An Overview of the Nested Approach to REDD+: Issues and Options

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Forest Trends

Workshop on Integrating National and Subnational Approaches to REDD+ in Vietnam

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International Policy Context

- UNFCCC process focused on REDD+ at national level
- Phased approach (Cancun Decision):
  1. Development of national strategies or action plans, policies and measures, and capacity building;
  2. Implementation of national policies, measures, strategies or action plans ... and results-based demonstration activities;
  3. Results-based actions that should be fully measured, reported, and verified.
International Finance Context

• Evolution towards results-based actions in context of “adequate and predictable support, including financial resources and technical and technical support to developing country Parties”

• Sources, roles of market vs. non-market funding still unclear

• Assumption that third phase will involve performance-based funding of some kind

Some limited examples to date e.g., voluntary market, bilateral agreements (Norway)
Significant Investment in Readiness, Major Funding Gap Remains

- ODA for forest conservation (2005-2007 p.a.): $0.70
- REDD+ Partnership commitments: $1.30
- Needed: $25.00
- Carbon market 2010: $142.00

Sources: Lawlor and Olander. 2009; Eliasch 2009; World Bank 2011,
Forest Carbon in the Voluntary Market: Historical growth in volumes

REDD+ Emerging at Various Scales

- **Projects**
- **Subnational jurisdictions (provinces, states, regions)**
  - Durban CoP17: “subnational forest RELs/RLs may be developed as an interim measure while transitioning to national” [accounting]
  - Example: States and provinces of Governors’ Task Force and Climate and Forests (GCF)
  - Example: VCS Jurisdictional and Nested REDD Initiative
- **National systems**
Multi-Scale REDD+: Important Benefits

- Support a phased implementation of a national REDD+ while fully national systems and capacities are being developed and consolidated
- Generate near-term reductions in deforestation and emissions
- Flexible approaches fitted to local circumstances
- Can promote private sector investment and facilitate benefit sharing
- Experimentation can generate lessons and data
Multi-Scale REDD+: Important Challenges

- In context of performance-based finance
- How to attribute and account for emissions reductions at different, overlapping scales?
- How to determine distribution of associated benefits and incentives?
“Nested” Approaches to REDD+

- Set of rules and institutional arrangements governing accounting for emissions reductions and distribution of benefits or incentives allowing for phased or simultaneous REDD+ activities across multiple scales
- First introduced to SBSTA/UNFCCC in 2007
Projects and Jurisdictions
Flow of Benefits or Incentives

International REDD+ System

Central Government

Subnational Jurisdiction

Project

Direct distribution of incentives from international REDD+ system

Central Government

Subnational Jurisdiction

Project

Potential indirect distribution of incentives from international REDD+ system

Central Government

Subnational Jurisdiction

Project
Incentive Forms and Basis for Allocation

- “Currency” of Incentives
  - Distribution of financial or non-monetary incentives
  - Distribution of tradeable emissions reductions ("credits")
- Basis for allocation
  - Closely linked to program or site-specific accounting
  - Flexible within a broader jurisdictional framework
Flexibility in Allocation within Jurisdictions
### Allocation Among States: Brazilian Amazon

<table>
<thead>
<tr>
<th>State</th>
<th>Forest C Stocks (km²)</th>
<th>Forest C Stocks (%)</th>
<th>Reduced Deforestation (km²)</th>
<th>Reduced Deforestation in relation to Reduced deforestation of Brazilian Amazon (%)</th>
<th>CREDD (%)</th>
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<td>3,9%</td>
<td>203,52</td>
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<td>Amazonas</td>
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<td>Maranhão</td>
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<td>Mato Grosso</td>
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<td>Pará</td>
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<td>Rondônia</td>
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<td>5.368,44</td>
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<td>100%</td>
</tr>
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</table>

Other Key Issues

• Accounting frameworks and guidance
  • Boundaries
  • Scope
  • Reference (emissions) levels/Baselines
  • Additionality, leakage, permanence
• Regulatory framework and institutional structures
  • Institutions
  • Approval, registration and review
  • Consultation and safeguards
  • Carbon rights