

## **GOAL 9: Reward countries and jurisdictions that, by taking action, reduce forest emissions—particularly through public policies to scale-up payments for verified emission reductions and private-sector sourcing of commodities**

### **Key Messages**

There has been little new data on finance for forests or development related to Goal 9 since our [2017 NYDF Progress Assessment](#), which found that:

- Bilateral and multilateral initiatives have been piloting operational details to inform REDD+ implementation and results-based payments, but most tropical forest countries are still in the process of setting up relevant systems and policies to access results-based finance
- Almost one third of commitments from multilateral and bilateral institutions for results-based REDD+ finance had been disbursed – mostly to Brazil
- Jurisdictional approaches are nascent, but hold potential for accelerating action around sustainable supply chains and scaling up efforts

### **Our 2018 Goal 9 assessment finds:**

- Little progress had been made since 2017 and public payments remain in the beginning stages of rewarding programs that reduce emissions caused by forest loss or degradation. Incentives remain small compared to finance needs.
- The number of countries advancing in major results-based funding pipelines remains low. Eleven countries – up from six – have advanced to the finance stage of approval by the Forest Carbon Partnership Facility Carbon Fund, but a large number of countries remain stuck in the pipeline.

## **OVERVIEW OF GOAL AND INDICATORS**

Goal 9 calls for rewards for countries and jurisdictions that are reducing forest emissions. The concept of reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests, and enhancement of forest carbon stocks in developing countries (REDD+) was introduced in the international climate negotiations with the expectation for mobilizing finance via private-sector demand for carbon credits. REDD+ has evolved into a mechanism relying largely on results-based REDD+ approaches supported by government-to-government transactions. Results-based REDD+ payments incentivize countries and jurisdictions to take actions and deliver results. These payments are made through a number of funding pipelines to countries achieving quantifiable and verifiable forest emission reductions.

In 2017 the New York Declaration on Forests (NYDF) Assessment Partners published an in-depth review of progress toward NYDF [Goals 8 and 9](#). Beginning this year, we will provide annual updates on progress toward these goals using the revised assessment frameworks. We use two criteria to assess progress on Goal 9 (Table 1).

**Table 1. Criteria and indicators to track Goal 9**

CRITERIA	INDICATOR
1. Public payments for verified emission reductions	1.1 International payments 1.2 Domestic payments
2. Support for supply chain efforts to incentivize reduced forest emissions	2.1 Public and private-sector support for jurisdictional-sourcing initiatives in the context of zero-deforestation commitments

## FINDINGS

### Criterion 1: Public payments for verified emission reductions

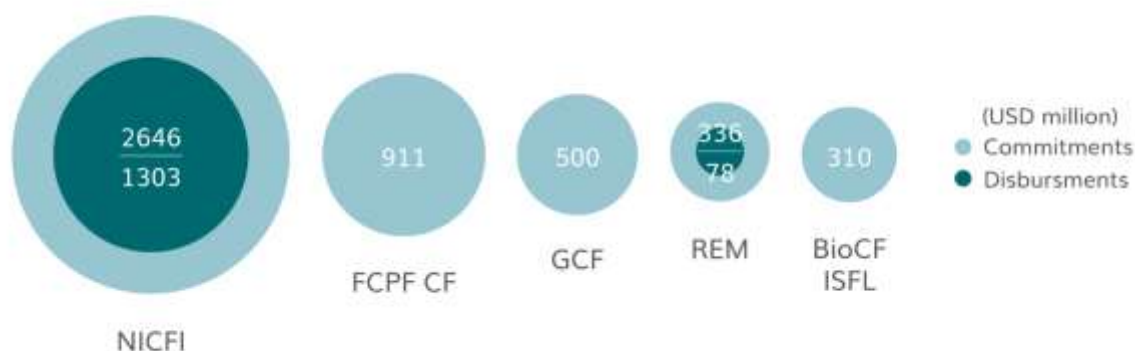
#### *Indicator 1.1: International payments*

REDD+ implementation and results-based payments have been made in the context of a number of multilateral and bilateral initiatives. The majority of results-based payments are made through bilateral agreements with the Norwegian International Climate and Forest Initiative (NICFI) and the German REDD Early Movers (REM) program, the Green Climate Fund (GCF), and the World Bank’s Forest Carbon Partnership Facility Carbon Fund and BioCarbon Fund. NICFI continues to be the largest source of results-based finance, with new commitments of USD 95 million since October 2017.

At the Oslo REDD+ Exchange in June 2018, Ecuador signed a bilateral contract with Norway and Germany for USD 50 million. This results-based REDD+ partnership aims to protect 13.6 million hectares of Ecuador’s rainforest.<sup>[2]</sup> Colombia is also moving ahead with the implementation of its current agreement of USD 120 million for its Amazon Vision initiative.<sup>[3]</sup> While the Colombian Ministry of Environment has acknowledged that its 2020 goal will not be achieved, Norway recently extended its commit to up to USD 250 million in result-based payments to acknowledge the country’s progress.<sup>[4]</sup>

Overall results-based payments have seen a 13 percent growth since last year in total commitments and 4 percent in disbursements. Commitments for results-based REDD+ finance reached USD 4703 million, 63 percent of which (USD 2982 million) were bilateral commitments from REM and NICFI. The amount committed through the Forest Carbon Partnership Facility Carbon Fund reached USD 911 million. A cumulative of USD 1381 million across sources has been disbursed (Figure 1).

**Figure 1. Result-based REDD+ commitments and disbursements by program since 2010**



Source: Climate Focus analysis based on data since 2010 shared by NICFI and REM, and BioCarbon Fund. ISFL and FCPF Carbon Fund commitments retrieved from funds' official websites.

Note: NICFI = Norwegian International Climate and Forest Initiative; FCPF CF = the World Bank's Forest Carbon Partnership Facility Carbon Fund; GCF = the Green Climate Fund; REM = the German REDD Early Movers program; BioCF ISFL = the BioCarbon Fund Initiative for Sustainable Forest Landscapes. Data reflects commitments and disbursements through August 2018. For bilateral donors, commitments and disbursement are based on personal communications with donors. Commitments to the FCPF Carbon Fund and BioCarbon Fund's ISFL were retrieved from publicly available documentation.

While many countries demonstrate interest in accessing in results-based payments, reaching the final stage of funding mechanisms is a lengthy process. As of July 2018, 19 countries had submitted initial emissions reductions plans to the Forest Carbon Partnership Facility's Carbon Fund, one of the main financing vehicles for REDD+.<sup>[5]</sup> Proposals from eight countries – Chile, Costa Rica, the Democratic Republic of Congo, Ghana, Mexico, Mozambique, the Republic of Congo, and Vietnam – have been accepted and agreements are under negotiation, while Lao People's Democratic Republic, Madagascar, and Nepal are also in the final stages of approval.<sup>[6]</sup> The three countries – Ethiopia, Zambia, and Colombia – that have been formally included in the BioCarbon Fund's Initiative for Sustainable Forest Landscapes pipeline have not increased since last year.

In October 2017, the GCF Board approved the terms of reference for a new pilot program, allocating USD 500 million for REDD+ results-based payments. REDD+ countries may seek results-based payments for emission reductions generated between December 31, 2013 and December 31, 2018 at 5 USD per metric ton of CO<sub>2</sub> equivalent. The pilot program will accept proposals on a rolling basis until 2022. Ecuador has already submitted a proposal, which is scheduled for review in November 2018.

### ***Indicator 1.2: Domestic payments***

In addition to international rewards for emission reductions, we also look at notable domestic mechanisms that distribute payments to states or regions for emission reduction results. In [2017](#), we highlighted a tax reform in India that provided incentives for forest cover protection and restoration and a federal program in Brazil that aimed to create a consensus-based, decentralized arrangement for accessing and allocating results-based finance.

More recently, Colombia approved an innovative measure that allows high-quality carbon credits to be used against its new carbon tax. The proposal differentiates itself by allowing entities to

offset 100 percent of their tax liability, rather than placing a limit on carbon credits.<sup>[7]</sup> This could provide immense motivation for companies to implement projects generating credible greenhouse gas emissions reductions. Companies can purchase verified certificates of projects for REDD+.<sup>[8]</sup> Once approved, businesses that successfully offset their emissions through environmental development projects will be labeled “carbon neutral” by the government and will be exempt from the carbon tax. The new hybrid tax is anticipated to provide a direct transfer from polluting sectors of the economy to projects promoting sustainable development and protecting the environment. Such transfers would be particularly significant for poor or marginalized communities in receiving needed resources for projects involved with protecting forests or with reforestation. This measure will benefit more than 10,000 families by [increasing sustainable development](#), providing green jobs, and protecting the biodiversity of the region.<sup>[9]</sup> Organizations involved with the process such as Fondo Acción, Prodeco, Conservation International, and the U.S. Agency for International Development (USAID) are already considering how to implement this initiative in other regions.

## Criterion 2: Support for supply chain efforts to incentivize reduced forest emissions

### *Indicator 2.1: Public and private-sector support for jurisdictional-sourcing initiatives in the context of zero-deforestation commitments*

Actors from across sectors are increasingly turning to jurisdictional approaches to [implement supply chain commitments](#) because they provide an opportunity for actors to come together to realize zero-deforestation commitments, avoid potential leakage, and efficiently scale implementation.<sup>[10]</sup> Support for these efforts comes in a variety of forms. Table 2 shows examples of the types of support public and nonprofit sectors can provide to increase the effectiveness of supply chain commitments.

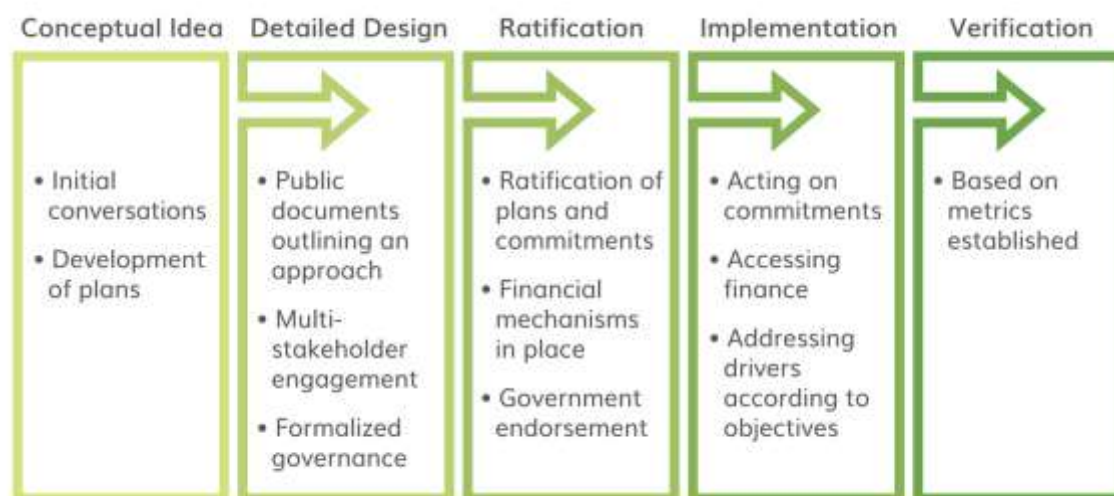
**Table 2. Examples of Stakeholder Support for Forest Protection**

CATEGORY	TYPE OF SUPPORT	MAIN ACTORS	EXAMPLES
<b>Institutional strengthening &amp; forest governance</b>	Demand-side measures	International and national governments	Partnerships between producer and importing governments to exclude illegal production and promote demand for certified products
	Strengthen law enforcement	National governments	Increasing funding and capacities of enforcement institutions, including law enforcement and public-private agreements that exclude “bad” producers
	Tenure reform	National governments	Land registration systems that enable tenure security, a key enabling factor for sustainable land use
	Monitoring and transparency	National and subnational governments, nongovernmental organizations (NGOs)	Transparency platforms and tracking initiatives by civil society that support accountability and help companies in monitoring efforts
	Advocacy and pressure	NGOs	Consumer campaigns to encourage demand for certification support, an essential condition for incentives through premiums and market access
	Sectoral standards	National and subnational governments, NGOs, and private sector	Support certification schemes or moratoria that set forest requirements and provide a clear and recognized framework for implementation of commitments

<b>Implementation support</b>	Training, capacity building, and technical assistance	National and subnational governments, NGOs	Agricultural extension programs to promote sustainable intensification, for example, in partnership with supply chain companies
	Aggregation of smallholders	National and subnational governments, NGOs	Group certification schemes that allow smallholder producers to reduce transaction costs of compliance with forest and sustainability requirements
<b>Financial support</b>	International support	International governments	Bilateral agreements for financial assistance programs that promote sustainable land use
	Public-private partnerships	National and subnational governments, international partners, companies	Public-private investment funds with risk mitigation instruments for private investors (e.g., guarantees)
	Domestic investments	National governments	“Green” loan programs in the agriculture sector that set mandatory environmental requirements and provide technical assistance
<b>Landscape initiatives</b>		Subnational governments, international partners, companies, NGOs	Jurisdictional approaches that pursue sustainability (including forest) goals in a collaborative manner

Last year, we reported that there were 34 jurisdictions with active jurisdictional programs, with the geographical locations spread evenly among Asia, Latin America, and Africa, based on an [assessment by AlphaBeta](#). In an effort to assess the progress that jurisdictional approaches are making, and the support that is driving successes, we defined five stages of progress and criteria for meeting the stages (Figure 2). Nevertheless, it is difficult to clearly assess the progress around the development, implementation, and deforestation reduction impact of jurisdictional approaches. In some cases, the information needed may not be publicly available yet.

**Figure 2. Stages of progress and criteria for assessment of jurisdictional approaches**



Jurisdictional approaches vary greatly by region and country. Initiatives pursue different objectives and set diverse metrics to track their own progress. As such, we assessed the progress – and support provided – of three initiatives as case studies (Box 1). While two of the three initiatives assessed are undertaking implementation activities, they also represent initiatives in relatively advanced stages compared to the majority of programs globally.

## Box 1. Progress and support in implementing jurisdictional approaches

### Côte d'Ivoire's southwest and Tai regions and the Cocoa and Forests Initiative

#### Stage of development: Detailed design

Côte d'Ivoire's jurisdictional approach is being developed under the Carbon Fund of the Forest Carbon Partnership Facility. Coordinated by the national government, the approach focuses on the Southwest and Tai Regions, major producing sites of cocoa, palm oil, and rubber.<sup>141</sup> The Emission Reductions Program Document (ERPD), which outlines a national plan for reducing emissions and qualifying for results-based payments, is under development with the goal of completion by the end of 2018. Strategies include a "zero deforestation agriculture" approach targeting actors in the cocoa, palm oil, and rubber supply chains. Private-sector companies like the chocolatiers CEMOI and Mondelez are currently involved in pilot projects to implement zero-deforestation pledges within the jurisdiction. In addition, the ERPD will include an [alternative livelihoods approach](#) to reduce pressure on forests, possibly through payments for environmental services and benefit-sharing mechanisms. The final ERPD will define financial mechanisms for implementation.<sup>142</sup>

Built on a foundation of multisectoral stakeholder engagement, the approach encourages public-private partnerships to address the major drivers of deforestation in the region.<sup>143</sup> One such emerging partnership is the Cocoa and Forests Initiative (CFI), wherein chocolate and cocoa companies are working with the governments of Côte d'Ivoire and Ghana to end deforestation in cocoa supply chains. The CFI and the Frameworks for Action, announced at the 23th Conference of Parties in 2017, seek to end deforestation and forest degradation in national parks, reserves and other protected forests. Under the National Implementation plan that is expected to be revealed by early 2019, the government of Côte d'Ivoire is outlining roles, priority actions, priority geographies, timelines, indicators to measure progress, and linkages to ongoing national initiatives including REDD+ and the upcoming Tai National Forests emissions-reduction program. Meanwhile, private-sector companies are developing their own action plans (to be made public by January 2019) to define the activities they will undertake within their own supply chains to fulfill their commitments under the CFI. These public and private activities are expected to align with national initiatives to protect Tai National Forest

### Mato Grosso, Brazil: Produce, conserve, and include

#### Stage of development: Implementation/verification

The government of Brazil's state of Mato Grosso launched its Produce, Conserve, and Include (PCI) initiative in 2015 to reduce forest emissions by six gigatons of CO<sub>2</sub> over 15 years while ensuring sustained and inclusive economic growth.<sup>144</sup> The program's goals include restoring 2.5 million hectares of degraded pastures and 1 million hectares of deforested land, reducing deforestation by 90 percent, increasing agricultural production, and enabling smallholders' access to markets and finance.<sup>145</sup> The initiative represents a unified agenda of government, civil society, companies, and investors with over 40 partner organizations signed on and a diverse set of programs.<sup>146</sup> Private-sector entities, such as Amaggi, Louis-Dreyfus, Marfrig, and JBS, have committed to supporting the strategy through sustainable sourcing agreements and technical capacity support. Civil society and companies are partnering to provide farmers training in best practices and ecological restoration techniques, as the Nature Conservancy and Cargill have done for soy farmers. At the municipal level, tools like the Territorial Performance System enable local governments to conduct spatial planning through a web-based mapping tool to align their land use strategies with PCI goals.<sup>147</sup>

Financial mechanisms have also been put in place, including REDD+ Early Movers (REM). Last year the state signed a contract with the German and British governments for performance-based payments totaling approximately USD 50 million to reduce deforestation and support smallholder agriculture and traditional communities.<sup>148</sup> The initiative's strong focus since inception on community engagement, robust monitoring, reporting and verification systems, and cross-sectoral policies and programs seems to have led to some initial success. According to its own [progress tracking platform](#), Mato Grosso has reduced deforestation more than any other state in the Brazilian Amazon, avoiding emissions of more than 2 billion metric tons of CO<sub>2</sub> while expanding soy and beef production.

### Sabah, Malaysia: Jurisdictional certification for palm oil

#### Stage of development: Implementation

In 2015 Malaysia's Sabah state government launched a 10-year plan to ensure that all palm oil produced and processed in the state meets Roundtable on Sustainable Palm Oil (RSPO) certification standards.<sup>149</sup> Twenty-one percent of the state's land area is planted in palm, totaling 1.54 million hectares. The initiative seeks to give palm oil producers access to premium global markets without the cost burden of certifying farms or refineries individually. Three overarching visions guide the jurisdictional approach: zero-deforestation, zero conflict in oil palm production landscapes, and strengthening smallholder sustainability and uplifting livelihoods. To achieve this, the initiative has defined an independent multistakeholder working structure that includes government agencies from different sectors (e.g., forestry, agriculture, and environmental protection), industry leaders, and civil society organizations. Issue-focused working groups cover smallholder's free, prior and informed consent, and high conservation value – high carbon stock compensation. In November 2017, the Chief Minister's department reaffirmed its policy of working with smallholders to achieve certification to comply with private-sector zero-deforestation policies form companies like Wilmar, Global Amine, Clariant, and L'Oréal. Financial mechanisms are also in place; the Sabah Forestry Department has contributed about USD 250,000 toward the effort, while other instruments like carbon taxes, payments for ecosystem services, and REDD+ finance are under development.<sup>150</sup> To date, of the 1.54 million hectares of palm plantations, nearly a third (450,000 hectares) have been RSPO certified.

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- <sup>111</sup> REDD+ stands for reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.
- <sup>112</sup> Ortiz, F. (2018, July 2). [Forests comprise large part of climate solution but receive meagre investment](#). *IDN- InDepthNews*.
- <sup>113</sup> Joint Declaration of Intent (2015). [Joint declaration of intent between the Government of the Republic of Colombia, the Government of the Kingdom of Norway, the Government of the Federal Republic of Germany, and the Government of the United Kingdom of Great Britain and Northern Ireland on cooperation on reducing greenhouse gas emissions from deforestation and forest degradation \(REDD+\) and promoting sustainable development in Colombia](#).
- <sup>114</sup> Ministerio de Ambiente y Desarrollo Sostenible. (2018, April 10). [Gobierno de Noruega extiende cooperación ambiental a Colombia](#). *Noticias – Minambiente*.
- <sup>115</sup> InfoFLR & The Global Landscapes Forum. (2017). [Bonn Challenge Barometer: A progress tracking protocol](#).
- <sup>116</sup> Forest Carbon Partnership Facility. (2018, June). [Portfolio management and decision of ER-PDs](#). Presented at the Eighteenth Meeting of the Carbon Fund (CF18), Paris France.
- <sup>117</sup> Conservation International. (2018, April 21). [Colombia's carbon tax takes off](#). *Conservation International News Room*.
- <sup>118</sup> Verra. (2017, June 15). [Colombia drives innovation and carbon markets: updated](#). Verra, *The Latest*.
- <sup>119</sup> Conservation International. (2018, April 21). [Colombia's carbon tax takes off](#). *Conservation International News Room*.
- <sup>120</sup> For the purposes of this assessment, we define active jurisdictional approaches by the Environmental Defense Fund definition which states that programs should meet the following three conditions: (1) have government involvement/leadership; (2) are commodity specific or have a link to specific commodities of focus (cattle, soy, palm oil, cocoa, timber/pulp); and (3) have documented action to date (progress beyond the conceptualization phase).
- <sup>121</sup> REDD+ Côte d'Ivoire. (2015, October). [Côte d'Ivoire: emissions reduction program in the Tai National Park area](#). Paper presented at the Thirteenth Meeting of the Carbon Fund (CF13), Brussels, Belgium; Forest Carbon Partnership Facility. (2017). [Forest Carbon Partnership Facility 2017 annual report](#). Washington, DC: The World Bank.
- <sup>122</sup> Secrétariat Exécutif Permanent REDD+. (2017). [REDD+ Côte d'Ivoire](#).
- <sup>123</sup> Forest Carbon Partnership Facility. (2017). [Forest Carbon Partnership Facility 2017 annual report](#). Washington, DC: The World Bank.
- <sup>124</sup> Governo de Mato Grosso. (2017). [PCI: Produzir Conservar Incluir](#).
- <sup>125</sup> Tropical Forest Alliance 2020. (2017). [Annual report 2016-2017](#). TFA 2020.
- <sup>126</sup> Tropical Forest Alliance 2020. (2017). [Annual report 2016-2017](#). TFA 2020; Boyd, W., Stickler, C. Duchelle, A.E., Seymour, F., Nepstad, D., Bahar, N.H.A., & Rodriguez-Ward, D. (2018). [Jurisdictional approaches to REDD+ and low emissions development: Progress and prospects](#). Working Paper. Washington, DC: World Resources Institute.
- <sup>127</sup> Tropical Forest Alliance 2020. (2017). [Annual report 2016-2017](#). TFA 2020.



- <sup>1181</sup> Nepstad, D., Stickler, C., Carvalho, O., Leal, M., Shimada, J., David, O., & Ribiero, A. (2018). [Mato Grosso, Brazil](#). In C., Stickler et al. (Eds.), *The state of jurisdictional sustainability*. San Francisco, CA: Earth Innovation Institute; Bogor, Indonesia: Center for International Forestry Research; and Boulder, CO: GCF-Task Force.
- <sup>1182</sup> Bahar, N.H.A. (2018). [Sabah, Malaysia](#). In C., Stickler et al. (Eds.), *The state of jurisdictional sustainability*. San Francisco, CA: Earth Innovation Institute; Bogor, Indonesia: Center for International Forestry Research; and Boulder, CO: GCF-Task Force.
- <sup>1201</sup> Bahar, N.H.A. (2018). [Sabah, Malaysia](#). In C., Stickler et al. (Eds.), *The state of jurisdictional sustainability*. San Francisco, CA: Earth Innovation Institute; Bogor, Indonesia: Center for International Forestry Research; and Boulder, CO: GCF-Task Force.
- <sup>1183</sup> REDD+ Côte d'Ivoire. (2015, October). [Côte d'Ivoire: emissions reduction program in the Tai National Park area](#). Paper presented at the Thirteenth Meeting of the Carbon Fund (CF13), Brussels, Belgium; Forest Carbon Partnership Facility. (2017). [Forest Carbon Partnership Facility 2017 annual report](#). Washington, DC: The World Bank.
- <sup>1184</sup> Secrétariat Exécutif Permanent REDD+. (2017). [REDD+ Côte d'Ivoire](#).
- <sup>1185</sup> Forest Carbon Partnership Facility. (2017). [Forest Carbon Partnership Facility 2017 annual report](#). Washington, DC: The World Bank.
- <sup>1186</sup> Governo de Mato Grosso. (2017). [PCI: Produzir Conservar Incluir](#).
- <sup>1187</sup> Tropical Forest Alliance 2020. (2017). [Annual report 2016-2017](#). TFA 2020.
- <sup>1188</sup> Tropical Forest Alliance 2020. (2017). [Annual report 2016-2017](#). TFA 2020; Boyd, W., Stickler, C. Duchelle, A.E., Seymour, F., Nepstad, D., Bahar, N.H.A., & Rodriguez-Ward, D. (2018). [Jurisdictional approaches to REDD+ and low emissions development: Progress and prospects](#). Working Paper. Washington, DC: World Resources Institute.
- <sup>1189</sup> Tropical Forest Alliance 2020. (2017). [Annual report 2016-2017](#). TFA 2020.
- <sup>1190</sup> Nepstad, D., Stickler, C., Carvalho, O., Leal, M., Shimada, J., David, O., & Ribiero, A. (2018). [Mato Grosso, Brazil](#). In C., Stickler et al. (Eds.), *The state of jurisdictional sustainability*. San Francisco, CA: Earth Innovation Institute; Bogor, Indonesia: Center for International Forestry Research; and Boulder, CO: GCF-Task Force.
- <sup>1191</sup> Bahar, N.H.A. (2018). [Sabah, Malaysia](#). In C., Stickler et al. (Eds.), *The state of jurisdictional sustainability*. San Francisco, CA: Earth Innovation Institute; Bogor, Indonesia: Center for International Forestry Research; and Boulder, CO: GCF-Task Force.
- <sup>1202</sup> Bahar, N.H.A. (2018). [Sabah, Malaysia](#). In C., Stickler et al. (Eds.), *The state of jurisdictional sustainability*. San Francisco, CA: Earth Innovation Institute; Bogor, Indonesia: Center for International Forestry Research; and Boulder, CO: GCF-Task Force.