

## **The Scale (national/sub-national) of REDD+**

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**REDD+<sup>1</sup> activities may be undertaken at various geographic and institutional levels. We support a national framework that includes national carbon accounting, regulation, monitoring, and reporting on emissions reductions, but allows for implementation of activities and crediting at a sub-national scale for a defined interim period.**

National REDD+ programs are critical for capturing in-country leakage in accounting frameworks, instigating necessary policy reforms, and achieving the full mitigation potential of a REDD+ mechanism. Setting reference levels, monitoring deforestation, and accounting for emissions reductions and increases in removals should therefore be performed at the national level. However, it will take time for countries to establish national-level accounting systems and transparent institutions for benefit-sharing associated with crediting. There is therefore a need to balance the urgency of stopping deforestation with the constraints on how quickly countries are able to set up necessary systems. To help balance these needs, sub-national accounting and crediting should be allowed as an interim option under certain conditions,<sup>2</sup> as long as they are part of a process to establish a national framework. Such sub-national activities, accompanied by sub-national MRV systems, would provide near-term verified emissions reductions while also building understanding and capacity at multiple levels of government and encouraging non-government stakeholders to participate in achieving national reduction goals. The interim period will need to be structured to ensure that credited sub-national activities represent verifiable climate change mitigation efforts and are not double-counted under the future national accounting system. Frameworks for sub-national crediting should provide incentives for countries to move to national frameworks as quickly as possible.

### **Current REDD+ LCA Text**

The current REDD+ negotiating text (FCCC/CP/2010/2, Annex V) requests that developing countries undertake activities to develop three components REDD+ frameworks: 1) strategies and action plans, 2) reference levels, and 3) monitoring and reporting systems. The entire section is bracketed, indicating that Parties were not able to reach agreement on whether each activity should be undertaken at the national level or sub-national level. Below we provide our recommendations.

- **Strategies and action plans:** Countries should develop national-level strategies for REDD+. National-level strategies are necessary to identify the policy reforms needed for

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<sup>1</sup> We support a mechanism that encompasses reduced emissions from deforestation and forest degradation (REDD), sustainable management of natural forests subject to strict environmental and social criteria and robust carbon accounting, conservation of existing natural forests and maintenance of carbon stocks including in areas with high forest cover and low deforestation rates, enhancement of forest carbon stocks through the restoration/improvement of existing but degraded forests, and increasing forest cover through environmentally appropriate afforestation and reforestation.

<sup>2</sup> One option for subnational crediting under certain conditions is: (1) state/province-level crediting for 5 years for large emitters; and (2) project-level crediting for 8 years in small emitters, with the possibility of a 5 year extension under certain conditions for the least developed countries.

the success of on-the-ground implementation, as well as to avoid the degradation of vital ecosystem services that function at landscape scales. However, sub-national strategies within the context of a national framework may also be useful throughout the lifetime of REDD+ implementation to identify and address local drivers of deforestation, encourage greater participation of local stakeholders, and allow more detailed planning.

- **Accounting Frameworks:** Setting reference levels and accounting for emissions reductions should be performed at the national level in order to capture in-country leakage. However, it will take some time for all countries to establish national level accounting systems and the systems for equitable benefit distribution associated with crediting. Therefore, sub-national accounting and crediting should be allowed as an interim option under certain conditions, as long as there is a mechanism for it to be integrated into a national framework.
- **Monitoring and reporting systems:** Developing national-level monitoring and reporting systems will likely provide economy-of-scale benefits (i.e., it will be more cost-effective to implement a nation-wide monitoring system rather than an individual system for each sub-national program). Additionally, national monitoring systems can more effectively identify in-country leakage. It may take time for governments to initiate comprehensive monitoring and reporting systems, however and therefore monitoring and reporting of sub-national activities may be a key interim step in the process of developing a national approach to MRV.

This level of flexibility during an interim period is critical to getting REDD+ off the ground and producing results as soon as possible. National approaches encompassing the three categories above are the ultimate goal; therefore the interim period should have a clear termination pathway and should be structured to support countries in moving to national frameworks as quickly as possible.

### **Flexibility at the National Level**

Some level of flexibility may benefit REDD+ implementation even after countries have finalized their national strategies, established national accounting frameworks, and created national monitoring and reporting systems. To be most effective, REDD+ will likely need to operate at multiple scales, encompassing both national enabling policies and measures (PAMs) and site-specific actions that address local drivers of forest loss. Countries should design rights to the carbon asset across all scales to optimize emission reductions and provide equitable social and environmental benefits, while recognizing and respecting the rights of all stakeholders and ensuring that the financial value effectively flows to the actors on-the-ground.

There are many advantages to creating flexible approaches to REDD+ that allow for activities to be undertaken at various scales. In some cases actions at multiple scales will achieve the greatest benefits. Implementation and ownership of credits are two areas where flexibility is especially important:

- **Implementation:** Implementing activities that reduce deforestation could be undertaken by national governments (through large-scale policy reform), by sub-national governments (through district or provincial spatial planning and policies), or by

communities, landowners, or project developers (through specific actions to reduce deforestation in a designated area), or at many levels (through a combination of policy enactment and local action). We believe flexibility in implementation is crucial and therefore support an array of activities across all scales. A careful integration between scales will be important in avoiding potential conflicts generated by creating beneficiary and non-beneficiary stakeholders in a same region.

- **Ownership of credits:** Parties should consider how the benefits created by REDD+ financial flows can best be shared among stakeholders to deliver cost-effective environmental and socio-economic benefits on-the-ground. Countries will need to define a clear structure of property rights to the carbon asset across scales and stakeholders. Some national governments may choose to own and transact all carbon rights, but other governments should also have the option to devolve ownership of credits to sub-national and local actors as long as the accounting structure for doing so is ‘trued up’ to the national accounts. If ownership of credits is not distributed by a national government to stakeholders, a benefit-sharing framework should be put in place so that REDD+ incentives reach stakeholders on the ground.

Making flexible arrangements work will require linking the performance of each project to the performance of the country as a whole and vice-versa. A system that allows projects to get off the ground quickly and produce high-quality REDD+ credits with direct benefits to forest peoples, national governments, and investors must be linked to actual reductions at the national level. A system in which every stakeholder has a direct stake in the performance of projects within a national system will make it more likely that governments will do what is necessary to implement their REDD+ program. Linkages can be made through taxes, profit-sharing arrangements, clear assignment of liability, or other means. Linking the performance of projects and overall national emissions reductions encourages project developers to reduce in-country leakage and encourages national governments to support the success of REDD+ activities at all scales.