CLIMATE FOCUS

The Why and How of Subnational REDD+

This brief explains the role that provinces and states can play in making progress towards national reductions of emissions from deforestation and forest degradation (REDD+). It was developed in partnership with the Governor's Climate and Forest Task Force (GCF), a coalition of 19 states and provinces from Brazil, Indonesia, Mexico, Nigeria, Peru, Spain, and the U.S. working to develop institutional, legal and technical capacities and frameworks to reduce emissions from deforestation, degradation and other land uses in the context of climate and low-carbon development policies. The GCF occupies a unique niche and brings lessons from subnational actors into ongoing national and international climate and forest policy discussions.

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What does 'Subnational' Mean?

Subnational can refer to any administrative or jurisdictional unit subordinated to the nation state. In the context of REDD+ it can also refer to larger ecosystems or biomes where REDD+ policies are implemented.

In the GCF, 'subnational efforts' refers to the engagement of states and provinces in federal government systems that have the capacity to take their own policy initiatives in issues such as natural resources and forest management. Local governing bodies in unitary systems of government that must be delegated authority by the national level of government also have the potential to implement effective subnational REDD+ initiatives. However, as subnational bodies in unitary systems mainly function as extensions of the central government, they neither have sufficient autonomy to tailor the main features of their policy approaches nor are they able to engage directly with other subnational or national actors on an international scale.

Why is Subnational REDD+ needed?

Subnational implementation of REDD+ is a vital missing link between pilot projects and full national implementation. In 2010 in Cancun, parties to the UN Framework Convention on Climate Change (UNFCCC) agreed that REDD+ countries should move towards national-level planning, reference levels (RLs), measuring, reporting and verification (MRV), and safeguards reporting.[1] Subnational RLs and monitoring are nonetheless recognized as a step towards national implementation. Subnational implementation of REDD+ may also play an important role in countries' long-term REDD+ and low-emissions development strategies, as recent UNDP research has estimated that 50-80% of actions to mitigate and up to 100% of those to adapt to climate change will depend on decisions made at subnational and local levels.[2] Besides national-level readiness activities focusing on improved data series, the development of operational frameworks, and the evaluation of REDD+ policy options, currently the bulk of REDD+ demonstration activities and project investments have focused on discrete programs and projects at local levels. These efforts often disregard the important role provincial, district, and municipal governments and agencies have to play in forest and land-use policy and, hence, REDD+ implementation. Given the wide gulf between project- and national-level REDD+ planning and implementation, subnational jurisdictional level work will be essential in order for REDD+ to scale up to national-level functionality and integrate projects into national REDD+ frameworks.

Broad participation of tropical forest developing countries in REDD+ is essential to limiting increases in global average temperature, and depends significantly on the 'early action' of subnational approaches at significant scale. Countries with large forest areas, complex drivers, different forest types, numerous districts, and various social or developmental contexts will require more time to achieve fully national-level implementation, however, as they will require more time and analysis to accurately estimate their future forest RLs and build national MRV capacity. If only 'wall-to-wall' national level REDD+ is allowed or promoted in a global regime, such countries likely will be

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[1] Decision 1/CP.16 *The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on long-term Cooperative Action under the Convention*, para 71(a)-(d).
[2] See UNDP. National/Sub-national Strategies (Website). Available at: http://www.undp.org/content/undp/en/home/ourwork/environmentandenergy/focus_areas/climate_strategies/undp_projects_thatcontributetogreenlecrds/national_sub-nationalstrategies/

deterred from participating while they develop national RLs and MRV. This will limit global REDD+ actions to a few high capacity countries with relatively simpler forest systems, thereby weakening worldwide mitigation goals. Conversely, when such countries work pragmatically to prioritize critical subnational areas of significant scale (e.g., highest forest carbon loss) and possibly also leverage areas with high capacity or proactive government and civil society stakeholders, 'early-action' participation is enhanced to the environmental benefit of all. However, subnational areas of significant scale generally differ from projects due to both their size (e.g., entire jurisdictions, biomes or eco-regions) and their involvement with governments, actors and civil society.

Technical needs recommend that processes transition smoothly upwards via a 'step-wise approach' from project to subnational level and eventually to national level. Given wide differences in social and environmental conditions, deforestation rates and technical capacities, subnational-specific tailoring will be important for many countries' overall REDD+ success. A step-wise building of RLs and MRV systems from those covering a single activity (deforestation) to the full scope of REDD+ allows for a fast start of REDD+ while building capacities for a gradual expansion. Moreover, as deforestation and forest degradation drivers are often quite local in nature, different regions and even micro-regions require local implementation of response measures. Local implementation allowing for interventions customized to a particular region often produces far more successful results than uniform implementation of a national intervention.

Subnational REDD+ implementation can build on project approaches and accelerate results-based payments by piloting accounting and policy frameworks for results-based REDD+ at the subnational, jurisdictional level. The scale of REDD+ initiatives will need to increase massively from isolated projects in order for results-based REDD+ and low-emissions rural development plans to be effectively implemented in developing countries. Subnational REDD+ offers an essential opportunity to test results-based payments at larger regions beyond projects and the involvement of the public sector, but still at smaller scales than entire national levels. This idea of subnational initiatives as piloting results-based REDD+ on subnational government levels underpins the GCF as well as initiatives such as the REDD Early Movers program of Germany.

How will Subnational REDD+ work?

Subnational policies, projects and programs help to inform and build capacity for national approaches. In more centralized countries, subnational level REDD+ activities are being established during development of the full national REDD+ system to fulfill aims such as building capacity and experience in REDD+ implementation or generating early emissions reductions and removals in defined geographical or administrative areas. The UNFCCC recognizes subnational RLs and monitoring as an interim measure, although subnational approaches will also be important as a permanent measure to enable REDD+ to be implemented through separate existing governance frameworks (e.g. states under different administrative systems or forest areas under different ministries). In all cases, full REDD+ implementation will eventually require national monitoring and RLs to be developed, and 'early action' subnational efforts can inform these centralized national systems.
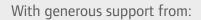
Subnational governments can draw on work undertaken by various carbon standards and private initiatives. In recent years, voluntary market activities have begun to upscale from isolated projects to larger landscape-level approaches. Voluntary standards such as the Verified Carbon Standard's Jurisdictional and Nested REDD+ (JNR) Standard, the American Carbon Registry's Nested REDD+

Protocol, and the Climate Action Reserve's Draft Mexico Forest Protocol all outline methodologies by which projects may be included within subnational jurisdictional frameworks. At a minimum, such approaches offer a means of simply 'nesting' directly-credited, standalone projects within jurisdictional baselines. Going further, the JNR even allows for full jurisdictional accounting and crediting with internal allocation of credits. On the demand side, subnational compliance markets have been developing rules to allow for purchase of REDD+ offset credits in the states of California, Rio de Janeiro and Sao Paulo, which could eventually become linked with other state and regional markets such as the Western Climate Initiative (which already includes California).

The 'nested approach' describes a system that allows the integration of subnational REDD+ activities into broader national policy programs. It formulates guidance for the accounting of REDD+ benefits at various scales of governance, for different instruments, and across broader territories. In addition to providing a rational method to integrate different levels of accounting, nesting allows: (1) testing the effectiveness of various REDD+ policy measures or interventions on the level of countries, subnational jurisdictions, and projects; (2) RLs and MRV methods to be piloted at smaller, more cost effective scales to assess their efficiency; and (3) subnational areas with higher capacity to begin activities immediately while accommodating the needs of other regions to enhance their competencies throughout the REDD+ readiness process.

Despite the clear need for integrated approaches to REDD+ action, the implementation of multi-layered REDD+ systems faces a number of significant hurdles and complexities, highlighting the need for subnational collaboration and information exchange. Such challenges range from the need to define the rules for integrating MRV systems at various levels, to how to allocate REDD+ incentives to the effective definition of investment incentives and the allocation of liabilities. Via the GCF, many subnational actors, such as provincial or regional governments that have partial or full jurisdiction over forest resources, have established a forum for an exchange of experience and coordination of actions. Bilateral and multilateral donor agencies are supporting various subnational efforts as REDD+ demonstration projects.

Initiatives such as the GCF build on and catalyze the efforts of pioneering 'self-starter' provinces and states that have taken the initiative to begin subnational REDD+ efforts themselves. Largely composed of federal system states and provinces, GCF members primarily have worked since the group's establishment in 2009 to share experiences and lessons learned. GCF work addresses the following issues in particular: 'best practice' criteria for pay-for-performance REDD+ financing; subnational policy, legal and technical frameworks and capacity; mechanisms and institutions for linking members with other subnational REDD+ efforts, as well as with foreign national and international initiatives; a common subnational REDD+ framework for GCF members; and cooperative arrangements between GCF members and respective federal governments. In 2011, GCF members established the GCF Fund, which seeks to provide much-needed financing to support critical needs (e.g. capacity building, technical issues) and to seed select 'proof of concept' ideas on a competitive basis. In 2012, the GCF began an online Knowledge Database providing information on subnational initiatives (e.g., carbon accounting, REDD+ implementation, and financing) for relevant stakeholders. Additionally, the GCF has developed partnerships with a wide array of research, advocacy and private sector groups working on REDD+.