 2012, under the Building REDD+ Policy Capacity for Developing Country Negotiators and Land Managers² project. The International Institute for Sustainable Development (IISD) and the ASB Partnership for the Tropical Forest Margins at the World Agroforestry Centre (ASB-ICRAF) delivered the workshop, with the support of the Government of Norway. Eighteen experts from government, the private sector and civil society shared information and lessons learned. The main messages from the workshop for negotiators include:

- **REDD+ SIS do not necessarily require new mechanisms, methodologies or indicators, as there are opportunities to build upon existing architecture.** These opportunities include methods and processes to report on obligations and provide information under international agreements, national legislation, bilateral and multilateral agreements and REDD+ pilot-level initiatives.
- **Private sector engagement and finance is central to REDD+ success.** Private sector involvement can help bridge the financing gap between public sector financing and developing country needs, as well as make vital contributions to REDD+ initiatives by providing technical expertise. Increased private sector involvement in REDD+ hinges on policy clarity and certainty.

Other key messages, set out below, are a summary of common views expressed at the meeting.

1.1 Safeguard Information Systems (SIS)

Progress within the International Negotiations

- **In tailoring existing and designing new elements of REDD+ SIS, approaches should be flexible, country driven, respectful of national sovereignty and sensitive to national circumstances.**
- **The guidance provided in the Durban outcomes is very broad and general on systems for providing information on how safeguards for REDD+ activities are addressed and respected.** More information is needed on the threshold of acceptability for designing, implementing and reporting through REDD+ SIS. Reporting guidance, templates or checklists could provide clarity.
- **The Subsidiary Body for Scientific and Technological Advice could consider conducting a technical workshop on developing systems for providing information on REDD+ safeguards.**

¹ 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.

² http://www.iisd.org/climate/land_use/redd/

Operationalizing REDD+ SIS at the National Level

- In developing REDD+ SIS that are robust and provide regular and accessible information, attention must be paid to keeping transaction costs low. Determining the minimal cost of implementing SIS is needed, as is innovative financing for development of SIS reporting.
- An online inventory and clearing house of information pertaining to safeguards, with the capacity for both uploading and downloading information, could be an effective tool for reporting and disseminating information on safeguards.
- Existing tools and architecture useful for REDD+ SIS implementation include: reporting under the Convention on Biological Diversity, the biodiversity registry formulated by the Government of the Philippines, Vietnam's Forest Management Information System, Madagascar's Environmental and Social Dashboard and Ethiopia's Participatory Forest Management approach.
- Countries need support and forums for sharing knowledge on stocktaking to identify existing systems and mechanisms that can be leveraged for REDD+ SIS. Capacity building and financing are critical to ensure the effectiveness and durability of REDD+ SIS.

1.2 Private sector Engagement

Enabling Conditions for an Effective Private Sector Role in REDD+

- Policy clarity and certainty are critical determinants of private sector involvement in REDD+. For example, clarification on rights for owning and trading carbon credits is a necessary pre-condition for effective private sector engagement in REDD+.
- Due diligence in the investment process, clear benefits-sharing arrangements, appropriate dispute settlement arrangements and some level of insurance in contractual agreements are paramount to enhance private sector investment in REDD+.
- A nested approach seems to be the most promising policy option for private sector involvement and resource mobilization. There is a need for national baselines that unify crediting and accounting for project and subnational REDD+ baselines. Capacity building at all levels of government would increase success.

Identifying Motivations and Points of Entry

- Private sector involvement in REDD+ is motivated as much by "reputational returns" to REDD+ investments and corporate social responsibility activities as it is by monetary returns.
- More information is needed to determine the extent of the private sector's current involvement in REDD+ initiatives and to understand the contributions of producers, investors, brokers, consultants and end-buyers along the REDD+ value chain.
- Private sector engagement is required in the international policy arena to build a workable framework for public-private partnerships for REDD+.

1.3 Priorities for Follow-Up

- A systematic assessment of the applicability and usefulness of REDD+ tools and methods are needed across the REDD+ value chain. Tools and guidance documents are available to support REDD+ implementation; however, guidance is needed to determine which tools and guidelines are approaches at each stage in the value chain.
- Capacity development and research is needed in MRV, safeguards, benefits-sharing systems, nested approaches to REDD+ and private sector engagement.
- There is a need and desire for continued dialogue to address the various concerns and needs of governments, the private sector and civil society.

2.0 Workshop Report

2.1 Introduction and Background

IISD has partnered with ASB-ICRAF to deliver a project that builds policy capacity in developing countries engaged in United Nations Framework Convention on Climate Change (UNFCCC) negotiations related to REDD+. The project is funded by Norad as part of its Climate and Forest Initiative 2011-2012 civil society support program.

Building on a series of workshops held in Asia and Africa in 2009-2011 and the establishment of the REDD Development Dividend (REDD-DD) Task Force in Phase II of the project, an expert meeting was held in Nairobi, Kenya (April 2-3, 2012). Further information on all project activities, including meeting reports, presentations and background documents can be accessed at: www.iisd.org/climate/land_use/redd/.

The April 2012 meeting in Nairobi, Kenya, was attended by over 30 participants and expert presenters. Participants were from Asian and African countries that received support through the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD) program and/or the World Bank Forest Carbon Partnership Facility.³ The goal of the meeting was to provide input to, and review of, the research and outputs of Phase III activities, focused on REDD+ (SIS) and private sector engagement in REDD+. The meeting aimed to:

- Promote continued interactions among developing countries to further regional cooperation on REDD+ and capacity building
- Enhance knowledge of how to “bridge the gap” between developments at the international negotiations and policy design and implementation processes at the national level
- Share experiences and identify effective lessons/strategies for leveraging private sector finance and expertise to achieve effective REDD+ outcomes that generate multiple benefits

³ Twelve countries participated, including: Democratic Republic of the Congo, Cameroon, Kenya, Uganda, Ethiopia, Tanzania, Madagascar, Nepal, Indonesia, the Philippines, Vietnam and Thailand.

- Identify characteristics of existing REDD+ processes and other related mechanisms that are applicable to REDD+, and the challenges associated with the development of REDD+ SIS at both the national and international levels

The workshop program included updates on the outcomes of the 17th Conference of the Parties (COP 17) related to: private sector participation and SIS for REDD+; regional perspectives and country experiences on REDD+ progress; expert presentations and discussions on strategies for attracting private sector participation and investment in REDD+ initiatives; and international and national-level processes that could potentially inform the development of SIS for REDD+.

The workshop was conducted using the Chatham House Rule, whereby participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed. With the exception of expert speaker presentations, comments during discussion and breakout group sessions are not attributed in this report.

2.2 Opening Remarks and Introduction

August Temu, director of partnerships at ICRAF, welcomed participants and provided an overview of the workshop objectives. He acknowledged the presence of special guest Thomas L. Ball, and thanked IISD and Norway for their continued support of the project. He noted that previous workshops have enhanced the capacity of negotiators on safeguards, benefits-sharing mechanisms and MRV. He wished for the success of the workshop and expressed his hope that it would also lead to further collaboration beyond the lifetime of the project.

Thomas L. Ball, counselor/deputy permanent representative to the United Nations Environment Program and United Nations Habitat on behalf of the Royal Norwegian Embassy, provided opening remarks. He was pleased to note the participation of representatives from government, civil society and the private sector. He viewed the discussions as continuation of the Durban agenda, which included discussions on finance, reference levels, safeguards and MRV. Ball noted IISD/ASB-ICRAF's work as precedent-setting in bringing negotiators, experts and civil society together to work towards the common goal of reversing deforestation and degradation in a way that achieves benefits for local communities.

Peter A. Minang, ASB-ICRAF, and Deborah Murphy, IISD, provided further opening remarks and an overview of the meeting. They thanked their two distinguished guests and stressed the importance of connecting people working on REDD+ across key regions. They noted that the meetings and workshops under the project have initiated a series of fruitful south-south dialogues, and that relationships between and within Africa and Asia have been formed as a result of these opportunities. They thanked Norway for its continued interest and support and concluded by stressing that REDD+ is a promising international initiative.

2.3 REDD+ Progress and Actions

2.3.1 Presentations

Julie Greenwalt, UN-REDD, discussed the administrative structure of UN-REDD as well as its six key areas of work, namely: MRV and Monitoring; Governance; Transparent, Equitable and Accountable Management of REDD+ Payments; Multiple Benefits of Forests and REDD+; and REDD+ and the Green Economy. She discussed how REDD+ can deliver on three fronts: climate change mitigation, sustainable development and biodiversity. She stressed that the UNFCCC Cancun annex on safeguards provides an overarching framework for implementing, monitoring and reporting on safeguards at the national level. She placed particular emphasis on free, prior and informed consent (FPIC), and its having been embedded as a value in the United Nations Declaration on the Rights of Indigenous Peoples. FPIC can be a challenging and time-consuming process, but its benefits have been recognized, and more investment is required to build capacity for FPIC processes. Moreover, while the private sector has been targeted by UN-REDD as a key investor in REDD+, its role as a driver of deforestation cannot be overlooked. The private sector is part of the problem, as well as the solution. She stressed the need to be cognizant and realistic about the benefits of REDD+, or there will be little motivation to change behaviours.

Alfred Gichu, National REDD+ focal point for the Kenya Forest Service, provided an overview of REDD+ progress in Kenya. He explained that 80 per cent of Kenyans are dependent on wood fuel energy, much of which comes from unsustainable charcoal burning. Thus, aligning REDD+ with long-term national development objectives is imperative if deforestation is to be halted and reversed. Kenya's REDD Readiness Preparation Proposal (R-PP) has identified key drivers of deforestation, and Kenya has a Social and Environmental Standards (SES) process integrated into its REDD+ activities. Moreover, the Government of Kenya has established a national REDD+ coordination office at Ministry of Forestry and Wildlife, so as to operationalize the R-PP and harmonize actions among different levels of government. Challenges include developing a national carbon investment and trading policy. He also stressed that forest-dependent groups need to be informed in order to collectively provide input into the REDD+ process. He stressed the need to build capacity among national-level institutes and concluded by stating that the Government of Kenya sees promise in a nested approach that starts at the subnational level and works upward.

Suchitra Changtragoon, Department of National Parks, Wildlife and Park Conservation, Thailand, presented on REDD+ actions in Thailand. She explained that, in light of ongoing deforestation, the Government of Thailand initiated a ban on concession logging in 1989. Currently, Thailand has over 100 national parks and protected areas, and new ones are being created on a continual basis. They have established a hotline to inform authorities about illegal logging, encroachment and related initiatives. The government has also been a key player in the Mekong Biodiversity Conservation Corridors Initiative. She stressed that all of these activities *complement* REDD+ initiatives, rather than being driven by them. The Government of Thailand has established a REDD+ technical working group, and is currently engaging in the DNA barcoding of trees and plants. Related to the private sector, some corporate social responsibility initiatives have included reforestation. She concluded by emphasizing the need to find continuity between existing forest policies and development of REDD+ efforts.

2.4 Private Sector Engagement in REDD+

2.4.1 Presentations

Florence Bernard, ASB-ICRAF programme associate, gave an overview of private sector engagement in REDD+ initiatives. Within the UNFCCC negotiations, there has been much discussion of the need for private sector investment to close the gap between public sector financing and developing country needs. Bernard presented a simplified REDD “value chain,” and noted that the private sector could play a role in any of the “links” in the chain. The points of entry in the value chain are: (1) producers through project development and up-front investment, (2) advisors through capacity building and technical development, (3) brokers through carbon credit trading and retailing and (4) end-buyers through carbon credit purchasing. She emphasized that there is still a lack of comprehensive quantitative data on private sector engagement. Nonetheless, there are several clearly identifiable initiatives that could further private sector participation in REDD+ and early experiences that could be built on. REDD+ project proponents are showing interest in emerging and potential compliance markets, such as California’s cap-and-trade system.

Erastus Wahome, Ministry of Finance, Government of Kenya, followed with a presentation on the Kenyan regulatory, policy and institutional environment for private sector engagement in REDD+. He noted that 60 per cent of climate finance currently originates from the private sector and that policy incentives are an essential determinant of the scale and scope of further engagement. Wahome emphasized that there are potential “win-win scenarios” for all—but without investor confidence, the private sector will not engage in REDD+ to any great extent. Kenya has started the REDD+ policy planning and readiness process, and the country is also developing a national carbon trading policy. He concluded by re-emphasizing the need to establish an adequate regulatory and policy framework, an amenable investment climate, and broad institutional and fiscal reform moving forward.

Mayumi Quintos-Natividad, Forest Management Bureau, Philippines, shared perspectives on the Philippines national REDD+ strategy (PNRPS) and private sector engagement therein. The PNRPS was a product of a series of multistakeholder consultations among government, civil society, indigenous peoples organizations, academia and research institutions. Quintos-Natividad identified three key roles for the private sector in REDD+ in the Philippines: project implementer, project financier and member of the National Multi-Stakeholder REDD+ council—a national and subnational coordinating agency for REDD+ initiatives. Quintos-Natividad stressed that the Philippines is a firm believer in public-private partnerships, and that the private sector is not merely a project funder or implementer, but can engage in technical aspects of REDD or support broader national implementation. Challenges ahead for the government include the issuing of a national policy or legislation on REDD+ to reflect the PNRPS and clarifying issues such as carbon rights, land tenure, benefits-sharing mechanisms and the appropriate scope of private sector engagement in REDD+.

Anton Espira, field director for Eco2librium, Kenya, presented on key components of private sector engagement and leveraging private sector finance. He stressed that experiences with reforestation initiatives can be instructive for REDD+ practitioners and provide a background against which the private sector and investors might become involved in REDD in the future. Espira stressed that the private sector can be quicker, leaner and more efficient than non-governmental organizations (NGOs), inter-governmental organizations or governments in terms of implementation. The private sector can be reluctant to embark on afforestation/reforestation Clean Development Mechanisms or REDD+ projects due to their long time frames, risk and complexity. He also identified the difficulties in designing effective benefits-sharing mechanisms. If the initial revenue stream is slow, there is a risk that benefits for local communities will not be realized or meet expectations. Partnerships between the private sector and government, NGOs and local communities

are critical to the success of REDD+, since most communities are incapable of developing REDD+ development documents on their own. The need for effective risk-sharing and risk-mitigation structures was identified as a way to promote these partnerships.

Vu Thanh Nam, Department of Policy, Vietnam Administration of Forestry (VNforest), gave his views on current and potential future contributions of the private sector to REDD+ in Vietnam. Vietnam is noteworthy for having recently established a sub-technical working group on private sector engagement within the national REDD+ planning process. The group's objectives are to encourage private sector involvement in implementation processes, and to engage in information and experience sharing, capacity building and policy dialogue activities. Current challenges include a low level of understanding of REDD+, lack of clarity over the appropriate scope of private sector participation, absence of legal frameworks for investment to guide the private sector in the voluntary carbon market, and issues of carbon rights and ownership of carbon credits. Potential future contributions of the private sector to REDD+ include: investment finance and co-management of forests, forest certification schemes, use of legal timber services and carbon trading. He concluded by emphasizing that the dialogue among government, private sector and relevant stakeholders can be strengthened, particularly related to discussions of the carbon market and REDD+ potential.

2.4.2 Discussion

Following the presentations, a discussion opened with a question over the “currency” or incentives for private sector engagement through a nested approach to REDD+. The private sector desires returns on investment in the form of a fungible, tradable commodity—namely, carbon credits. However, monetary benefits can often be small, particularly in the early stages of a project, or if returns are divided among individuals or households. REDD+ activities need to produce co-benefits beyond carbon payments—or in lieu of them. At the same time, exclusively in-kind benefits are likely not sufficient to attract private sector participation and investment in REDD+. From the perspective of some in the private sector, if there is no performance-based payment at the local level, then there is little motivation for avoided deforestation. This prompted further discussion over whether multiple forms of incentives were in conflict or could in fact be complementary.

Participants noted that, while there is a trend towards consensus that a nested approach would be beneficial to REDD+, only very modest steps have been taken toward implementing such an approach. Participants also focused on how to harmonize crediting and accounting for project and subnational REDD+ activities into national baselines, reference levels (RL) and reference emission levels (REL). Project-level RLs need to feed into county, provincial and national RLs. Democratic Republic of the Congo's registry of REDD+ project activities was identified as a promising initiative to address this challenge. It was agreed that a harmonized, nested approach to REDD+ would be instrumental for addressing leakage.

A number of countries expressed concern about policy coherence with a nested approach, since REDD+ project activities could be undertaken independently of the government. The difficulties of a “top-down,” exclusively national-level approach were also identified. Formulating strict rules at the national level is not easy, and in many participants' experience the most fruitful approach is to have a national framework with devolved implementation responsibility to the regional/municipal level.

Participants also discussed the importance of having a comprehensive understanding and clarification on the land tenure arrangements and on the ownership of carbon rights. The private sector needs to see the fungible tradable commodity and therefore to have the carbon rights.

Finally, discussion turned to mechanisms for mitigating risks and creating a more hospitable investment environment for the private sector. The private sector seeks investment environments in which there is policy certainty, which translates to assurances at the international and national levels. Moreover, several speakers cited the need to allow credit payments at the subnational or county levels. As current REDD+ initiatives exist on the voluntary market and not the compliance market, further consideration needs to be put into the relationship between the two, and the implications if REDD+ becomes part of a compliance market under a future international climate change agreement. In the long term, the voluntary carbon market and its extant credits could be nested into a national-level accounting framework. However, the Verified Carbon Standard (VCS) and voluntary markets have their own accreditation processes and often their own price for credits, so it will take time to harmonize the credits. The discussion closed with an affirmation of the need for further strategizing to attract increased private sector participation in REDD+ initiatives.

2.4.3 Breakout Group Discussion: Private Sector Engagement in REDD+

A breakout group was formed to discuss key questions pertaining to private sector engagement in REDD+. Discussion questions included:

- 1) In regards to the presented REDD value chain, what actors are missing, what are the missing elements and how can we improve this value chain?
- 2) What are the characteristics that can make REDD+ particularly appealing to the private sector and what type of strategies could be devised?
- 3) What are the elements of a nested framework that enables private sector involvement?

(1) REDD+ Value Chains and Gaps. Logging is a key driver of deforestation in many countries, and one point of discussion was where logging companies fit into the REDD+ value chain identified by Florence Bernard in her presentation. Depending on the context, logging companies can be both drivers of deforestation and contributors to REDD+ investment under corporate social responsibility or carbon emission reduction activities. It was suggested that the value chain should separate investors and producers in order to better understand the potentially differing motivations and involvement in REDD+. Certain investors in REDD+ and other forest carbon or conservation initiatives are not dependent on forests in any way; Toyota's corporate social responsibility activities were identified as an example. Categorizing private companies into different sorts of producers of goods and services could also assist in identifying their motivations. One participant noted that the private sector could also play a role in developing dedicated MRV technologies for REDD+ initiatives, and that this could be more explicit in the presented REDD+ value chain by clarifying what the "advisor" encompasses.

(2) Strategies for Attracting Private sector Investment and Participation. Motivations for private sector investment can include reputational returns in addition to tradable carbon credits. Either way, the private sector needs to see some sort of net benefit from its investment that can be measurable and evaluated. The need for due diligence in the investment process, in order to identify "carbon cowboys" and other questionable investors, was also identified. The group agreed that some level of insurance is needed in contractual agreements between governments and project developers/investors, as well as the flexibility to negotiate and renegotiate said agreements. These agreements need to accommodate antecedent project arrangements. Elaborating clear benefits-sharing arrangements, transparent processes and appropriate dispute settlement arrangements and ensuring enforcement were identified as paramount in the relationship between governments and private sector investors moving forward under REDD+.

(3) Nested Approach and the Private Sector. Agreements should be made with the administrative level that is best able to administer and enforce the contractual agreement. Each jurisdictional level in a nested approach should add some value to the overall process. This in turn implies that capacity and empowerment need to be built in at each of these levels. Moreover, discussants agreed that a national registry of REDD+ projects and harmonized MRV and baseline setting are needed for a successful nested approach.

2.5 Introduction to Day Two

Peter Minang and Deborah Murphy noted it was encouraging to see meeting participants sharing experiences with counterparts. It was noted that many are realizing that colleagues in other countries are working through similar challenges and processes, and REDD+ practitioners can benefit from sharing experiences and working through challenges together. They noted that Day Two's discussions would be focused on exploring SIS for REDD+.

2.6 SIS for REDD+

2.6.1 Presentations

Jessica Boyle, project officer, IISD, presented on an SIS for REDD+, and IISD's ongoing research on the topic. Boyle noted that the COP 16 agreement included an annex of seven safeguards, and the Durban outcomes called for the development of a system for providing information on how the safeguards are being addressed and respected in national REDD+ activities. SIS should be flexible, country-driven, financially viable and build on existing systems where appropriate. The outputs of IISD's research will help identify lessons learned from existing mechanisms for the design of a REDD+ SIS process. She noted that there are a number of parallel processes potentially feeding into REDD+ SIS, including international conventions and agreements, national legislation, policies and approaches, select environmental assessment frameworks, bilateral and multilateral agreements and project-level initiatives (e.g., donor-driven safeguard mechanisms). The challenge comes in operationalizing an SIS for reporting on these safeguards.

Steven Swan, REDD+ senior advisor, SNV Vietnam, presented on Vietnam's sub-technical working group on safeguards. Though Vietnam was one of the first countries to engage in REDD+, safeguards (and the establishment of an SIS) remain a key element to be elaborated on moving forward in the REDD+ preparation processes. The Sub-Technical Working Group on Safeguards focuses explicitly on social and environmental safeguards (i.e., safeguards one through five in the Cancun Agreements) and does not cover the "carbon-related" safeguards of (6) permanence and (7) leakage. The Government of Vietnam has established a separate working group for MRV, under which these issues are discussed. Key accomplishments in the safeguards discussion at the national level have included the establishment of the sub-technical working group, the identification of options for operationalizing REDD+ safeguards in Vietnam, identification of national REDD+ program safeguards, the creation of a publicly accessible Forest Management Information System (although no data has been entered yet), the maintenance of a National Forest Inventory, and forest and forest-land monitoring. Swan emphasized that new national-level safeguards policies or standards are not always essential, as safeguards can be addressed by supplementing and modifying existing policies and practices. In many ways, REDD+ safeguards are already being undertaken under a different guise in Vietnam, as the country has embraced a "triple bottom line" approach to their forest policy in recent years. As such, they do not necessarily need to be seen as an additional burden.

Girma Amente Nono, director general, Oromia Forest and Wildlife Enterprise, Ethiopia, offered insights from Ethiopia's Participatory Forest Management (PFM) program. The PFM program combines modern techniques with traditional local ones. He highlighted a number of elements from Ethiopia's PFM strategies that can inform SIS processes, including fully participatory decision-making processes, recognizing the customary rights of access to forests for local communities, and a negotiated and agreed-upon benefits-sharing mechanism. He stressed that SIS should be cascaded down to local levels, and be simple and understandable to local communities, in order to protect their rights and livelihoods.

Rahima Othman Njaidi of MJUMITA, Tanzania, presented views on building on the Climate, Community and Biodiversity Alliance's (CCBA) Social and Environmental Standards for a REDD+ SIS in Tanzania. Tanzania currently has nine REDD pilot projects, and the country has established a national REDD+ Task Force with five technical working groups, one of which pertains to legal, governance and safeguards issues. This working group aims to ensure that safeguard elements are adequately presented in the national REDD+ strategy document, assists the National REDD+ Task Force and Secretariat to review proposals submitted for SES, and also assists the National REDD+ Task Force and Secretariat to ensure REDD+ project compliance on matters related to law, governance and safeguards. She noted that Tanzania abides by the Durban declarations on SIS, and that Tanzania is establishing a country-level standards committee overseeing the use of the REDD+ SES in Tanzania.

Doddy Sukadri, National Council on Climate Change, Indonesia, presented on progress towards the establishment of a national SIS in Indonesia. He noted that five steps are being undertaken for building an Indonesian REDD+ SIS: (1) interpreting the COP decision on safeguards in the national context; (2) undertaking policy analysis on existing safeguards-related laws, regulations and other instruments to comply with a national plan; (3) searching for the optimal structure and mechanism for REDD+ SIS in Indonesia; (4) designing and implementing a reliable institution for REDD+ SES; and (5) the elaboration of principles, criteria and indicators for implementing safeguards. He noted that the national REDD+ SIS should function as a clearing house of incoming safeguard information at the national level, and should serve to consolidate, validate and verify data, and report on a regular basis. The REDD+ SIS could be comprised of a board of multiple stakeholders representing government, local communities, business entities, NGOs and academia. Sukadri stressed that the concept of an SIS is not new for Indonesia. The key challenge is to integrate the existing REDD+ SIS, tailor it to local conditions, and implement it without creating prohibitive transaction costs or additional burden.

2.6.2 Discussion

Discussion first focused on managing the transaction costs of an SIS. Some countries have found that existing multilateral standards and certifications can generate very high transaction costs. These costs could be further increased if there is overlap between multilateral, national and subnational processes. Some countries are working to address these challenges. For example, Vietnam is attempting to devise a harmonious Strategic Environmental and Social Assessment (which is required by the World Bank's Forest Carbon Partnership Facility) so as to generate multiple outputs for a single process, thus reducing the potential for overlaps and redundancies.

Along with the need to consider which existing processes can be built upon in developing an SIS for REDD+ safeguards at the national level, there is also a need to explore the broader linkages between various processes across countries and the challenges of capacity gaps therein. For instance, if some countries have more robust institutions and monitoring

of forest carbon and biodiversity, this could create incentives to displace unsustainable forest activities to other jurisdictions that do not have such robust or onerous frameworks. Democratic Republic of Congo's national registry of REDD+ projects with built-in safeguards criteria was once again mentioned as a potential model in that regard.

One speaker stressed the importance of embedding the monitoring of carbon in larger processes (e.g., Madagascar's decades-long efforts at quantifying and monitoring biodiversity). Challenges remain in financing these initiatives in the long term, as many are dependent on multilateral grants. Monitoring for safeguards could become increasingly costly as/if REDD+ activities are scaled up and become results-based in nature. As such, there is a need to incentivize investments in monitoring safeguards and co-benefits, while not making it an overly burdensome or expensive process.

Participants also raised the question of which concrete items and contents—as opposed to the already agreed-upon higher-level principles—should feed into national-level SIS. Guidance could be developed to provide an idea of the implementation and transaction costs of such systems. Simplicity and cost effectiveness were highlighted as key elements. It is unrealistic to develop complex sets of indicators or criteria for each of the seven safeguard principles; thus a balance needs to be struck between policy statements and the requirements for their practical implementation. One of the speakers identified participatory forest monitoring as a potential way of striking this balance. Over the course of several years, PFM experiences could be built on in order to increase capacity, strengthen support, gather data, share information and form partnerships; this, in turn, would drive improved management. At that point, a shift towards participatory forest governance more broadly may take place. Thus, specific REDD+ policies to create safeguards for REDD+ initiatives and their ecosystems benefits could be rolled into structuring compensation for ecosystem services in a broader sense. Other participants suggested that instead of using a uniform set of social/environmental standards for REDD+ SIS, countries should transparently identify which existing processes they wish to utilize in developing information systems.

2.6.3 Breakout Group Discussion: SIS for REDD+

A breakout group was formed to discuss key questions pertaining to SIS for REDD+, which were outlined in a discussion document circulated prior to the meeting. These questions included:

- 1) What existing processes and systems are countries building on in developing REDD+ information systems? Existing REDD+ frameworks? Other processes?
- 2) How will activity-level reporting on REDD+ safeguards be rolled to the national level? What processes and/or tools have been developed?
- 3) How best to ensure safeguards are addressed and respected, and reported on; while not overburdening developers, local communities and governments?
- 4) What are the key messages on SIS that you would like to see brought to the UNFCCC negotiations?

(1) Processes that a REDD+ SIS can build on. The group identified a number of such processes, including biodiversity monitoring systems, national forest inventories, the Forest Stewardship Council's criteria and indicators for sustainable forest management and High Value Conservation of Forests designation, environmental impact assessments and national forest programs of various countries, the Philippines' timber tracking system, efficiency assessments for the management of protected areas, the Convention on Biological Diversity and the related National Biodiversity Action

Plans, and monitoring of other ecosystem services. Modifying and scaling-up of work already underway was the most promising approach. SIS should be mainstreamed and aligned/harmonized with the systems mentioned previously so as to avoid duplication and overlap.

(2) Focal point for reporting on existing REDD+ activities. REDD+ SIS could be an element of an accessible national REDD+ registry, providing an online inventory and clearing house of information pertaining to safeguards, with options for both uploading and downloading information. The reporting system initiative could build on existing tools and architecture, such as the biodiversity registry being formulated in the Philippines; Vietnam's Forest Management Information System; Madagascar's Environmental and Social Dashboard, managed by the National Environment Office; and Ethiopia's Participatory Forest Management approach.

(3) Balancing reporting with the burden of transaction costs. The minimum standard or threshold for systems to provide information on REDD+ safeguards is unclear. Systems should draw on existing information and processes to minimize administrative and transaction costs; and REDD+ SIS could also collect information that is relevant for other issues—biodiversity monitoring for example. A participatory approach using local communities was identified as an option for lowering costs. Finally, further analysis is needed to determine the minimal cost of implementing a SIS. REDD+ planning should consider avenues to fund an SIS and the required reporting.

(4) Message for negotiations. Negotiators will need to account for national circumstances in relation to SIS. The guidance offered on SIS in Durban is very broad and general; as such, some form of reporting template or checklist could provide guidance to countries developing their SIS. Finally, participants agreed on the need for further capacity building and technology transfer.

2.7 Research Gaps and Capacity Needs

Participants noted that capacity development is needed at all levels (national, regional and local), as well as for negotiators, government officials, civil society, local communities and the private sector. It was also noted that subnational entities require increased support to effectively move forward on REDD+. A critical need in all areas is tools and guidance to assist negotiators, REDD+ focal points, and REDD+ activity developers and implementers. Many tools and guidance documents are available for the various stages of the REDD+ value chain, but there is a need to bring these tools and guidance together to allow practitioners to efficiently and effectively identify required tools.

The key research gaps and capacity needs identified by participants are listed below and greater detail is included in Annex 1:

- MRV
- Safeguards
- Benefits sharing
- Nested approaches to REDD+
- Private sector engagement

2.8 Closing Remarks

Peter Minang and Deborah Murphy thanked participants for their input and enthusiasm, and noted it was encouraging to see linkages being formed among different countries and continents on the issue of REDD+. They stressed that learning and dialogue on REDD+ is an ongoing process and that they hoped that there would be further opportunities for collaboration in the future.

3.0 *Field Trip to Kasigau Corridor REDD+ Project*

Following the workshop, participants embarked on a two-day visit (April 4-5) to Wildlife Work's Kasigau Corridor REDD+ project. The CCBA Standard Gold certified REDD+ project is located in the Rukinga Sanctuary, approximately 200 kilometers northwest of Mombasa. Wildlife Works staff provided participants with insights into the project's approach, challenges and accomplishments over the past several years.

Rob Dodson, vice president of African Field Operations for Wildlife Works Carbon Ltd., gave a general overview of the project's background, history, business model, achievements and lessons learned. He explained that Wildlife Works became interested in REDD in 2008 as a means of further financing their land management and wildlife protection initiatives. They managed to obtain early financing by selling a portion of the carbon credits at a fixed price, but he stressed that selling carbon credits can be a long and arduous process. The project currently splits its revenues evenly, with one third of the funds devoted to project administration, another third devolved to land holders and a final third shared with local communities via the Wildlife Works Carbon Trust. Dodson emphasized that REDD provides a unique opportunity to finance the protection of wildlife and primary forests, enhance community livelihoods and offer an attractive source of return for governments and landowners.

Laurian Lenjo, community relations manager for the Kasigau project, gave an overview of the project's community development initiatives. He described the structure of the Wildlife Works Carbon Trust, which promotes local community development initiatives. Members of the communities with the project zone are free to submit proposals for community-based development projects to be funded by Wildlife Works Carbon Trust. Project proposals are submitted by community-based organizations to each community's Locational Carbon Committee (LCC), which acts as a liaison between the Carbon Trust and local communities. LCCs are made up of seven community members, with both genders and youth represented. Projects that are considered most viable and offer the greatest livelihood and development benefits for communities are then funded by the trust. Lenjo stressed that political projects, personal projects or projects that could have negative impacts on the environment or wildlife are not funded.

Finally, Mwangi Githiru, director of Biodiversity Monitoring for Wild Life Works, elaborated on the biodiversity monitoring components of the REDD project. He highlighted the potential biodiversity benefits of the Kasigau project, and discussed the biodiversity scenarios developed by the team (with and without the project intervention), as well as the biodiversity monitoring plan and indicators adopted. He also highlighted the social impact monitoring undertaken by the project. He described the participatory approach adopted for developing the project's overall vision statement and the focal issues chosen for monitoring social impacts. Githiru concluded by providing an overview of the project's chosen indicators and scope of the monitoring plan moving forward.

Following these presentations, participants received a guided tour of Wildlife Work's facilities, including an Export Processing Zone clothing factory that produces eco-friendly clothes for export, and a unique soap and aloe product assembly, both of which exclusively employ local community members. Dodson stressed that providing alternative livelihood opportunities was one of the project's key strategies for mitigating deforestation in the project area.

On the second day of the field trip, participants were taken on a guided tour of some of the project's dryland forest area and a number of the remaining onsite facilities, including tree nurseries and agricultural demonstration project plots. Participants also had the opportunity to meet other key Wildlife Works staff, including Wildlife Rangers who engage in monitoring for wildlife biodiversity and guard against poaching, and local community members engaged in sustainable charcoal production.

Annex 1: Capacity Development Needs Identified at the REDD+ Experts Meeting

Participants noted that capacity development is needed at all levels (national, provincial and local); as well as for politicians, government officials, civil society, local communities and the private sector. It was noted that subnational entities require increased financial support to effectively move forward on REDD+. Specific areas of capacity gaps and research needs identified by expert meeting participants are set out below. Eighteen experts provided information; the number of experts that indicated capacity development needs in a particular area is included below.

MRV - 11 experts

- Methodologies
- Information systems
- Building local capabilities and incentivizing local communities
- Technical capacity in carbon stock assessment, including underground carbon stock estimation and peatland carbon tools and monitoring
- Tools for updating forest data (e.g., remote sensing)

Safeguards - 10 experts

- Implementing social safeguards
- Integrating safeguards in REDD+ projects
- Understanding the linkages between Strategic Environmental and Social Assessment and UNFCCC safeguards
- Guidance for safeguards information system development
- Country-specific/appropriate safeguards
- System that accounts for biodiversity and carbon, including the interactions and complementarities between them
- Reporting guidelines for safeguards
- Participatory assessment tool for safeguards
- Best practices for local community involvement and participation

Benefits Sharing Systems - Six experts

- Effectiveness of REDD+ benefit sharing schemes (including real data from pilot projects)
- Carbon rights (who owns the carbon?)

Nested Approaches to REDD+ – Six experts

- Rules and requirements for nested approaches
- REDD+ uptake at national and subnational levels
- Developing REL/RL for national, subnational and activity levels

Private sector engagement – Five experts

- Identifying and characterizing the private sector
- Case studies of how to engage the private sector, including consultation with the private sector and governance structures
- Needs assessment of private sector engagement in REDD+

Other

- Carbon markets: building knowledge of government officials about voluntary markets and standards (e.g., CCBA, VCS), and demand and potential future demand for REDD+ credits through the compliance and voluntary market – two experts
- Costs of developing national REDD+ policies/ framework – one expert
- Cost-benefit analysis of REDD+ options – one expert
- REDD+ activity design and management – one expert
- Forest governance for REDD+ – one expert
- REDD+ negotiations for non-negotiators to increase understanding of participation in REDD+, and for negotiators to understand REDD+'s potential contribution to the global carbon budget – one expert
- Information education campaign plan – one expert
- Trial/demonstration projects of REDD+ implementation at the activity level – one expert
- Lessons learned/assessment of successes and failures of REDD+ pilot activities – one expert



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