LEARNING FROM PAST EXPERIENCE:

INSIGHTS TO INFORM FUTURE REDD+ FINANCIAL MECHANISMS AND ENHANCE REDD+ IMPLEMENTATION

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### SECTION 1: ADVICE FOR FUTURE REDD+ FINANCIAL MECHANISMS

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SUMMARY

This report aims to support donors and countries in achieving effective and timely REDD+ finance in line with the objectives of the UNFCCC. Both the Forest Carbon Partnership Facility (FCPF) Carbon Fund and the Green Climate Fund have now yielded useful lessons, highlighting opportunities to improve forest conservation finance.

The report provides recommendations inspired by two centralized workshops with developing countries participating in the FCPF and bilateral interviews with national experts conducted by WWF.

The report includes an analysis of the FCPF Carbon Fund pilot program for REDD+, lessons learned from its implementation, and insights to inform future financial mechanisms for forest conservation, including the Green Climate Fund. The report also explains how the FCPF Carbon Fund differs from other funds by requiring transfer of rights as part of its market-based approach; provides recommendations for how to address other important technical issues and challenges faced by countries and donors; and enumerates pitfalls to avoid and opportunities to take advantage of in relation to REDD+ readiness and implementation.
SECTION 1: ADVICE FOR FUTURE REDD+ FINANCIAL MECHANISMS

A number of lessons can be derived from the FCPF Carbon Fund pilot program. The following sections will explore these areas of experience to inform future financial mechanisms for REDD+ with a view of speeding up finance flows to ensure the timely conservation of our forest resources.

1. Create financial mechanisms for REDD+ that start simple and build over time

The FCPF Carbon Fund was launched in 2008 to pilot market-based REDD+ payments. To pilot a market-based version of REDD+, the FCPF developed a new set of rules — defined in new terms and language — that go beyond what had been agreed under the UNFCCC’s Warsaw framework. These rules are formally reflected in the Carbon Fund’s Methodological Framework and General Conditions that govern the Emission Reduction Purchase Agreements (ERPA).

Market-based payments require a transaction; participating countries must transfer the legal titles to and ownership of the GHG emission reductions and/or CO2 removals in exchange for payments. ‘Title’ is a legal definition meant to provide traceability, accountability, and ownership of GHG emission reductions and CO2 removals.

This title-transfer requirement is different from the non-market approach under the UNFCCC and its Green Climate Fund, in which developing countries are not required to transfer titles to receive payments. Non-market REDD+ payments essentially represent a donation for demonstrable progress.

Title transfer has been especially challenging for countries since ‘titles’ generally do not exist in their legal frameworks. In fact, title transfer — which, depending on the country’s specific legal framework, can be associated to land tenure and ownership — was the main reason for REDD+’s early

1. The Methodological Framework is available here in multiple languages: https://www.forestcarbonpartnership.org/carbon-fund-methodological-framework
2. https://unfccc.int/topics/land-use/resources/warsaw-framework-for-redd-plus
controversy regarding the rights of Indigenous Peoples and Local Communities (IPLCs). This is one of the reasons why REDD+ under the UNFCCC remains non-market, and why title transfer is not required for payments.

Most countries expressed that this set of rules is too ambitious and represents a step too big for countries to take. This roadblock has contributed to the slow progress of the FCPF Carbon Fund. Even 12 years after it was launched, the Fund has yet to disburse any of its US$900 million allocated toward results-based payments. Nowadays, some countries are trying to incorporate these concepts in their upcoming climate change laws to better prepare for future market-based transactions.

There is no simple solution to this issue, as ‘title transfer’ is embedded in almost every rule of the FCPF Carbon Fund. As such, title transfer is not just one more rule, but the underlying requirement for all other rules to apply. For example, the Carbon Fund requires titles to be registered to avoid double counting, and this requires titles to exist. Governments also need to demonstrate their legal ability to transfer titles to propose an Emission Reduction Program (ERP). Without title transfer, it’s just not possible to comply with the Fund’s rules.

Countries need time to improve their information systems, grow their legal frameworks, and figure out how to better comply with stricter rules if these are needed for REDD+ to work better. Considering the urgent climate crisis and critical need for finance in developing countries, financial mechanisms should be practical and efficient. These approaches should not take more than a decade to start working.

2. Strive for more diverse participation of countries, IPCLs, and civil society

The complexity of the FCPF Carbon Fund’s rules resulted from the strong desire by donors to generate credible REDD+ results, as well as developing countries’ inexperience with implementing emissions reduction mechanisms in their national contexts and in assessing REDD+ results. In short, stakeholders agreed to too many rules that were impossible to fully implement.

Part of the reason why developing countries failed to balance donors’ expectations is because only a handful of developing countries participated in the negotiations of the Methodological Framework and the ERPA General Conditions in 2012. While more than 200 Parties participate in UNFCCC negotiations — interacting inside and outside negotiation halls and reach common decisions that become international law — the FCPF is a private consortium, and not all member countries are automatically given the chance to participate in Carbon Fund meetings where rules are discussed. To make meetings more efficient, representatives of regions, civil society, and the private sector are selected to reduce the total number of people involved.

An additional problem was that when those present tried to actively participate, the discussions were too complex and there were too many unknown technical elements. Even now, seven years after the last version of the Methodological Framework was released, countries are still digesting some of its criteria and indicators. The quest for the perfect set of rules created an overly complex situation for both donors and countries.
From the onset, the Framework represented too high of a bar for countries. This is somewhat understandable because the FCPF wanted to pilot a market-based mechanism — an unprecedented feature of the global climate infrastructure. Negotiators drew from what they had at hand: the lessons from a discontinued Clean Development Mechanism of the Kyoto Protocol. Building on this experience and to inform future financial mechanisms, it’s important to include more diverse participation from countries, IPCLs and civil society, even if this takes more time. It’s better to take longer to agree on something simple and realistic that can be built upon over time than to do it quickly and run into problems in implementation due to overly complex rules.

3. Prioritize Phase 2 of REDD+ for future financial mechanisms

The Cancun Agreements defined three phases for REDD+: readiness, implementation of policies and actions, and results-based payments. This follows an intuitive and often sequential order of events. To put it succinctly, first, countries and relevant stakeholders should agree on what is driving their GHG emissions and forest loss and degradation. Then they should propose REDD+ activities as part of a national strategy or action plan. The implementation phase is the realization of these plans, which is costly and takes time. Going from paper to action is likely to require development of new policies, securing funding for new projects, multi-stakeholder coordination, and other complex operational elements. It then takes more time for these actions to have a verifiable impact on the country’s GHG emissions profile. Only then can results-based payments be issued.

The FCPF Charter created two funds: a Readiness Fund and the Carbon Fund. The Readiness Fund is meant to help countries get ready for REDD+ and is relevant to the first phase of REDD+ explained above. The Carbon Fund is for results-based payments — the third phase of REDD+.

This begs the questions of how countries should pay for the implementation of their new policies and actions. In other words, how do countries invest to make their national REDD+ strategy a reality?

The FCPF does not provide specific funding for this, and yet this is arguably the most challenging and expensive phase. Perhaps in acknowledgement of this, the Green Climate Fund now provides financial resources for readiness, implementation, and REDD+ results-based payments, effectively covering all phases.

Considering their efforts under the FCFP Carbon Fund, REDD+ countries have spent most of their time getting ready by setting up institutional arrangements, agreeing on their REDD+ actions, establishing dialogues to engage with relevant stakeholders, and fulfilling the World Bank’s documentation requirements. A big portion of time has also been dedicated to establishing monitoring systems to measure, report, and verify emission reductions and removals. Overall, they have put most time and effort into readiness and the monitoring systems to estimate future payments. These are critical elements of the process, but countries are less sure about how to actually reduce their emissions.
Two suggestions have come forward to help ameliorate this problem:

- **Recognition of REDD+ early actions.** Some countries have argued that policies and actions that have been in place for some time are already causing emission reductions and removals. Some of these countries try to reflect such performance in the design of the forest reference levels, as can be observed by decreasing trends in emission reductions.

- **Conservation payments.** Other countries, especially those with high forest cover and low deforestation (HFLD), have tried to obtain recognition for protecting standing forests, and have also highlighted that this has an important opportunity cost. Because REDD+ is based on performance in terms of reduced emissions or increased removals, payments for the conservation of standing forests do not fit nicely into the mechanism. In these cases, narratives are provided on how these forests might be lost, which are expressed in forest reference levels as ‘adjustments’, based on what could happen were it not for REDD+ finance.³

These two types of countries — where emission reductions are already occurring and where forests still stand — should receive forest finance so they can continue these states of affairs.

However, a third group of countries exists for which forest finance is even more needed: those with rapidly disappearing forests where policies are still proving ineffective or that currently lack sufficient means to reduce their emissions. All three types of countries are critical, but this last group is perhaps the most urgent, as well as the one with the biggest potential for delivering REDD+ results.

In light of this variegated landscape of national circumstances, phase 2 of REDD+ must become a priority for future financial mechanisms. It is not necessarily through an adjustment of forest reference levels that countries will be able to secure appropriate funding to curb emissions, especially in this last group.

As part of the FCPF Carbon Fund, countries and donors have discussed the possibility of providing ‘advanced payments’ or pay in advance, which is a step in the right direction because it provides some finance for achieving emission reductions now. This conversation deserves more attention and should be a pillar of future financial mechanisms.

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³ The Carbon Fund allows for a small adjustment when setting reference levels for addressing HFLD countries, a step in the right direction in terms of finding a place and finance for these countries with historically low deforestation and high potential for forest loss today.
4. Ensure the role of markets leads to mitigation and compliance with nationally determined contributions

Countries and donors in the Carbon Fund have spent countless hours discussing the price of carbon. REDD+ countries advocate for a varying price that considers their own costs in reducing emissions, while donors prefer a fixed price that allows them to pay all countries consistently.

The price of carbon is an important discussion, in part because it is intimately linked to title transfer and the cost of implementation discussed above. When Carbon Fund donors opted for a fixed price of $5/ton, countries quickly moved to calculate their own costs to understand whether payments would be enough and to clarify if an ERPA made business sense. Most countries that submitted their analyses to the Carbon Fund reported costs higher than $5/ton.

Before concluding that the obvious solution is to increase the price, let’s consider another dimension of this discussion: title transfer. Many REDD+ countries have expressed that $5/ton would actually be acceptable if title transfer was not a requirement. Other countries more interested in testing market-based REDD+ favored the interim use of simplified title transfer approaches, if technically and legally feasible.

From a Paris Agreement point of view, quicker yet robust and transparent action would be preferable, so it advisable to accept the price of $5/ton if this will lead to faster finance and if title transfer is not requested. Doing so could help buy time while new options for title transfer are explored. In fact, these discussions are indeed happening as part of the negotiations of Article 6 of the Paris Agreement, and the Carbon Fund should maintain consistency with the outcomes of those negotiations.

Another dimension is also relevant here: Nationally determined contributions (NDCs). Prior to the Paris Agreement, countries had no risk when selling carbon in market-based approaches (Voluntary Markets). However, now that they have put forth NDC commitments and mitigation goals, selling comes at a cost: potentially not fulfilling their own commitments. And since the Paris Agreement requests “corresponding adjustments” — when buying and selling to avoid double-counting — the context of market-based REDD+ has now changed. Participating in markets is a national decision, so it is important that the mechanism ensures that the role of markets does in fact lead to mitigation and NDC compliance.

It is also important to recognize that the estimation of costs by countries is an on-going exercise that should be promoted and refined. While this is an area of potential improvement for all parties involved, few things are clear: 1) donors should not request rights to carbon if the costs are not covered; 2) countries should better understand the investments needed for curbing their national GHG emissions considering their NDC goals; and 3) countries should ensure the use of markets does lead to mitigation.
5. Prevent technical challenges from delaying climate finance, especially if solutions are in the works

Donors and REDD+ countries agree on one thing: the need for credibility in REDD+ results. Donors want to see impact for their investments, and countries want to show the effectiveness of policies for domestic and international reasons. This has led to enormous progress in carbon monitoring, the adoption of new land use assessment tools, and more sophisticated algorithms for satellite imagery analysis.

New tools have allowed countries to take a deeper dive into GHG fluxes in forests and agricultural landscapes. We have learned that GHG emissions are highly variable and depend on many influences, including the weather, international markets, and global pandemics. This exciting progress has spurred us seek better technological developments.

Part of the Carbon Fund’s Methodological Framework requests countries to work at the frontier of our knowledge and the capacity of our tools. For example, monitoring emissions from forest degradation is mandatory. While monitoring emissions is a huge technical challenge, better forest degradation data is produced every day, and technology is fast catching up with this need.

This onward progress of technology is why a country’s current inability to address a technical challenge should not delay REDD+ payments. Some countries express that fine-tuning their information systems to comply with the Fund’s framework has taken a significant amount of time and has led to delays in the approval of Emission Reductions Programs.

While global mapping capacities have increased, and we now can measure trees from space, mitigation is being delayed. While increasing transparency is a good investment, it has to some extent stolen the show of REDD+.

But even though changing a country’s emissions trend is no easy feat — requiring political will, operational agreements, and new infrastructure to engage people and organizations at multiple levels of society — it is essential that technical challenges should not delay climate finance.

REDD+ is a financial mechanism agreed under the UNFCCC to reduce emissions and help prevent a climate crisis. Therefore, immediate action is embedded in the objective of REDD+, as it is in the Paris Agreement. In this context, future financial mechanisms should balance this need for credible carbon accounting with practical finance flows, so we don’t lose sight of the forest for the very precisely measured trees.

4 Other relevant Carbon Fund requirements include the length and statistics of forest reference levels, types of approaches requested for land use assessment, as well as sophisticated monitoring provisions.
6. Develop rules that are flexible enough to accommodate a range of national circumstances and levels of progress in REDD+ readiness

As discussed, REDD+ can be understood in phases, with Phase 1 being the readiness phase. Successful readiness includes an operational framework for REDD+ so that it can yield sustained benefits over time. Readiness is by definition a national prerogative, as circumstances differ among countries. But results are equally important; results-based payments are an important component to make REDD+ work, considering the financial resources needed.

To access results-based payments, the COP agreed on a process outlined in a few UNFCCC decisions. REDD+ results that are measured, reported, verified are eligible for payments. To this minimum set of rules, others have added their own. The Green Climate Fund decided on scorecards with additional requirements to make decisions on how to distribute payments. And as we have discussed, the FCPF Carbon Fund developed a Methodological Framework. The Voluntary Market has myriad frameworks. Some donors even have their own (e.g., the Norwegian ART-TREES).

In light of these many frameworks, how do countries plan their readiness efforts and maximize their chances of getting paid? Which fund will provide the quickest payments? The most important — and most frequently asked — question is: Can countries prepare for all frameworks at once and get the most benefit, or at least increase their chances of receiving some payment?

In reality, frameworks vary considerably. Multiple frameworks are problematic because they have different and sometimes conflicting rules. Developing countries with limited resources accessible for readiness cannot be expected to comply with multiple, differing sets of rules without any certainty of return. It is with this in mind that donors and funds should stop the multiplication of frameworks and develop requirements that are flexible enough to accommodate a range of national circumstances and levels of progress in REDD+ readiness.

In fact, negotiations to agree on common rules for all Parties are already on-going as part of the Article 6 of the Paris Agreement. This Article introduces many new and important pieces of the climate action puzzle. For example, it allows cooperative approaches so countries can help each other achieve their NDC goals, a centralized market mechanism, and non-market analogues to be defined. Countries are now discussing specific rules on how these mechanisms will work. It is a good idea for REDD+ financial mechanisms to also strive for common rules to help speed up REDD+ for all.

5 The Warsaw Framework includes the most relevant COP decisions for REDD+: https://unfccc.int/topics/land-use/resources/warsaw-framework-for-redd-plus
6 Please visit this site to check out the Paris Agreement and its Article 6: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement
SECTION 2: RE-THINKING OUR REDD+ EFFORTS: ADVICE FOR DEVELOPING COUNTRIES

1. Countries should align strategy with their national interests and NDCs

The Paris Agreement is a key milestone in our search for a sustainable world. With its 29 articles it tries to make sense of our current development dilemma and sets a pathway for countries to collectively avoid a climate disaster. The Paris Agreement talks about land, oceans, people, rights, and climate, and gives special attention to forests. Article 5 was specifically crafted to promote the conservation and enhancement of carbon sinks in forests and the implementation of REDD+.

With the Paris Agreement, Parties agreed on a rulebook including a timeline for submitting NDCs, reporting progress on mitigation and adaptation, and participating in multilateral technical expert reviews, among many other operational elements. REDD+ is also part of this process. In a few places, the Paris Agreement clarifies how REDD+ is now to be adapted to these new rules. However, the central premise remains unchanged: Countries may opt for results-based payments after checking against a reference level or baseline how much their forest-related emissions were reduced and/or their removals increased.

Yet even if they achieve REDD+ results, countries are unsure if REDD+ payments are a good idea at this point because they may have committed their forest-related mitigation as part of their nationally-determined NDCs. Whether REDD+ is an option for countries will depend on several factors such as how the forest sector was considered in the NDC; the specific commitments put forth by Parties regarding their forests; and more importantly, the intention to participate in market-based approaches for REDD+, such as the FCPF Carbon Fund. (The Green Climate Fund does not request title transfer and therefore remains strictly non-market.)

Simply put, if countries promised to reduce their forest emissions or increased their removals, they need to think twice about participating in market-based mechanisms because they will be asked to discount these efforts from their own carbon balance. Conversely, if a country did not include a specific commitment on forests (such as if their NDC is mostly based on mitigation commitments in other sectors), there is no immediate risk in selling REDD+ results for the best price.

Countries should think of what aligns best with their national interests and their NDCs, keeping in mind the necessary corresponding adjustments in a REDD+ approach required by the Paris Agreement.

The emergence of NDCs brings additional pressure to governments to regulate private carbon transactions overseas, which have for a long time happened without centralized supervision. This is no longer a luxury countries can afford. The Paris Agreement created an Enhanced Transparency Framework that requires all Parties will need to report on how they are avoiding double counting, starting in 2024.

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7 Not only forest-related mitigation is now useful for NDC compliance, but its international recognition does not require applying methodological frameworks that normally penalize countries by requesting emission reductions set-asides to address permanence, uncertainty, and other factors.
2. Include significant capacity building in REDD+ strategy development

REDD+ is multi-disciplinary and requires the collaboration of experts to ensure open stakeholder dialogues and effective participation; propose sound mitigation actions that are economically feasible and environmentally friendly; respect social safeguards to prevent impacts to local communities; and use adequate methods to estimate and verify GHG emissions and CO2 removals. REDD+ is unique largely because it’s technically challenging from diverse viewpoints and requires the synergies of many disciplines, needs inter-institutional and multi-stakeholder coordination, and addresses widely varying political interests.

This is why learning to engage with REDD+ will take time. National experts in government, researchers in academia, community and indigenous leaders, cattle ranchers, coffee producers, and donors are all going through a steep learning curve to understand how to make this mechanism a reality. Obtain results-based payments is not the end of the line; even then, countries and IPLCs still need to figure out benefit-sharing and figure out how to use those payments in the future. Do they distribute payments among those responsible for reducing emissions? Do they re-invest those earnings in additional REDD+ actions that could secure them additional payments in the future? Perhaps a hybrid of the two? These are difficult questions to answer, requiring trial and error, knowledge-sharing, mutual learning, and continuous collaboration.

Considering this complexity, it’s natural to ask for help. And in fact, many specialize in providing technical assistance for REDD+ readiness and implementation, including international UN agencies like FAO, UNDP, UN-REDD; private firms; and individual consultants. However, there is risk in getting used to this help. Some countries express that they may be relying too much on external help, which is preventing them from learning. Doing more themselves would be beneficial but would come with the cost of moving somewhat slower. This is paradoxical because accelerating climate action is the ultimate objective. Does slowing down to learn how to do REDD+ on our own make climate sense? Yes, in the long term.

Most of countries’ technical work to develop Emission Reduction Programs is in fact conducted by World Bank consultants. This reliance on outside individuals may be fast-tracking the development of this specific program, but at the same time creates a knowledge gap. The more sophisticated the program becomes, the less a country’s experts and IPLCs will understand it. This is why external help should always include a significant capacity building component.

“Capacity building” in this context is something more participatory than, say, two weeks of PowerPoint presentations. The mode of work should be based on collaboration — learning by doing together. Better yet, countries should have their own capacity building strategies that can be used to guide consultants and the specific goals of hiring external help.

For example, if a country is looking to develop a forest map or create a plan for assessing mitigation options, officials and IPLCs should work hand-in-hand with their consultants from the beginning. The way countries define terms of references for these assignments should also follow this rationale. Instead of asking for finished products, ask for trainings and capacity building modules. Similarly, it’s better to ask for a useful framework to solve an issue than to request a straightforward solution. While doing so takes more time, it can help grant more sustainability to national efforts and give all stakeholders knowledge so future collaboration can improve.
3. Help the private sector make meaningful contributions

Two ideas have merged in the past few years that have now created a massive demand for offsets. First, there was a strong push in the international negotiations to bring in the private sector because of the notion that governments alone would not be able to pay for the economic transformation needed to curb global emissions. Second, public opinion and consumers’ perception has been gradually but surely transforming; people now demand more ecologically friendly goods. ‘Carbon-neutral’ is the new ‘organic’ or ‘fair-trade.’ Naturally, a growing number of companies are now seeking to become carbon-neutral or commit to net-zero goals in order to stay competitive. However, it’s important to take a minute to understand the diversity of private sector approaches in relation to forests.

The following framework classifies types of companies, their role in managing land, and their needs. This is useful information to use when reaching out to companies to clarify the roles, goals, and nature of each partnership.

Part of the private sector uses the land to produce commodities, such as coffee and cacao. Some companies are not directly linked to the land but source land-based products, such as a local artisan wood shop. Yet others are completely separated from the land, such as technology companies. Yet today they all face the same question: How do I offset my carbon footprint?

Recommendations vary depending on a company’s relationship to the land. As a first step, companies directly linked to the land should avoid any form of deforestation and forest degradation. They should work the land with sustainable practices and with a mindset of increasing biodiversity and community engagement. These companies may consider partnering with governments at different levels and investing in areas where efforts are underway to stop forest loss.

Similarly, companies that require land-based products may consider preferential sourcing from areas where deforestation and forest degradation is not occurring. These companies should get formal recognition for their efforts, regardless of whether their carbon footprint is positive or negative. Keeping our forests standing is crucial for meeting our climate goals.

The third type — those companies not linked to the land sector — necessarily rely on the effort by others, i.e., offsetting. When looking for offsets, private sector entities should seek out forest carbon credits or units that come from initiatives effectively linked to NDCs and that are produced after 2020. They should ensure that these credits or units are immediately cancelled following a corresponding adjustment so they can only be used in the host country’s accounting towards their NDC, which means they cannot be sold again or transferred by the private sector.

The risk of carbon-neutrality goals is that purchasing credits or units can allow the private sector to continue production business as usual, which exactly what the Paris Agreement is trying to change. The Paris Agreement seeks a fundamental change in how we produce goods and services, especially in terms of adopting cleaner technologies that lead to a low-carbon future. The private sector should prioritize their technological evolution, which may include new management practices that may have longer-term climate impacts. At the same time, when offsetting any remaining emissions, they should immediately cancel any credits or units at the time of purchase. In this way, the private sector can also help finance forest conservation without worrying about the normally occurring disturbance happening in forests.

4. Different data, different stories: avoiding conflicting narratives

Acting now on climate change is crucial, and it’s important to clearly communicate your efforts. Unfortunately, countries sometimes tell different stories when they report back to the UN, which reduces their credibility and reduces their chances for REDD+ payments. For example, there have been cases of countries reporting a certain level of deforestation in their National GHG Inventory but significantly different numbers in their own REDD+ reports.

This discrepancy may be easily explained. For example, it’s normal for countries to gradually introduce higher-resolution satellite imagery, more field data coming from national forest inventories, and update carbon flux models as they are further validated with national data.

However, such problems are more damaging if differences are caused by lack of coordination or use of different methods and datasets, and differences among reports are not clearly explained. And this will not contribute to building trust in donors, funds, and the general public. Ensure the story is clear and any changes in methods and data are explained and justified. This issue is relevant for international and domestic purposes. Governments should also be clear about how data is treated over time and its effect on their narratives.

8 Generally speaking, offsets are emission reductions or increased removals produced by one that can be used to compensate for another’s carbon footprint.
5. Consider a spectrum of benefit-sharing possibilities

Once countries go through all stages of REDD+ — readiness, implementation, and results-based payments — the question arises: What do we do with these payments? For some the answer is simple and obvious: Pay back those responsible for reducing emissions and/or increasing removals. However, attribution of these changes is not simple at all.

Let’s examine the case of emission reductions from deforestation. If a group of stakeholders collectively implemented actions to stop deforestation, how do we know which one had more impact and therefore should be paid more? Further, how do we know if this reduction in deforestation is due to the new actions in place or if it is in part due to some residual effect of national legislation? If you plant a tree, you may be able to demonstrate it is your tree, but since REDD+ performance is based on reference level, payments will be based on how much we all increased our tree planting compared to the past. If you’ve been planting trees every year prior to the measurements, there is in fact no additionality, and technically speaking you should not get paid. As this illustrates, using attribution for making these decisions can lead to problems.

For this reason, benefit-sharing — a concept used in REDD+ to refer to use of payments — is not straightforward. It will require open conversations among stakeholders and the development of transparent eligibility and prioritization criteria. It will also require being creative about benefits beyond monetary distributions. Some may argue that distributing payments to land owners is a less sustainable option than using those same funds to develop programs to assist land owners, IPLCs, and farmers in the longer-term, such as establishing a community tree nursery, fixing an aqueduct, or catalyzing the local wood market. Perhaps the best approach is a hybrid of direct payments and community programs.

Consider a spectrum of possibilities in terms of benefit-sharing, and think beyond direct payments if this can foster further emission reductions or increased removals in the future. That REDD+ is cyclic in its nature — considering its phases — and it should lead to continuous benefits.