

UN-REDD+ PROGRAMME | REDD+ ACADEMY



Food and Agriculture
Organization of the
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MINISTRY OF ENVIRONMENT
AND TOURISM



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REDD+ ACADEMY

REDUCING EMISSIONS FROM DEFORESTATION AND
FOREST DEGRADATION

LEARNING JOURNAL

7

POLICIES AND MEASURES FOR REDD+
IMPLEMENTATION



Director of UNREDD Mongolia National Programme
Tungalag.M

readiness and in determining policies and measures to contribute towards the countries Forest and Climate Change National Strategy.

I encourage you to apply this knowledge and do your part to make REDD+ a success in Mongolia!

Dear Learner,

Welcome to the Mongolia REDD+ Academy journals, providing you with an overview of REDD+ planning and implementation, developed by some of the world's leading REDD+ experts. It has been designed to accompany you in your learning journey, covering all the main REDD+ topics, from the basics to the finer points of setting reference levels, monitoring, allocation of incentives and stakeholder engagement.

The modules presented in this journal will equip you with the necessary knowledge to better understand the various components of Mongolia's work on REDD+



BRIEF INTRODUCTION OF THE UN-REDD MONGOLIA NATIONAL PROGRAMME

Mongolia became a partner country of the UN-REDD Programme in June 2011 and National REDD+ Readiness Roadmap officially adopted by the Ministry of Environment and Green Development and Tourism. UN-REDD Mongolia National Programme based on National REDD+ Readiness Roadmap started to implement in September 2015 approved by the Programme Policy Board.

UN-REDD is a United Nations collaborative initiative on Reducing Emissions from Deforestation and Forest Degradation (REDD+). The Programme was launched in 2008 to assist developing countries prepare and implement national REDD+ strategies. It builds on the expertise of the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). The program is currently working in over 74 countries, mainly in tropical developing countries. Mongolia is the only country with significant amounts of boreal forest and being the most northerly country and faces unique climate change and ecological issues that are not observed in other countries.



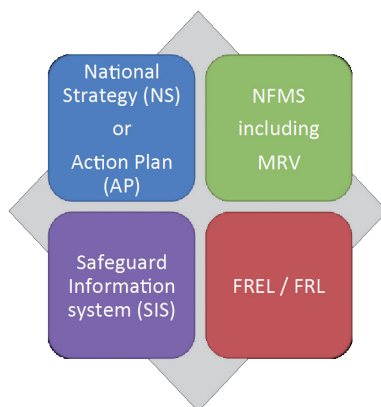
In addition, support to Cook Islands, Gambia, Kribati, Marshall Islands, Niger, Palau, Senegal, Sierra Leone, Tongo and Tuvalu.

MAIN GOAL

The overall goal of the UN-REDD Mongolia National Programme is to support the Government of Mongolia in designing and implementing its National REDD+ Strategy or Action Plan and in meeting the requirements under the UNFCCC Warsaw Framework to receive results-based payments. The UN-REDD Programme supports nationally-led REDD+ processes and promotes the informed and meaningful involvement of all stakeholders, including Indigenous Peoples and other forest-dependent communities, in national and international REDD+ implementation.

This comprises work on the four design elements for REDD+, 1 National Strategy &/or Action Plan, 2 National Forest Monitoring System, 3 Safeguards Information System, 4 Forest Reference Level.

The National Programme also counts on key national counterpart institutions and development partners to play active roles and take on specific responsibilities in maintaining the momentum in the REDD+ management processes and prioritizing and implementing those strategic options identified through the Programme.



REDD+ Mongolia

As a signatory to both the UN Framework Convention on Climate Change (UNFCCC, in 1992) and the Kyoto Protocol (1997), Mongolia is fully aware of the causes and potential impacts of climate change. Mongolia is therefore striving to reduce its greenhouse gas (GHG) emissions while maintaining its path of economic development. Mongolia's vast surface area includes approximately 17 million hectares of forest – an area roughly the size of Nepal. These forests can be categorised into two broad zones: northern boreal forests and southern Saxaul forests. The northern boreal forests cover approximately 13.2 million hectares and the southern saxaul forest, which is largely an arid zone shrub vegetation covers 4.6 million (Ministry of Environment and Tourism, Mongolia, 2015). Mongolia's forests have great potential to contribute towards the country's sustainable development goals and innovative policies on Sustainable Development. This may arise through the provision of ecosystem services and goods, such as timber, non-timber forest products, water services, and biodiversity, provide resources for communities, such as non-timber forests products and firewood. The implementation of sustainable forest management strategies can also reduce greenhouse gas emissions from reducing forests degradation and deforestation and enhance services and carbon stocks.

REDD+ ACADEMY

The REDD+ Academy is a coordinated REDD+ capacity development initiative led by the UN-REDD Programme and the UNEP Environmental Education and Training Unit, which seeks to match the scale of the global climate change mitigation challenge and enable systematic, focused capacity development to deliver REDD+ on the ground. The REDD+ Academy is a comprehensive response to capacity building needs identified by the countries receiving

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support from the UN-REDD Programme. The main aim of the REDD+ Academy is to empower potential “REDD+ champions” with the requisite knowledge and skills to promote the implementation of national REDD+ activities. The REDD+ Academy is also available (in English) on the following website and can do online tests and collect a certificate for completed courses:

<http://unccelearn.org/login/index.php>

UNITAR

The United Nations Institute for Training and Research (UNITAR) is a principal training arm of the United Nations, working in every region of the world. We empower individuals, governments and organizations through knowledge and learning to effectively overcome contemporary global challenges. Our training targets two key groups of beneficiaries: the delegates to the United Nations and others who develop intergovernmental agreements establishing global norms, policies, and programmes, and the key national change agents who turn the global agreements into action at the national level.

REDD+ Academy Journals in Mongolia

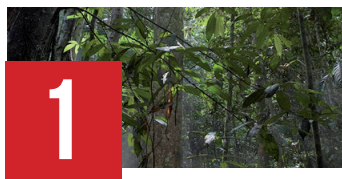
The REDD+ Mongolia journals have been developed from the REDD+ Academy journals, for more details on REDD+ National Program in Mongolia please see the following sites.

Website: www.reddplus.mn Facebook: REDD+ in Mongolia Twitter: REDD+ in Mongolia



Programme management unit, UN-REDD Mongolia national programme

LEARNING MODULES



1

**FOREST, CARBON
SEQUESTRATION AND
CLIMATE CHANGE**



2

**UNDERSTANDING REDD+
AND THE UNFCCC**



3

**DRIVERS OF DEFORESTATION
AND FOREST DEGRADATION
(DDFD)**



4

**NATIONAL STRATEGIES
AND ACTION PLANS**



5

**NATIONAL FOREST
MONITORING SYSTEMS
(NFMS) FOR REDD+**



6

**FOREST REFERENCE
EMISSION LEVELS**



7

**POLICIES AND MEASURES
FOR REDD+ IMPLEMENTATION**



8

**REDD+ SAFEGUARDS
UNDER THE UNFCCC**



9

REDD+ FINANCE

7

POLICIES AND MEASURES FOR REDD+ IMPLEMENTATION

THIS MODULE LOOKS AT HOW COUNTRIES CAN DESIGN AND IMPLEMENT POLICIES AND MEASURES (PAMS) FOR REDD+ IMPLEMENTATION. IT FOLLOWS ON FROM, AND IS CLOSELY RELATED TO MODULE 3: DRIVERS OF DEFORESTATION AND FOREST DEGRADATION AND MODULE 4: NATIONAL STRATEGIES/ACTION PLANS.



THE MODULE INCLUDES EXPLANATIONS ABOUT:

- PAMs under the UNFCCC
- PAMs for REDD+
- Designing and implementing nationally-appropriate PAMs
- Private sector engagement
- Monitoring for PAMs

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KEY MESSAGES

- Policies and Measures (PAMs) can be understood as actions taken and/or mandated by government to mitigate climate change by reducing the concentration of greenhouse gases (GHG) in the atmosphere and enhancing removals of atmospheric carbon and guide the implementation of REDD+ activities;
- The Text of the United Nations Framework Convention on Climate Change (UNFCCC) sets a precedent that all countries should develop and implement PAMs to support climate change mitigation and adaptation actions, according to their national circumstances and capacities.
- REDD+ PAMs aim to guide and support the implementation of all or some of the five REDD+ activities.
- PAMs may take on diverse forms in different country contexts and the approach adopted by countries to address their drivers of deforestation and forest degradation (DDFD) will be guided by national circumstances
- The PAMs decision-making process will include many dimensions, from mitigation potential to estimated costs and (multiple) benefits, to existing PAMs, political priorities and acceptability and effective and comprehensive stakeholder engagement throughout the PAM design process is essential.
- The various strategic considerations: priority REDD+ activities, geographical areas and DDFD, can facilitate a strategic and focused PAMs development process.
- The financing strategy for REDD+ is likely to influence the country vision for REDD+ and the related choice of PAMs, especially as many of the DDFDs are economic in nature;
- The fundamental objective of generating measurable GHG emissions reductions and/or removals against a reference level should be borne in mind while generating PAMs.

INTRODUCTION

This module looks at how countries can design and implement policies and measures (PAMs) for REDD+ implementation. It follows on from, and is closely related to **Module 3: Drivers of Deforestation and Forest Degradation (DDFD)** and **Module 4: National Strategies/Action Plans**.

The module includes explanations about:

- PAMs under the UNFCCC;
- PAMs for REDD+;
- Designing and implementing nationally-appropriate PAMs;
- Private sector engagement;
- Monitoring for PAMs.

POLICIES AND MEASURES (PAMs) UNDER THE UNFCCC

PAMs can be understood as actions taken and/or mandated by governments. In the context of REDD+, PAMs aim to guide the implementation of REDD+ activities (emissions reductions and/or removals), as decided by a country, potentially in combination with other objectives (such as integrated rural development and sectoral transformation).

TEXT OF THE UNFCCC: PAMs FOR ACTION ON CLIMATE CHANGE

There are references to PAMs for REDD+ in the text of the United Nations Framework Convention on Climate Change (UNFCCC). As a reminder, Parties to the Convention commit to reduce atmospheric concentrations of greenhouse gases with the goal of “preventing dangerous anthropogenic interference with Earth’s climate system”. This commitment would require substantial reductions in greenhouse gas (GHG) emissions by countries, to be achieved by governments through the introduction of new policies, laws, regulations, practices and incentive systems, as appropriate to their national circumstances, collectively known as policies and measures (PAMs). With this objective in mind, the principles of the Convention state that:

3. *The Parties should take precautionary measures to anticipate, prevent or minimize the causes of climate change and mitigate its adverse effects. Where there are threats of serious or irreversible damage, lack of full scientific certainty should not be used as a reason for postponing such measures, taking into account that **policies and measures** to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost. To achieve this, such **policies and measures** should take into account different socio-economic contexts, be comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse gases and adaptation, and comprise all economic sectors.*

The Convention text goes on to set out a number of commitments to which all signatories – developed and developing countries – should adhere to. Commitment

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1 states that all Parties shall:

- d) *(Promote sustainable management, and promote and cooperate in the conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems;*

These principles and commitments in the text of the Convention mean that all countries should develop and implement PAMs to support climate change mitigation and adaptation actions, according to their national circumstances and capacities. Sustainable management of forests, as sinks and reservoirs of GHGs, can/should also be included in such PAMs.

PAMs for REDD+ Implementation: UNFCCC Guidance

In the context of REDD+ PAMs aim to guide and support the implementation of all or some of the five REDD+ activities. As mentioned before, the five REDD+ activities are:

- Reducing emissions from deforestation;
- Reducing emissions from forest degradation;
- Conservation of forest carbon stocks;
- Sustainable management of forests; and
- Enhancement of forest carbon stocks.

PAMs for the Implementation of REDD+ activities

ADDRESSING THE DRIVERS OF DEFORESTATION AND FOREST DEGRADATION

Drivers are the processes that result in deforestation and forest degradation. These processes (abbreviated as DDFD) can be separated into:

- (i) **Direct** drivers (also called proximate causes), such as agricultural expansion, infrastructure development, fire and wood extraction; and
- (ii) **Indirect** drivers (also called underlying causes or driving forces) that can be related to international drivers (e.g. markets, commodity prices), national factors (e.g. population growth, domestic markets, national policies, governance) and local circumstances (e.g. change in household behaviour).

Agents of deforestation and forest degradation are the group(s) of actual people or legal entities directly or indirectly responsible for deforestation and forest degradation.

In order to implement REDD+ activities effectively, countries should seek to understand and address the direct and related indirect drivers, as well as the dynamics of (and barriers to) forest conservation, enhancement of forest carbon stocks and sustainable management of forests. They should be known, understood and agreed upon by the relevant stakeholders to design appropriate PAMs. A more in depth discussion on the analysis of drivers can be found in **Module 3: Drivers of Deforestation and Forest Degradation**.

DIRECT AND ENABLING PAMs

In order to address multiple direct and underlying drivers, agents and related processes, PAMs may take on diverse forms in different country contexts. To exemplify this, figure 8.1 presents a non-exhaustive list of potential REDD+ PAMs and their relevance to REDD+ activities (two ticks indicate a strong and direct role in implementing a given REDD+ activity; one tick indicates a potentially less direct role). The relevance of each given PAM to the five REDD+ activities as indicated in the table will depend on the context (e.g. processes associated with the drivers of deforestation and barriers to the “+”, and ways in which the PAMs are implemented) and are given here for illustration purposes only.

FIGURE 7.1 NON-EXHAUSTIVE LIST OF POTENTIAL PAMs

	REDD+ ACTIVITIES					
	Red. defor.	ems. degrad.	Red. ems. degrad.	Cons.	SMF	Enhanc.
Funding of fire prevention programmes	✓		✓✓	✓		
Removal of subsidies for deforestation and forest degradation and/or land clearance taxation (fiscal framework)	✓✓		✓✓	✓		
Implementation of sustainable biomass energy programmes	✓		✓✓	✓	✓	✓
Strengthening of protected area networks and improved management (including community-based management)	✓		✓	✓✓	✓	
Support to / enhance community forestry	✓		✓	✓	✓✓	✓
Strengthening of forest law enforcement combined with improved forest monitoring	✓		✓	✓	✓	✓
Implementation of conservation concessions	✓		✓	✓✓		

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Afforestation/reforestation on degraded land (including agroforestry)				✓	✓✓
Implementation of payments for environmental services programmes and/or other types of incentive schemes	✓	✓	✓	✓	✓
Improvement of tenure security, including of indigenous peoples' lands and women's and men's land use and access rights	✓	✓	✓	✓	✓
Support to forest certification and/or reduced impact logging		✓		✓✓	
Implementation of national, provincial or local-scale land use planning, including infrastructure development (e.g. roads)	✓	✓	✓	✓	✓
Support to expansion of microcredit availability to improve off-farm and/or sustainable business development and employment	✓✓	✓✓	✓		

Source: UN-REDD Programme

In the same way that drivers may be divided into direct and underlying drivers for practical purposes, PAMs may be split into direct and enabling interventions:

- **Direct interventions** target the achievement of results in terms of emissions reductions and/or enhanced removals. Examples may include reforestation, fire prevention or energy switching programmes.
- **Enabling interventions** target the creation of appropriate frameworks for effective and efficient direct interventions, i.e. aim to create an enabling environment for direct interventions. Enabling interventions may include capacity building, land-use planning, macro-economic stability and governance programmes.

The line drawn between direct and enabling PAMs may at times be blurred, but it may remain a helpful distinction to make to improve stakeholders' understanding of the reasons behind interventions, particularly when developing a REDD+ results framework.



REFLECTION POINT

Of the above listed PAMs, which do you think would be most useful in your own country context? Can you think of any others?

AN HOLISTIC APPROACH

The approach adopted by countries to address their drivers of deforestation and forest degradation will be guided by national circumstances. While “low hanging fruits” (actions which can be easily implemented and will lead to quick and direct results) may be identified in some countries, in most cases the picture will be more complex, involving multiple and interacting direct and underlying drivers of deforestation and forest degradation – and barriers to the implementation of “+” activities. Effective REDD+ strategies are therefore likely to require a set (or “package”) of PAMs aimed at addressing priority direct and underlying drivers, and barriers, in a comprehensive way, taking into account other REDD+ related PAMs the country might have in place (filling gaps, avoiding inconsistencies and reinforcing existing ones).

Analytical Work to Support PAM Identification and Design

ANALYSING THE DRIVERS AND BARRIERS

A thorough **qualitative** and **quantitative assessment** of the DDFD, related agents, causes, processes, locations and their relations to the various REDD+ activities is key to identify the most appropriate actions to tackle them. Rather than seeing the analysis of DDFD as a “one-off” study, it should be seen as an iterative process, to be repeated over time as circumstances, drivers and barriers evolve.

Other Analytical Work

DECISION-SUPPORT TOOLS

People involved in developing PAMs for REDD+ are often faced with challenging situations due to the wide range of affected stakeholders, the presence of conflicting interests, and limited availability of information on the consequences of specific choices. A growing and diverse range of tools and guidance are available to assist REDD+ decision-makers. These materials have been developed with different kinds of challenges and decision-making contexts in mind.

Decision points can include:

- How to integrate REDD+ (and, more broadly, green economy) considerations into national development objectives;
- The types of PAMs that could be implemented;
- The setting of targets for the implementation of each PAM (e.g. size of the area to be covered);

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- The prioritization of locations where these should be implemented.

Decision-support tools can take many forms, ranging from guidance documents and flowcharts to techniques for visualizing decision-relevant information and sophisticated software.

There are many examples of decision-support tools that might be useful for PAMs analysis, including:

- IDRISI Selva Land Change Modeller (LCM);
- The High Conservation Value Forest (HCVF) Toolkit;
- World Bank Workbook for estimating opportunity cost of REDD+;
- UN-REDD Benefit and Risks Tool (BeRT).

Module 4: National Strategies and Action Plans provides a more in depth discussion on the use of analytical tools.

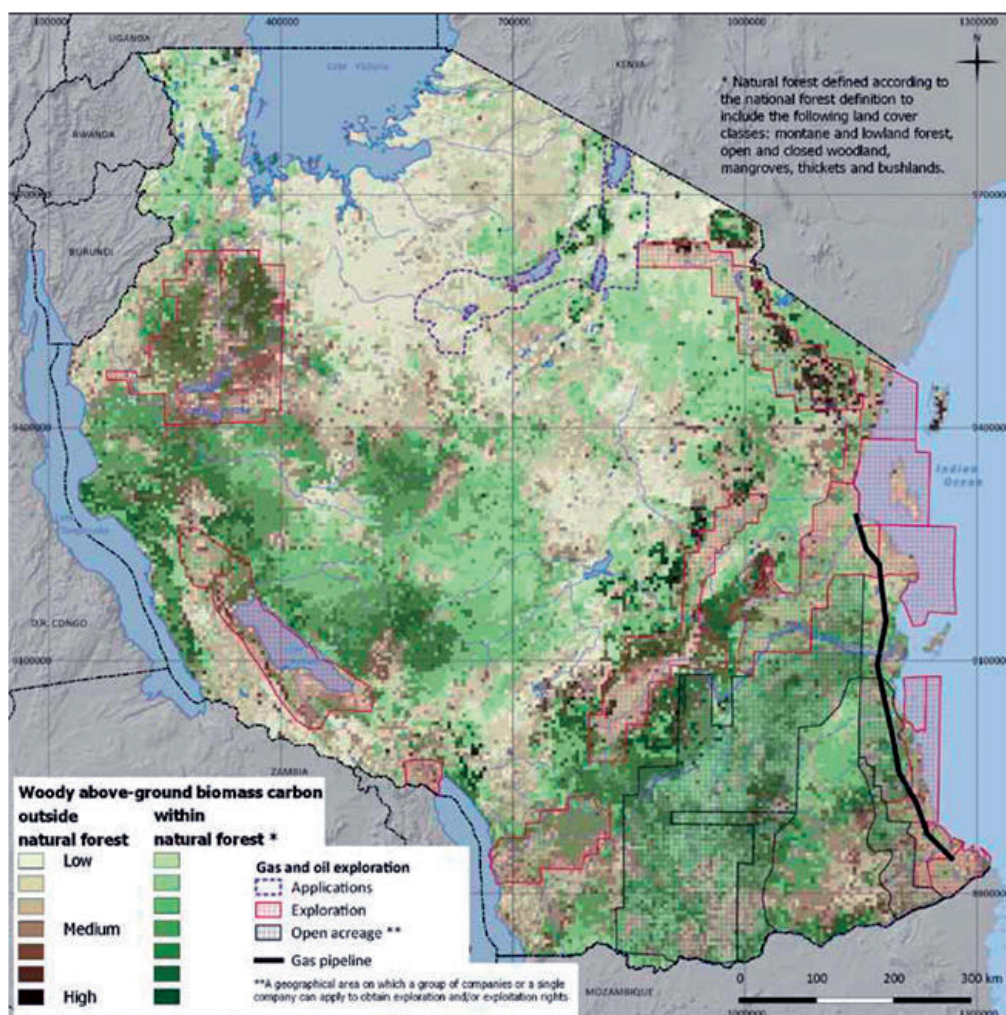
SPATIAL MAPPING

Maps can be used as decision-support tools for REDD+, helping planners and stakeholders to:

- Better understand the context for REDD+ planning (e.g. maps of forest cover, land use, current/planned infrastructure development and/or population distribution);
- Analyse the suitability of locations for different land uses and priority areas for REDD+ actions;
- Provide inputs for sub-national planning.

For example, the location of pressures, such as oil and gas exploration and population growth, can help identify where REDD+ implementation may be most feasible (see figure 8.4 below).

FIGURE 7.4: MAPPING OF MULTIPLE LAND USES FOR REDD+ PLANNING IN TANZANIA



Source: UNEP-WCMC.

Maps can help identify locations where certain REDD+ actions can enhance social and environmental benefits (e.g. where biodiversity conservation can be promoted). It is important to be clear what question each map is intended to address (requiring consultation with the users of the maps), as well as validating the results and exploring with stakeholders how they can best be presented and distributed.

Many decision-support tools relate to spatial planning, which is key in the context of REDD+. In a context of demographic growth and constant pressure from the various land use sectors (e.g. agriculture and mining), spatial planning is a useful tool to promote the coherent use of available land and natural resources, including forests.

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Land-use planning for REDD+ helps to assess alternative uses for land (within limited resources) and propose optimized land and natural resources allocation in order to achieve national development priorities while managing REDD+ objectives. It also helps to identify priority locations for the implementation of REDD+ actions and associated costs, while enhancing potential benefits and reducing potential risks.



REFLECTION POINT

Do you think effective PAMs could be developed using only maps? Why/Why not?

ECONOMIC TOOLS

Economic decision-support tools are also important. These have evolved from simply estimating the costs of emissions mitigation to more sophisticated approaches that are integrated with spatial analyses. Economic tools can help assess the costs of REDD+ implementation (opportunity, implementation and transaction costs) and estimate the value of benefits. Further, they can be employed in the planning process to explore how REDD+ objectives can be achieved while working towards broader national development objectives, exploring the costs and benefits of various scenarios.

Various spreadsheet tools for the analysis of REDD+ costs and benefits exist, some of which include all of the costs (i.e. opportunity, implementation and transaction) as well as multiple benefits. This is what we should have used the PAM study for making a list is easy but this is complex and needs additional technical assistance.

These can be useful for broad analyses of options. A specific REDD+ costs and benefits GIS tool is currently in development under the UN-REDD Programme which will be able to carry out a range of REDD+ spatial economic analyses by changing underlying cost and benefit assumptions.

When selecting tools and resources, a number of questions may be relevant:

- Can all criteria and options for PAMs that are relevant to the decision be covered by the tool/resource? (If not, can the tool/resource be combined with others?)
- Is the tool compatible with the spatial scale at which it is to be applied?
- How much time, expertise, technical capacity and money is needed to apply the tool?

- Is the data and information that is available for the application of the tool sufficient to achieve meaningful results?
- Can the tool provide datasets/layouts that are compatible with other tools the government might use for land-use planning and/or decision making?
- Can the priorities and targets for multiple benefits that result from relevant policies and stakeholder interests be appropriately reflected in the application of the tool?
- If not, are there other economic (or non-economic) tools available to appropriately reflect these priorities?

DESIGNING AND IMPLEMENTING NATIONALLY-APPROPRIATE REDD+ PAMs

Considering the diversity of direct and indirect drivers, the range of potential REDD+ PAMs to address these may be numerous and diverse. As part of the NS/AP design process, and building on the analytical work, various strategic considerations may help frame the identification and selection of the most relevant PAMs. This relates ultimately to the country's vision for REDD+ and may include an assessment of the priority REDD+ activities, the scale at which REDD+ will be implemented and where or which priority drivers to address. These considerations may help ensure a more strategic and focused PAM design and consultation process, increasing cost-effectiveness and likelihood of successful implementation.

The PAMs decision-making process will include many dimensions, from mitigation potential to estimated costs and (multiple) benefits, to existing PAMs, political priorities and acceptability. Additionally, the process and resulting PAMs might also face opposition coming from various stakeholders. This highlights the importance of effective and comprehensive stakeholder engagement throughout the PAM design process.

A MULTI-DIMENSIONAL SELECTION PROCESS FOR PAMs

The various strategic considerations mentioned previously (priority REDD+ activities, geographical areas and DDFD) can facilitate a strategic and focused PAMs development process. Figure 8.6 presents a non-exhaustive list of dimensions to take into account in the decision-making process for PAMs.

Developing a theory of change can be a useful next step. A theory of change is a plan or hypothesis of how a set of interventions will achieve its intended long-term objectives and goals. It explains the expected process of change, outlining the

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various necessary preconditions and cause-and-effect assumptions. In the case of REDD+, this would involve assessing how the various PAMs (inputs) are, together, expected to lead to carbon results (impact) and potentially other goals. It may help to unravel the often complex web of interventions required to bring about change, the underlying assumptions and associated risks. Having worked out a theory of change, practitioners can make more informed decisions about strategy and tactics, which may be improved and refined over time through consultations and further analytical work.

From the many PAMs that might be relevant for achieving their REDD+ objectives, countries will have to prioritize options. This is likely to be based on a number of factors, including:

- The mitigation potential of the REDD+ activities in their national context;
- The capacity (at national and subnational levels) to implement PAMs effectively and efficiently;
- The ability of the NFMS to measure the outcome of the overall package of PAMs;
- The ability to monitor the implementation and, as relevant, the outcome of some individual PAMs (e.g. regeneration);
- The likely costs and (multiple) benefits of the PAMs, as well as potential risks;
- Alignment with national (and/or subnational) development priorities and plans;
- Political acceptability / support for particular actions;
- The nature and scope of existing forestry policies and plans, and other existing REDD-relevant PAMs;
- Potential for (national/bilateral/multilateral) funding for PAM implementation;
- Potential safeguards triggered.

FIGURE 7.6 DIMENSIONS TO CONSIDER IN THE DECISION MAKING PROCESS ON PAMS



Source: UN-REDD Programme

The likely costs and multiple benefits of potential REDD+ actions, and the risks associated with them, should be assessed (in conjunction with the work on safeguards). This should consider the mitigation potential, as well as socio-economic and environmental aspects. The way the PAMs fit into existing development, policy and regulatory frameworks should also be considered and synergies sought whenever possible, as this may influence their political acceptability as well as opportunities to catalyse REDD+ investment from non-REDD+ sources (i.e. national budget, ODA, private sector). When needs for reforms have been identified, the feasibility of their implementation in terms of the required political capital as well as the timeframe of such processes should be considered.

The relevance of PAMs should not necessarily be assessed in isolation, but instead PAMs should be viewed in terms of a coherent package of REDD+ actions sequenced over time, that address both direct and underlying drivers. Potential or necessary synergies and catalytic effects between PAMs implemented at the national, subnational, and local levels should be considered (e.g. policy or regulatory reforms supporting the implementation of actions at the subnational level).

PARTICIPATORY DECISION-MAKING AND SELECTION PROCESS

When defining the scope and scale of REDD+ actions and related PAMs, it is important for countries to consider the need for equitable and participatory decision-making processes involving all relevant stakeholders, including civil society, government, local communities and marginalized groups (e.g. indigenous people, women and youth). Without adequate participation, it may be challenging to identify and prioritise, and then effectively implement, REDD+ PAMs.

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Promoting meaningful and gender-equitable stakeholder engagement, including with marginalized groups, is likely to facilitate the design, implementation and monitoring of effective, efficient and sustainable REDD+ actions¹, especially at the subnational level. Among other options for participatory methodologies, building a theory of change is an accessible way to create a commonly understood vision of long-term goals, how they will be reached and how progress will be measured.

Countries will need to strike a balance between the level of participation in the process, and its efficiency and cost-effectiveness, while being mindful of the risk of raising expectations (e.g. some areas may ultimately not be considered for REDD+ investment). It is therefore essential to ensure that the relevant stakeholders are involved at the right time, at the adequate level and through the appropriate engagement channels. Engaging local communities and marginalized groups in target areas while designing subnational REDD+ interventions will be essential. This should be done in ways that facilitate active and meaningful participation by all people (regardless of their initial level of awareness of REDD+) in discussions and legal processes around such issues.

Engaging stakeholders while making strategic decisions at the national level on elements that are not directly relevant to them may lead to confusion and unrealistic expectations. It may then be more relevant to engage with civil society groups that represent their interests meaningfully. There is no ideal recipe: stakeholder engagement is a necessary exercise that should be undertaken with structure, pragmatism and transparency, according to the country context. Similarly important in the PAM design and decision making process is the active participation of government agencies with mandates in different sectors, as well as those stakeholders directly related to the drivers of deforestation and forest degradation (such as the private sector agro-industry) or those who can act as catalyst for mobilizing resources to facilitate the PAM implementation. More guidance on the involvement of stakeholders can be found in **Module 11: Public Awareness and Stakeholder Engagement**.

PAM IMPLEMENTATION FINANCING STRATEGY

The financing strategy for REDD+ is likely to influence the country vision for REDD+ and the related choice of PAMs. This includes identifying and accessing funding sources for the implementation of PAMs as well as securing financial commitment for RBPs. International finance for PAM implementation may come from a number of private or public sources, such as:

- Bilateral agreements;
- Multilateral programmes, including the World Bank's Carbon Fund;

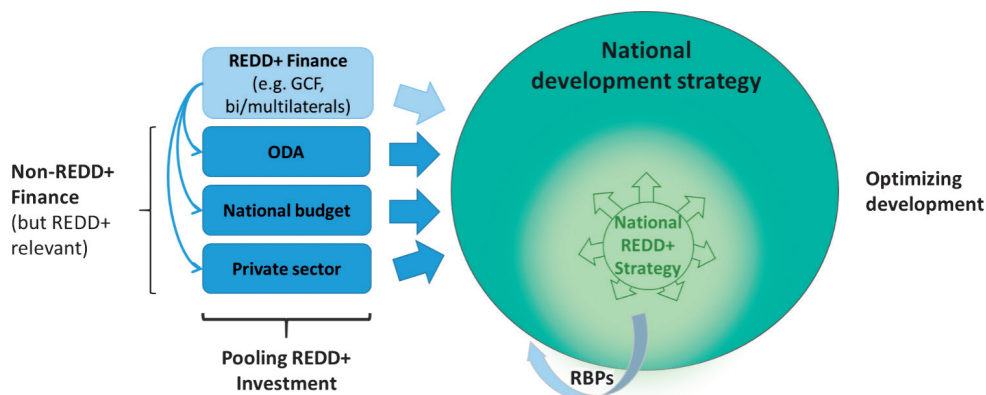
¹ See UN-REDD's "Business Case for Mainstreaming Gender in REDD+" (2011) located [here](#), and UN-REDD's "Guidance Note on Gender Sensitive REDD+" (2013) located [here](#).

- Green Climate Fund (payments for REDD+ results);
- Private sources (though the mechanism for this is not yet well-defined).

In addition, depending on the country context, domestic sources of finance may also be important for PAM implementation, which will support national ownership and long-term sustainability of REDD+ implementation. Alignment with, and integration of, REDD+ objectives and PAMs into national priorities and existing programmes may facilitate this process. In Mexico, REDD+ is seen as an additional opportunity to achieve the national objective and programme of integrated rural development. REDD+ is piloted as such in three Mexican States.

REDD+ finance, whether from domestic or international sources, is unlikely be able to compete with the level of finance supporting some drivers of deforestation (e.g. subsidies or direct investments in agriculture). In these cases, REDD+ funding could be deployed to help influence sectoral objectives and/or related policies and programmes, rather than directly compete economically with the driver(s). This may include supporting the revision of the wider fiscal framework towards a win-win scenario of more efficient incentives both in economic and sustainability terms.

FIGURE 7.7 POOLING FINANCIAL RESOURCES TOWARDS AN OPTIMIZED REDD+-COMPATIBLE DEVELOPMENT



Source: adapted from DRC National REDD+ Framework Strategy

A more in depth discussion on finance for REDD+ activities can be found in **Module 9: REDD+ Finance**.

LINKING SAFEGUARDS PROCESS WITH PAM DESIGN

The PAMs and safeguard/SIS design processes may evolve in parallel and involve different stakeholders, but feedback loops and synergies should be ensured. The PAM selection process may contribute to more grounded and focused discussions on safeguards.

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REDD+ PAMs designed through a coordinated REDD+ implementation process have the potential to yield multiple benefits to stakeholders. This may include resolving possible issues and gender inequalities with forestry policies, land tenure, administration and management, forest resource use and rights, and funding structures. Conversely, without adequate planning or consideration of safeguards PAM design may result in increased risks and reduced benefits and acceptance.

The choice of PAMs, the location in which they will be implemented and their actual design will influence the ways in which the REDD+ safeguards should be addressed and respected, e.g. which stakeholders should be engaged, and how gender considerations should be accounted for. Awareness of social, environmental and economic benefits and risks of different PAMs will therefore be important in REDD+ planning.

The UN-REDD Programme's Country Approach to Safeguards (CAS) aims to help countries following UNFCCC guidance to ensure social and environmental risks are reduced and benefits enhanced.

MORE INFORMATION ON SAFEGUARDS CAN BE FOUND IN **MODULE 8: SAFEGUARDS**.

ADDRESSING ECONOMIC DRIVERS

This section looks first at the role of the private sector and then turns to the role that governments can play to incentivise a change in behaviour of private agents that drive deforestation by changing economic incentive structures.

GOVERNMENT INTERVENTIONS TO STIMULATE A CHANGE IN BEHAVIOUR OF PRIVATE AGENTS DRIVING FOREST LOSS

Public sector interventions are necessary to influence private sector behaviour through a mix of:

- (Economic) incentives;
- Risk mitigation instruments;
- Minimum standards of behaviour;
- Laws and regulations; and
- Enabling conditions.

Economic incentives or disincentives can be used to steer behaviour, but leave the decision to the actor being influenced. This includes but is not limited to:

- I. Non-financial incentives, such as the clarification of land tenure and granting clear rights over use of the land; and/or
- II. Financial incentives, which can take the form of upfront payments such as grants if these lead to lower levels of deforestation and forest degradation incentivising companies and investors to change their behaviour, tax breaks, subsidies or (a share of) payments for ecosystem services if private sector entities have achieved REDD+ results that have contributed to a (sub)national receiving results based payments.

Risk mitigation instruments are used to reduce or share risks related to specific activities. Examples of these instruments include financial, commercial and political risk insurance, guarantees and other instruments that mitigate risk.

Minimum standards of behaviour aim at preventing unsustainable practices. Governments can use various forms of incentives, from Forest Codes to mandatory standards for certification to stimulate public and private entities to adhere to certain minimum standards that reduce the chance of (significant) impacts on forests. Besides direct regulatory requirements, governments also have the ability to steer capital away from activities that lead to forest loss. In Brazil for example, a policy introduced in 2008 by the Brazilian Central Bank Resolution placed an obligation on rural borrowers in the Amazon biome to produce proof of compliance with environmental regulations. This policy had a major impact on the behaviour of farmers (i.e. they were unable to borrow money), and as a result of this roughly 2,700 km² of deforestation was prevented, which equates to a 15 per cent reduction in deforestation over the observation period (Assuncao *et al.*, 2013).

Enabling conditions: In the long-term, only national governments can implement the more fundamental reform processes in political, legal, economic and societal structures that will address the underlying drivers of the relevant risk categories. This suite of structural – rather than strategic – interventions can include institutional reform and capacity building, investments in research and infrastructure development, increased coordination between government ministries and agencies, creation of effective information systems, investment in education, sound legal framework, increasing transparency through reporting and accounting frameworks, law enforcement capacity, clear signs of strong political will and stakeholder consultation.

FISCAL POLICIES TO INCENTIVISE BEHAVIOURAL CHANGE

Fiscal policies and incentives that support agricultural development are often key underlying drivers of forest change as they influence behaviour in sectors that encroach on forests. They were usually not designed with REDD+ in mind, and the understanding of their impacts on forests is often lacking. They need to be better

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understood and revised to identify the complementarities and conflicts between such fiscal policies and REDD+.

Governments can fairly easily identify the full range of public fiscal incentives that work to support or work at cross-purposes with REDD+ and sustainable land management, which has already great value by itself. This should include an assessment of public benefits and risks, and revisions to current incentives and design of new ones should seek to promote public benefits while minimizing risks. Analysis will also need to evaluate how much influence public fiscal policy and incentives have compared to private finance and to other underlying drivers such as international, as well as the political economy and mechanics of implementing the measures.

Governments can define, based on their own national circumstances, how their fiscal policies and incentives can overcome inherent conflicts between sectors and competing land uses, and to send the right signals to the private sector. Minimizing the socio-economic side-effects of reversing perverse incentives for unsustainable land use requires careful design and management.

Governments can also consider how to better capture economic rents from commodity production, as analyses indicate that governments currently often loose out. Governments can also better utilize these revenues to build sector capacity through credit access to small- and medium-sized enterprises, value-added processing, fund technical support to improve smallholder crop yields, and other currently underfunded priorities. However, this would only be effective if government control over (plantation) licenses and activities driving forest loss were effective, otherwise any subsidies or other forms of monetary support would simply lead to increased marginal rates of return for, greater profitability of, and further investment in expansion of agricultural activities such as oil palm, cattle ranging or other forms of productive activities.

Countries may find it useful to consider revisions to or redesign of fiscal incentive structures in the context of relevant development plans (strategic, sector-based ones, five-year plans or even longer-term plans) and low-carbon growth, in order to promote greater policy coherence across the sectors.



Source: UNREDD Programme

COMMODITY PLATFORMS

A National Commodity Platform is a mechanism for governments to convene and coordinate the public and private sector to promote sustainable production at a country level and to define the country's sustainability priorities and policies for the selected commodity. A Platform creates a long-term space where the public and private sectors can align, take ownership and develop joint concrete actions to mitigate the negative impacts of commodity production and maximize productivity. Examples of international platforms that can act as a basis to develop national commodity platforms are the Round Table for Responsible Soy (RTRS)² and the Roundtable on Sustainable Palm Oil (RSPO).

Platforms offer an opportunity for increased participation, but they are not a substitute for law-making; decisions pertaining to policy and legislation can be made as recommendations by the Platform members to government for consideration. National platform staff should coordinate, facilitate and provide technical advice. National platforms should be based on the following principles: neutral, empowerment and social inclusion, multi-stakeholder, strong facilitation, and conflict resolution.

REFLECTION POINT



Can you think of any challenges or problems associated with using a commodity platform in your country?

² <http://www.responsiblesoy.org/>

MONITORING FOR PAMs

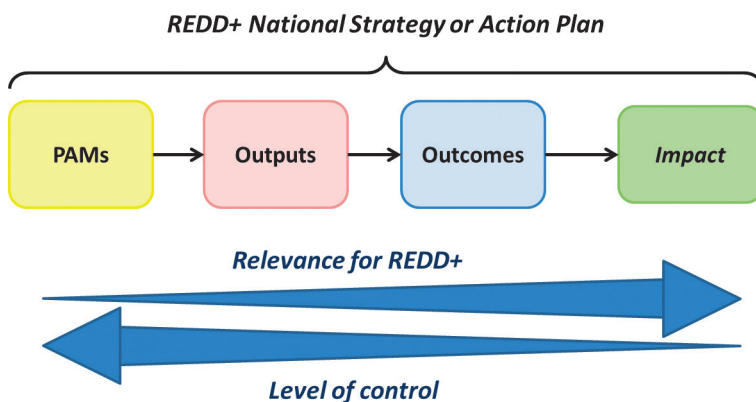
RESULTS FRAMEWORK FOR REDD+ IMPLEMENTATION

Even though the implementation of REDD+ activities is voluntary, it aims at generating measurable GHG emissions reductions and/or removals against a reference level. Results are expressed in tCO₂e, which is what countries will report to the UNFCCC to request Results Based Payments (RBPs). This fundamental objective should be borne in mind while countries develop PAMs.

Some REDD+ actions will generate direct measurable carbon results while others will create enabling conditions for the former to be implemented. Whether at the subnational or national level, carbon reductions will be the result of the collective effect of the various REDD+ PAMs, as well as the effect of many external factors, e.g. policies and programmes that are not-aligned with REDD+ objectives and market forces.

The UNFCCC only requires the reporting of carbon results (impact) against a FREL/FRL (along with information on the way the Cancun REDD+ safeguards were promoted and supported). However, it may be useful for countries to monitor the implementation and the effect of their REDD+ PAMs along a results chain up to the desired impact (Figure 8.11), in order to monitor their effectiveness and efficiency. An explicit theory of change may be helpful to identify and develop a robust causal results chain (inputs, outputs, outcomes, impact) and associated results framework (including indicators, targets, assumptions and risks).

FIGURE 7.8 CAUSE-AND-EFFECT RESULTS CHAIN UNDERLYING THE THEORY OF CHANGE APPROACH



Source: UN-REDD Programme

A robust results framework may help countries to monitor how effectively PAMs are implemented and progress towards results (monitoring). Countries may then be able to identify the most effective and cost-efficient PAMs, those not performing well and requiring modifications or replacement, as well as the need for additional interventions to achieve the desired effect. It is also an opportunity to evaluate retrospectively (ex-post) the effectiveness and efficiency of a package of PAMs.

Though not a requirement under the UNFCCC, it will be important for countries to monitor drivers over time to evaluate the appropriateness of their REDD+ PAMs, be able to adapt them and/or design new ones to address new drivers/barriers, as necessary, through an iterative process. In doing so, it is important to consider how such monitoring can be undertaken and its complementarities or integration with the National Forest Monitoring System (NFMS) (see **Module 5: National Forest Monitoring System**), as well as other instruments the country might use for measuring impacts of policy design.

Testing and learning while building capacity is an important aspect of phase 2 of REDD+ implementation. It requires strong built-in feedback mechanisms while ensuring flexibility in the implementation framework to facilitate adaptive management, integrating lessons learnt and adapting to an ever-changing political, social and economic environment.

REFLECTION POINT



Why is it so important to keep the fundamental objective (“of generating measurable GHG emissions reductions and/or removals against a reference level”) in mind while developing country-specific PAMs?

USE OF PROXY INDICATORS

Using GHG emissions/removals results as a benchmark for performance may often prove impractical and/or not provide appropriate information on PAM effectiveness. It may be difficult and prohibitively expensive to measure carbon directly at the implementation site with the required level of precision, while still accounting for external factors outside of the scope of the REDD+ intervention.

In order to achieve results during REDD+ implementation, it is useful to track progress and encourage performance using more direct and traceable performance criteria. Proxy indicators may be a useful means to measure progress against a result in a less complex, costly and/or time consuming way. Though not directly measuring the final carbon impact, they will provide information on the implementation of the desired intervention, which will contribute to the overall impact according to the theory of

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change. Data on proxy indicators should be gathered before and during the course of the intervention so as to track progress and impact.

Examples of proxy indicators relevant to REDD+ PAM implementation may include:

- Volumes of timber, fuelwood or other products extracted from a forest area;
- Area of forest land disturbed in logging/extraction operations;
- Number of convictions for illegal logging offences;
- Number of hectares planted according to set quality standards;
- Number of tree saplings surviving to a certain age after plantation or assisted natural regeneration;
- Number of energy-efficient biomass cook-stoves produced, sold and used regularly, along with their efficiency gains;
- Increase in access and use of energies alternative to biomass;
- Number of hectares / % of oil palm plantations installed following sustainability criteria including deforestation-free policies;
- Number of hectares of community land that didn't undergo fire compared to previous years, thus allowing for natural regeneration processes to kick-in.

If an appropriate proxy indicator cannot be identified for a particular PAM, it may not be possible to identify the contribution of that PAM to the overall emission reduction/removal results of a REDD+ strategy. In such cases, it may also not be possible to know whether investment of REDD+ results-based payments in this PAM will be cost-effective. REDD+ strategies that are designed objectively on the basis of cost-effective investment of resources would likely not include such PAMs, or would minimise the investment allocated to them. However, countries may nevertheless wish to retain such PAMs in REDD+ strategies for other reasons, including their demonstrable benefits in terms of social, environmental or economic indicators.

REFLECTION POINT



Look at the list of proxy indicators given; do you see any weaknesses/challenges with using proxies in general and any in particular as a way of measuring GHG emissions?

CASE STUDY

Brazil's Amazon Fund³ is a leading example of a PAM for REDD+ implementation. The Amazon Fund was designed to raise donations for non-reimbursable investments in efforts to prevent, monitor and combat deforestation, as well as to promote the preservation and sustainable use of forests in the Amazon Biome, under the terms of Decree No. 6,527, dated August 1, 2008.

MANAGEMENT

The Amazon Fund is managed by the BNDES, the Brazilian Development Bank, which also acts to raise funds, facilitate contracts and monitor support projects and efforts. The Amazon Fund has a Guidance Committee (COFA) assigned with the responsibility of posting guidelines and monitoring the results obtained; and a Technical Committee (CTFA) appointed by the Ministry of Environment, charged with certifying the emissions count from deforestation of the Amazon Forest. The Technical Committee verifies the calculations of emissions reductions from deforestation made by the Ministry of Environment, appraising the methodologies for calculating the deforested areas and the amount of carbon per hectare used in the calculation of emissions.

ASSETS AND INCOME

The Amazon Fund's assets come from donations and net return from cash investments. Donors deposit funds in a bank account held by the BNDES. The balance of the Amazon Fund not used by the end of each year is transferred for use in the ensuing year, as will the net returns obtained from cash investments.

SUBJECT AREAS AND ESTIMATED OUTCOME

The Amazon Fund supports the following areas:

- Management of public forests and protected areas;
- Environmental control, monitoring and inspection;
- Sustainable forest management;
- Economic activities created with sustainable use of forests;
- Ecological and economic zoning, territorial arrangement and agricultural regulation;
- Preservation and sustainable use of biodiversity; and
- Recovery of deforested areas.

³ For more information visit: <http://www.amazonfund.gov.br/>.

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- Besides this, the Amazon Fund may support the development of systems to monitor and control deforestation in other Brazilian biomes and in biomes of other tropical countries.

In addition to reducing the emission of greenhouse gases, proposed subject areas for support by the Amazon Fund may be coordinated in such a way as to contribute to accomplishing significant targets including prevention, monitoring and combat against deforestation, and targets related to promoting the preservation and sustainable use of forests in the Amazon biome.

EXERCISES

1. Choose the correct answer:

PAMS are country-specific commitments to reduce their GHG emissions and can take the form of:

- New policies
- new laws,
- regulations,
- practices and
- incentive systems
- all of the above



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