MISSING THE FOREST FOR THE CARBON?

A CRITICAL ANALYSIS OF THE FCPF CARBON FUND AND EMISSIONS REDUCTIONS PROGRAMS IN AFRICA

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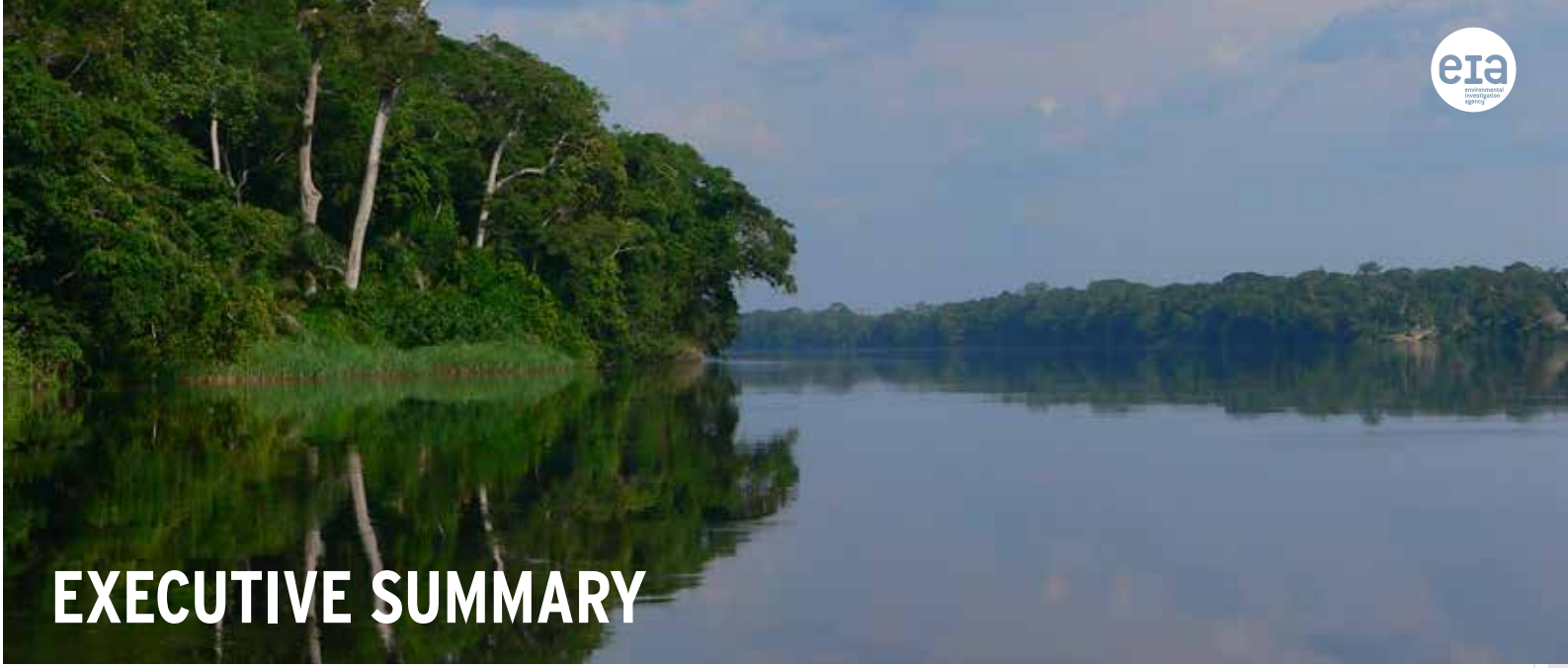

EXECUTIVE SUMMARY

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Launched in 2008, the FCPF was among the first multilateral funds to support countries in their efforts to reduce emissions from deforestation and degradation (REDD+). After eight years of financial support for REDD+ readiness, the first countries are finalizing national REDD+ strategies and seeking funding for investments to implement programs to reduce deforestation and degradation as well as the first multilateral performance based payments for REDD+ results. While REDD+ readiness has proven more difficult, expensive and time consuming than many first imagined, it has, thanks to civil society and indigenous peoples advocacy, opened political space in some countries to advance long standing demands around the respect for rights, land tenure and forest governance reforms which provide the best hope for equitably and sustainably reducing deforestation and degradation (DD).

This report demonstrates that there are both significant shortcomings in the approach and rules of the FCPF, as well as constraints in the ability of the FCPF to influence business as usual lending by the World Bank, or business as usual development strategies by developing countries, so that opportunities to advance forest governance have been missed, and readiness efforts have been sidelined in favor of getting Carbon Fund programs underway. Taken together, the shortcomings highlighted in this report, if not addressed, significantly increase the risk of failure of the proposed and emerging performance based REDD+ programs in the Carbon Fund.

In 2016, the rubber is finally hitting the road for the FCPF, as the Carbon Fund (CF) begins to make decisions to shape its US$702 million portfolio of REDD+ programs.[1] As the financial base of the CF continues to expand, certain problems with the FCPF approach to REDD+ remain unresolved, increasing the risks its programs will not protect forests, will hurt indigenous and forest dependent people and create "hot air" credits that do not represent sequestered carbon.

- a narrow focus on piloting a market based system of carbon credits, rather than the multiple approaches promised in its Charter, and the resulting conflicts around carbon and land rights;
- difficulties advancing readiness on the ground, in particular regarding tenure security, governance and law enforcement;
- failures in emission reduction (ER) program design to identify and address the main drivers of deforestation and forest degradation; and
- Non-transparent carbon accounting methodologies which are subject to manipulation, fraud and risk creating "hot air" credits.

The risks listed above and others discussed in this paper call for a re-thinking of the CF current approach.

MAIN CONCLUSIONS

- The CF Methodological Framework (MF) needs to be revised. The gaps and shortcomings are clearly identified and could be remedied quickly in a working group process by year's end. Main issues include incorporation of **free prior informed consent, clearer requirements for progress on land tenure, and requirements for the monitoring and accounting for displacement** as a key aspect of environmental integrity of ER Programs.
- Where R-packages, SESAs or other readiness analytical works identify gaps in the national forest governance framework that put the program outcome at risk, **an alternative path for CF financing should be adopted. Outstanding governance and other readiness challenges could be incorporated and addressed as initial performance based obligations at the start of the country's ER Program.**
- The CF is pushing countries to create an asset for which there is no market, considerably increasing the burden on them. **The approach should be extended beyond the narrow focus on creating tradable emission assets**; allowing countries to propose prices for NCB's would be one strategy, offering fund based payments (i.e. only Tranche B) for tangible actions that lead to reductions in DD is another.
- As countries' national development plans are becoming major drivers of deforestation, REDD+ needs to be mainstreamed into national development strategies to help forest countries move away from extractivist "business as usual" (BAU) scenarios, otherwise REDD+ will remain a cosmetic "add-on" with marginal overall impact on preserving the world's forests.

1. INTRODUCTION

Kate Davison / Greenpeace

After eight years of financial support for REDD+ readiness, the first countries are finalizing national REDD+ strategies and seeking funding for investments to reduce deforestation and degradation as well as the first multilateral performance based payments for REDD+ results.

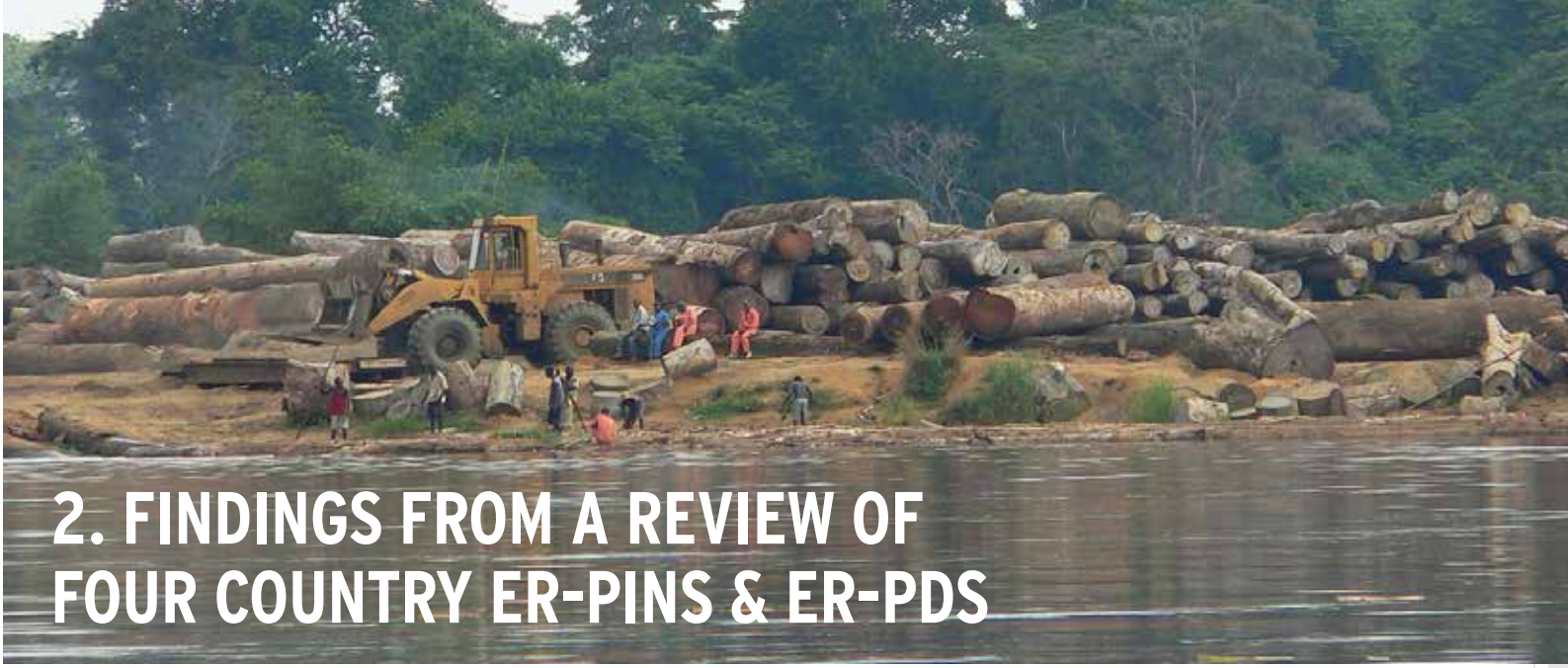
The FCPF has made some important contributions to the normative framework for REDD+. They include a Common Approach for safeguards forged with UN agencies and regional development banks, participation of active observers from civil society and indigenous peoples in Participants Committee deliberations, and requirements for grievance mechanisms and benefit sharing agreements in emissions reduction programs. The FCPF has also helped foster better transparency through more proactive disclosure of information.[2] However, it remains questionable whether the same transparency will apply to the upcoming Emission Reductions Payment Agreements (ERPAs) and other legally binding contracts to be signed in the Carbon Fund.

There are both significant shortcomings in the approach and rules of the FCPF, as well as serious constraints in the ability of the FCPF to influence business as usual lending by the World Bank, or overall development strategies in client countries, which means that opportunities to advance forest governance have been missed, and readiness efforts have been sidelined in favor of getting Carbon Fund programs underway. Taken together, the shortcomings in the FCPF create potentially enormous risks in funding the proposed and emerging performance based REDD+ programs.

As the financial base of Carbon Fund continues to expand and the Carbon Fund will be making first decisions to disburse its US$702 portfolio[3], our analysis identifies some of the main problems with FCPF approach that need to be addressed in order to achieve credible, sustainable and equitable emissions reductions:

- The focus is still reduced to piloting a market based system of carbon credits, and not the multiple approaches promised in its Charter;
- Difficulties/complexities in advancing readiness on the ground remain, in particular governance challenges;
- Emission reduction (ER) program design often fails to properly identify the true drivers of deforestation and forest degradation and propose adequate strategies to address them; and
- Carbon accounting methodologies created by the CF are subject to manipulation, fraud and risk creating "hot air" credits.

This report is organized into four sections–the first presents an introduction and statement of the problem the Environmental Investigation Agency (EIA) is seeking to address; the second summarizes findings from four in-depth case studies of REDD+ readiness progress in four African countries in which EIA is working on illegal logging and other forestry issues: the Democratic Republic of the Congo, the Republic of the Congo, Cameroon and Madagascar; the third section presents an analysis of strengths and weaknesses in the FCPF Carbon Fund approach to REDD; and the fourth section identifies lessons and recommendations for the broader REDD+ debate, particularly the ongoing process under the United Nations Framework Convention on Climate Change (UNFCCC) and the anticipated ramping up of REDD+ finance under the Green Climate Fund and other mechanisms.



2. FINDINGS FROM A REVIEW OF FOUR COUNTRY ER-PINS & ER-PDS

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EIA conducted four in-depth case studies of REDD+ readiness progress and Carbon Fund proposals from African countries where EIA works. The Democratic Republic of the Congo and the Republic of the Congo are relatively far along in the FCPF process and have developed Emission Reduction Program Documents (ER-PDs) for the Carbon Fund; Cameroon and Madagascar are a little further behind in their readiness efforts, but have nonetheless developed Emission Reduction Program Idea Notes (ER-PINs) for the CF. The case studies can be found in Annex 4.

The country case studies focused on a desk review of information relating to three main issues of high concern: how REDD+ strategies and particularly proposed ER programs address the main country-specific drivers of deforestation and forest degradation; the ability of countries to generate credible ER credits with environmental integrity; progress on key readiness indicators of forest governance reform. A number of trends and commonalities across these four countries illustrate some of the opportunities and challenges for successful performance based REDD+ programming and point to inherent problems with the CF structure.

2.1. DRIVERS OF DEFORESTATION AND FOREST DEGRADATION

2.1.1. Addressing drivers outside the forest sector

Determining the drivers of deforestation has been an ongoing challenge since countries submitted their R-PP's at the beginning of the readiness phase starting in 2009. In the Republic of Congo and Cameroon in particular the main drivers of deforestation identified in the ER-PD and ER-PIN are precisely development activities such as mining expansion, oil palm and other agro-export plantation schemes, including the large infrastructure that accompany these projects that the respective governments are promoting as part of their national development efforts. There is a growing realization that many of the main threats to the forest come from outside the forest sector[4], but the question remains whether there is sufficient political will at the national level to confront these challenges. At the operational level, forest agencies and environment ministries are often sidelined over land use and investment decisions by the generally more powerful agriculture, mining and finance ministries.

The evidence from the country case studies suggests that these challenges have not yet been resolved in the ER programs under design, a finding consistent with other reviews.[5] While most programs have components to deal with agriculture, energy, infrastructure or mining, they tend to attempt to reduce the worst effects of these investments, rather than re-orienting development strategies along lower carbon, forest friendly pathways. In order to control such industries, the use of voluntary standards or other private schemes is often proposed, but such measures are unlikely to be successful in contexts of poor governance with little monitoring of compliance and a lack of capacity and incentives to penalize non-compliance.

2.1.2. The logging industry: benefitting from ER credits while expanding into new frontiers?

Another commonality is the role of illegal logging in driving deforestation in each of the countries analyzed. Although accurate data is generally lacking, illegal small scale logging is thought to have superseded the industrial logging concessions in the amount of timber produced. Illegal logging is happening both within and outside the concessions.[6] There is evidence of collusion between concessionaires and "artisanal" loggers in some countries, like the DRC, as a way to circumvent the moratorium on new concessions or the harvest limits on existing concessions.[7] In some of the countries reviewed it is estimated that up to 70% or more of all export timber has been illegally sourced.[8]

Instead of protecting forests and expanding community control over land, in most of the proposed programs, notably DRC, RoC and Cameroon, the entrenched system of industrial logging concessions remains fully in place, with promises to reform the system and implement reduced impact logging, featuring prominently. This strategy has been pursued, unsuccessfully, by the World Bank for more than two decades.[9] While there has been some progress in advancing

certification schemes on industrial forest concessions, and the FLEGT/VPA processes in the region are slowly advancing chain of custody timber legality mechanisms, in most cases progress has been very partial, and the lack of effective monitoring, and enforcement, application of the law, and continued corruption have meant that industrial concessions continue to destroy forest while providing very little benefit to local people, national development or the forests.[10] The ER-PDs take it one step further by making the industrial logging sector one of the primary beneficiaries of CF ER credits, rewarding companies with usually proven dismal track records for continued expansion of logging.[11] This is of particular concern since the so-called reduced impact logging (RIL) that is being promoted, has been shown not to sequester significantly more carbon than traditional logging methods.[12]

2.1.3. Small farmers as scapegoats?

It is noteworthy that small-scale shifting agriculturalists continue to be targeted as the main drivers in Cameroon, DRC and Madagascar. In the Republic of Congo (RoC), the R-PP had initially targeted slash and burn as the main driver of deforestation, however, studies carried out during the readiness phase have corrected that and acknowledge that shifting cultivation is present but not as destructive as initially thought. Instead, large scale, industrial and extractive projects, which are part of the RoC's development plans, have been identified as the primary drivers. The continued disproportional targeting of shifting cultivation eight years into the readiness process is not supported by the evidence and risks further impoverishing and displacing already poor and marginalized indigenous peoples and forest communities.[13]

Efforts to reduce shifting cultivation are often accompanied by measures to move people out of the forest onto other lands (as in DRC), or away from subsistence production towards production of cash crops for the international market (all countries), or away from proposed or newly created protected areas, reinforcing "fortress conservation" at the expense of poor people (as in Cameroon and Madagascar). This risks not only the continued criminalization of indigenous and traditional livelihoods leading to continued human rights abuses, but it is more than likely that these actions will not be effective–poor people forced out of one area will simply go elsewhere to try to seek out a living for their families. Under the CF MF rules, leakage does not have to be monitored, so forcing people out of the forests in the project area and into other forests would count as a win and entitle the country to ER crediting.

2.1.4. The need for greater tenure security

In all countries, the lack of land tenure security is acknowledged as an underlying driver of deforestation, combined with weak law enforcement and poor forest governance, but there are few cases, and none in the countries analyzed, where the ER program planning has developed clear and credible plans to address these issues. Most of the ER-PINs and ER-PD's acknowledge that there will not be major land reforms carried out ahead of, or concurrently with, the emission reduction programs, but promise that land tenure security will be strengthened through participatory land use planning at the local level.[14] These efforts however, are likely to continue to rely on short term, often contractual arrangements that allow communities use-rights of land and certain forest products for subsistence purposes, rather than permanently and legally recognizing communities' rights to lands and forests they have traditionally used and occupied. They do not really address the underlying tenure insecurity that drives unsustainable agricultural practices and forest use.

2.2 ENVIRONMENTAL INTEGRITY OF EMISSION REDUCTIONS

With respect to the ability of countries to generate credible emissions reductions, and have in place the historic reference levels, the future projected forest emission levels, the monitoring, reporting and verification (MRV) systems, and the registries needed to measure, report, verify and track ER's, there is undoubtedly much more work to be done–most of the countries analyzed are not yet ready for performance based payments for REDD+.[15] The ER programs developed in the Congo Basin in particular highlight the risks of gaming the system, of rent-seeking behavior and of generating "hot air" REDD credits.

2.2.1. The risk of inflated Reference Levels

All three of the Congo Basin countries reviewed, Democratic Republic on the Congo (DRC), the Republic of the Congo (RoC) and Cameroon, are proposing to make use of an exception in the CF Methodological Framework (MF) rules which allows high forest countries with low deforestation (HFLD) to revise their reference emission levels upward if there is substantial evidence that future deforestation will be significantly higher than trends in the past.[16] The two countries that have advanced farthest in the CF process, DRC and RoC, also argue for exceptions to the MF rule around the end date for historical reference periods in another bid to raise the historical level of emissions and maximize the potential ER credits, as deforestation and degradation has increased in both countries in recent years. Neither country explains the drivers of these recent increases in deforestation or explains how their ER Programs will address this increased deforestation. However, both countries argue that the adjustments are needed to make the program economically viable[17], a suggestion seemingly rejected by donors, but which also speaks to the low sustainability of the CF participants' purported willingness to pay only US$5/$CO_2$e ton of sequestered carbon compared to competing uses such as mining and commercial agriculture.[18]

While these types of adjustments for "national circumstances" are allowed under current UNFCCC rules[19], they risk artificially inflating the reference levels and thus, increase the risks that the CF awards credits for "hot air" that does not represent emission reductions or an increase in sequestered carbon, while expanding deforestation and degradation rather than slowing it. The assumptions in projecting future deforestation made by the DRC and RoC are questionable, and the data they are based on and the way calculations are made are not fully transparent or replicable.[20] Alarmingly, these adjustments are being made to explicitly allow for the continued expansion of industrial logging and commercial oil palm, and as both countries propose programs that will channel ER crediting revenue to these companies, and risk creating a system of perverse incentives where the actors driving deforestation are the ones reaping the benefits of REDD+, while communities who are most directly impacted are likely to receive little reward.[21]

2.2.2. The need to monitor leakage

Much depends on the strength of the MRV systems, the ability to detect and stop deforestation, degradation, displacement

and reversal events, and to address those risks when they come to pass. Despite large investments in MRV capacity during the readiness phase, all countries seem to have had to rely on outside consultants to develop their historic reference levels and projected forest emission levels[22], and all of the national MRV systems are still at varying stages of development, with none fully operational as of yet.[23] As all of the proposed programs are sub-national in scope, there are also open questions of how to account for nested projects and harmonization of methods and measurements contained in the ER program reference levels and MRV systems with the emerging national systems. None of the emission reduction programs presented had developed specific and credible leakage and reversal management mechanisms, aside from the buffer reserve being set up by the CF to set aside ERs in the event of a reversal.

The CF buffer reserve is formulated to protect the investors and replace ER's lost due to natural and manmade reversals, not to protect the forest by supporting measures on the ground to restore forests affected by severe climate events (droughts, storms), pest infestation or anthropomorphic impacts. Accounting for leakage is not even required by the MF[24], and is not included as a set aside in the buffer reserve.[25] Title risk is also not covered by the buffer reserve, despite the risk that challenges to the title of ER transfers represents to the environmental integrity of ER Programs.

No country yet has in place a REDD+ registry capable of transparently serializing and tracking REDD+ credits to avoid double counting, although many have work underway for an information platform as in interim step.[26]

2.3. PROGRESS ON GOVERNANCE REFORMS

Lack of progress on land tenure reform is just one area where the needed governance reforms identified through REDD+ readiness analytical work are failing to materialize. Other key areas include: a) land use and spatial planning, b) inter-sectoral policy coherence and coordination, c) harmonization of national legislation with international standards and capacity for safeguards/social and environmental management, and implementation of information systems for transparent forest governance. In all countries reviewed, forest governance legislation, policy and implementation need to be improved so that illegal deforestation and degradation are penalized sufficiently to act as a deterrent. Meaningful increases in the quantity and quality of enforcement and the prosecution of perpetrators of deforestation and/or degradation with training of prosecutors and the judiciary are not included in any of the ER-PDs and ER-PINs reviewed. Systems need to be implemented to track supply chains and prove that wood is legally harvested. Current systems lack transparency and are routinely gamed to launder illegally harvested wood or to avoid taxes.

In order to successfully implement performance based programs for REDD+, countries also need to effectively combat corruption in its many forms. Improving pay, training and numbers of enforcement personnel; providing proper training for prosecutors and the judiciary; recognizing of the rights of women and indigenous peoples; and creating functioning and long-term platforms for multi-stakeholder consultation and participation, are just some of the practical steps that would go a long way to strengthen governance in the sector.

Furthermore, accountability systems including accessible feedback and grievance redress mechanisms need to be established with strong mandates in all countries reviewed.

The REDD+ process has helped shine a light on different areas in need of reform and strengthening, and in many countries analytical work has been carried out during the readiness phase resulting in detailed critiques and in some cases road maps for reform. Civil society and indigenous peoples have made significant contributions to the analysis, and support from donors has played an important role. Realities on the ground however show that progress towards lasting governance reforms has been very slow and often non-existent outside the capitals. While it is important to recognize and support reform efforts where they are advancing, it is also critical to point out where they are failing to materialize, and what the implications of this are for country preparedness for performance based REDD+ payments and the credibility of ER credits issued from projects where forest governance is problematic.

Issues of corruption and illegality are largely being ignored in CF ER program development, and national anti-corruption efforts have stalled or been pushed back by vested interests within the state in all four countries reviewed. The legal framework for carbon rights and benefit sharing remains murky in most countries, despite significant investments in studies and efforts to develop new benefit sharing models. The benefit sharing systems proposed in the Congo Basin ER programs are by and large the old style, reliant on contracts with logging companies, are likely to produce one-off investments in social infrastructure and are not based on long term sharing of carbon revenue streams with affected indigenous people and forest communities.

Inter-sectoral policy coherence and effective information sharing and collaboration across ministries and line agencies remains an intractable problem, as reported by the countries themselves in their ER programs, even after many years of REDD+ readiness effort and investment.

Part of the explanation for this lack of progress stems no doubt from the political economy of the situation—many actors (in and out of government) are benefiting from the status quo and therefore work to thwart the policy reform processes. On the other hand, the slow evolution and lack of certainty around the REDD+ policy framework internationally, and the lack of sufficient new, additional and predictable climate finance on the table may lead finance ministries and heads of state to lose interest in REDD+ and associated actions. Part of the problem, as we document in the next section, also lies in the way the World Bank does business, both in the application of its safeguards, and the lack of mainstreaming of REDD+ into the national development policy dialogue and country lending portfolios. Most investments are still made towards business as usual development and using business as usual approaches, leaving forests, and the communities that live in them, vulnerable and often forgotten as large infrastructure projects cause deforestation and forest degradation and undermine the efforts of the ER Programs.

3. WEAKNESSES IN THE CARBON FUND METHODOLOGICAL FRAMEWORK

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A number of weaknesses in the FCPF approach that are increasing the risk of REDD+ program failure in the Carbon Fund significantly are analyzed below: 1) the approach to performance based payments that focuses solely on the creation of carbon credits; 2) the treatment (or lack thereof) of land and carbon rights in the MF; 3) how drivers of deforestation are treated in the MF and how this is undercut by broader WB investment and policy lending; 4) the status of governance reforms and how readiness progress is measured and 5) carbon accounting issues and "hot air" credit risks.

3.1. PERFORMANCE BASED PAYMENTS THAT PRIORITIZES THE CREATION OF TRADABLE CARBON ASSETS

Part of the World Bank's Carbon Finance Unit, the FCPF was from the outset designed to help pilot and support the creation of a global market for forest carbon. Most of the World Bank's previous carbon funds, such as the Clean Development Mechanism for example, did not focus on or even include forest carbon, although there have been some attempts to pilot plantation development ("reforestation and afforestation") and REDD+ projects under the Bio-Carbon Fund.[27]

As embodied in the FCPF founding Charter, the aim is for countries to progress through REDD+ readiness and develop performance based programs for the CF that are based on the creation of tradable, verified emission reductions, equivalent to one ton of carbon and fungible with a carbon credit from any other sector. The ER credits in Tranche A are intended to be sold on a carbon market and used to offset emissions of other greenhouse gases. Only two countries, the U.S. and Australia, opted to invest in Tranche A of the Fund. Of the three private sector participants who invested in the Carbon Fund, British Petroleum, The Nature Conservancy and the French "CDC Climat", the latter has already pulled out. Most governments have invested in Tranche B, where ER credits are intended to be "retired" but may be used to demonstrate the extent of mitigation undertaken by either the Donor country or the REDD country. In either scenario, the FCPF CF needs to ensure that the ER credits issued do in fact represent a ton of sequestered carbon.

There are serious problems with both the science, and the proposed market mechanics of forest carbon as a tradable asset. In terms of the science, forest carbon market advocates mistakenly equate terrestrial carbon with fossil carbon. The latter, once released, is essentially irreversible, taking millennia to be reabsorbed into the carbon cycle, while forest carbon is highly reversible, and the carbon in forests lasts for centuries at most. Terrestrial ecosystems also have limits to the carbon they can absorb, and cannot be thought of as an open-ended sink for emissions elsewhere.[28]

Besides the difficulties of accounting for forest carbon emissions and sinks, another key issue is whether the technical capacities needed for monitoring, verifying and marketing forest carbon require the use of expensive service providers, often from the global north, who end up appropriating some of the funds that could have been invested in activities to stop deforestation and benefit communities.[29] The Congo Basin ER programs provide a good example of this problem as much of the carbon accounting work appears to have been driven by either REDD+ project developers (Wildlife Works Carbon in the case of DRC), logging companies (OLAM/CIB in RoC) or external consultants (Planet labs in the case of Cameroon).

One immediate impact of the focus on the carbon market was that the design locked the CF into piloting a single model of results based payments, rather than supporting multiple approaches by countries, as embraced by the UNFCCC. Another impact is that if payments for performance are to take the form of carbon assets, the issues of additional non-carbon benefits (such as enhanced community livelihoods, ecosystem services and biodiversity, also key objectives of the FCPF) have become a complicating factor that needed to be minimized, as measurement and verification was thought to be too complex. In the process of negotiating the CF Methodological Framework (MF), this became a contentious issue, as several countries were interested in piloting performance based payments for a range of ecosystem services,

especially given the low price of carbon on the voluntary market, which made carbon-only payments much less attractive financially, in many cases not even covering the costs of ER program implementation.

If payments are to be made for a carbon asset rather than, say, monitored reductions in deforestation, or implementation of policy or program measures, or progress on governance reforms, then the asset needs to have a clear title which can be transferred from the producing country to the CF, and then to the CF Participants or investors. Most countries, however, do not have clear (or any) legislation on how to determine who owns carbon rights and lack adequate data to create reference levels without substantial uncertainty. No country has an established registry yet.

3.2 THE 'TABOO' OF CARBON RIGHTS

The issue of carbon rights, and their relation to the underlying rights to land and forest, are of great significance to the sustainability of the ER Programs and have far reaching consequences for local communities and indigenous peoples. Unfortunately, the FCPF has not provided guidance, analytical work and due diligence concerning title to carbon. To the contrary, given the controversial nature of land rights in many countries, there was a complete unwillingness to deal with the issue in the design process for the Methodological Framework, and the very concept of "carbon rights" was removed from all FCPF analytical work informing the MF. The FCPF has insisted that rights to carbon can be legally separated from rights to land and forest, despite the fact that the establishment of an emission reduction program over land and forest clearly implies some limitations on land and forest use, presumably over fairly long periods. The transfer of title and sale of ERs certainly impact the ability to exercise underlying rights. The assertion that carbon and forest rights are entirely separate is not tenable, nor in keeping with most of the growing literature on the subject.[30]

The separation of land and carbon rights has serious implications on the ground for ER programs: on the one hand it undercuts the legal basis for equitable benefit sharing. On the other, it undercuts the need to establish a clear legal framework for carbon, pushing countries toward a quick nationalization of carbon rights to circumvent the problem, or towards temporary contractual arrangements to satisfy the MF requirements. Both options are being deployed by the proposed ER programs in the Congo Basin. The DRC has moved to nationalize ownership of carbon, like most land and forest, making benefits for local communities and indigenous peoples essentially discretionary by the DRC government. According to the ER-PD, there is no plan to sign agreements with indigenous peoples and forest dwelling communities related to revenues from the sale of ER's.

The FCPF has insisted that rights to carbon can be legally separated from rights to land and forest, despite the fact that the establishment of an emission reduction program over land and forest clearly implies some limitations.

In the Republic of Congo, it appears the Congolese law will assign rights to carbon to the land tenure holders, although the issue is not explicitly stated in any legislation, policy or the courts. The draft ER-PD does however explicitly cite the provision in the MF permitting of the use of contractual arrangements to transfer title of ER from landholders to the State, and a model contract for a landowner to transfer title to carbon is included in the ER-PD. The use of such short term contractual arrangements for ER title transfer raises serious concerns, and the government retains the ability to revoke them at any time should they decide to end the REDD+ program and change the land use. Additionally the underlying rights to land and forests remain uncertain and unclear. Although customary land use is theoretically recognized in RoC, very few if any rural communities have actual registered, legal title to their lands and most are living within the community-designated areas within the sprawling logging concessions.

In comparison, we can see that most countries in Latin America have made the decision to link carbon ownership to land and forest rights holders, and much more progress has been made in that region to title indigenous and community lands. While a few countries, like Peru, have passed legislation that defines a legal framework, most have yet to do so. In countries with a more solid basis for property rights and systems of at least minimal functioning forest governance, transfer of title to ERs could be made within a more robust legal context, and negotiations around benefit sharing could be carried out with communities knowing their rights to land, trees and the revenue stream deriving from the sale of CO_2 generated from their forests. In contrast, in the Congo Basin, absent meaningful tenure security and carbon rights regulation, local communities will likely continue to depend on hand outs from either private companies or the government to receive benefits from the proposed ER Programs.

3.3. DRIVERS OF DEFORESTATION AND FOREST DEGRADATION

The R-PP template establishes the need to identify, spatially locate and quantify the drivers of deforestation and forest degradation (DD), both to establish a historical baseline and reference level against which to measure progress, and to correctly align national REDD+ strategies, investments and interventions that can effectively halt or at least reduce DD.[31] All countries were required to present a preliminary identification of drivers in their R-PP's, which were then subject to national (and international) review and analysis.[32] Almost all countries have received financial support to carry out further analytical work to fill knowledge and data gaps to articulate a coherent and credible analysis of their country specific drivers as the basis for their REDD+ strategies. Most countries, in addition to identifying the immediate proximate causes of DD, whether small scale or commercial agriculture, mining, illegal logging, cattle ranching or infrastructure creation, also identified underlying causes of DD, often including population growth, poverty, corruption, illegality and poor governance in its myriad forms. However, as described above the

countries we have reviewed have not evolved their analyses very far past slash and burn farmers, despite the fact that often slash and burn farming cannot explain spikes in DD rates used to increase the REL in those countries.

3.3.1. Continued BAU investments undermine REDD+ efforts

The problem is twofold: on the one hand, despite amassing further evidence for the causes of DD, there is a natural tendency for forest agencies and environment ministries to propose and rely on strategies and interventions that are within their mandate and more or less within their power to effect and control. Proposed activities subsequently often do not have the buy-in or support of agricultural, finance and mining ministries. On the other hand, the World Bank (and many other lenders, and particularly private sector investors), have continued with business as usual investments. The World Bank's country partnership strategies are not particularly well aligned with the WB's own climate/forest agenda, which is marginal to the policy dialogue in most countries. The FCPF has remained a small, "boutique" trust fund operation, with little relevance within the Bank headquarters, and even less at the country level. Lending for the forest sector continues to follow old schemas of supporting and reforming industrial logging concession models and other extractive development schemes, irrespective of the evidence for their failure to make lasting contributions to poverty reduction or biodiversity conservation. Additionally major investments in mining, industrial agriculture and infrastructure, have become the drivers of deforestation that are directly competing with REDD+ progress.

3.3.2. More logging won't save the forest

In the Congo Basin, emerging REDD strategies in both DRC and RoC rely heavily on trying to make industrial logging concessions somehow more sustainable. The WB has continued to promote this model, with both analytical work and finance. This has had a series of notable impacts–poorly regulated industrial logging continues to expand into remaining primary forests, with promises of ever "greener", less detrimental impacts, which regularly fail to materialize. Reduced impact logging is being studied and the results are revealing that it is not substantially better for sequestering carbon than traditional logging techniques. Additionally, small-scale "artisanal" logging is routinely carried out on concessions and in conjunction with concessionaires as a way around requirements contained in concession management plans and national laws. For example, the moratorium on new concessions in the DRC, has routinely been be evaded by industrial logging companies to illegally source of timber by exploiting other types of permit[33]. Illegal logging now constitutes the vast majority of timber produced in both DRC and RoC[34].

The World Bank's approach to agriculture suffers from the same myopia–investment is directed toward developing commercial export agro-industries, with little attention to smaller-scale and subsistence agriculture upon which national food security and local livelihoods depend. Such investments end up fueling land grabs and the destructive expansion of industrial agribusiness, resulting in increased deforestation and risking the criminalization of indigenous and traditional livelihoods.[35]

The Congo Basin illustrates this problem well. The Mai Ndombe REDD+ program targets shifting cultivators as the primary drivers of deforestation–and aims to move them out of the forest and into commercial agriculture on the savannahs, with no description of whether the production of cash crops will be on land given to cultivators or whether the cultivators will be hourly wage workers for some commercial enterprise. In Cameroon, the WB is deeply involved in creating port and energy infrastructure for the expansion of mining interests, and the powerful economic interests they unleash will directly damage primary forests. In the Congo ER Program, the government is explicitly partnering with industrial logging concessions, oil palm and mining companies to perform most of the activities which are intended to receive ER credits, when the track record of all three of these industries in the region is dismal, and these industries and related infrastructure projects are identified as primary drivers of deforestation.

This is not to say that ER programs should not take on drivers outside of the forest sector, which is indeed necessary to preserve forests, or that countries should not pursue economic development to lift their people out of poverty. Rather it is to point out that the development strategies in many countries do not incorporate the country's REDD+ aspirations, that forest ministries are not able to address the impacts of these strategies without inter-ministerial coordination. Such much-needed inter-ministerial coordination has been lacking in all of the countries we have reviewed.

Lending for the forest sector continues to follow old schemas of supporting and reforming industrial logging concession models and other extractive development schemes.

Lastly, while the WB should be given credit for investing in forest governance in the Congo Basin, these projects have to date by and large failed in the region.[36] In fragile states with poor governance and widespread corruption, continued investments in top down models of reform have proven to be unlikely to succeed, especially if not well sequenced with regard to other investments, and not followed through properly.[37]

3.4. GOVERNANCE REFORM

To what extent governance reforms are required to enable a country to be ready for REDD+, and how such progress is measured, is a sensitive issue that raises concerns about national sovereignty in some countries. However, international research has shown that adequate governance and a conducive policy framework are critical enabling conditions for REDD+ programming to succeed.[38]

3.4.1. Overly optimistic readiness self-assessments

Much of the governance discussion has centered around the readiness package assessment framework (RAF), which was designed to measure

progress towards readiness and subsequent ability of a country to access performance based finance in the CF. The PC adopted the RAF in 2013, after almost two years of discussion and debate. Initially, it was envisioned that a system would be created to allow national progress to be benchmarked against international standards, and to objectively assess whether a country was ready for stage three CF financing for performance based REDD+ programs or not. This proved to be politically unworkable, and as a result a framework was adopted that allows countries to conduct self-assessments of the readiness preparation on a "sliding scale", measuring progress from a country's own starting point. This process recognizes that REDD+ countries are starting from different states of readiness and that more financing for REDD+ readiness is necessary for some countries than for others that start with more robust governance and forest management and enforcement systems in place.

Since the submission of the readiness package is voluntary under the FCPF, it was felt that the international assessment component had to be minimized, such that countries undertake a self-assessment that they could present to any funder, not just the CF. As a result, when the Technical Advisory Panel (TAP) now reviews a readiness package, their scope is limited to commenting on whether the process was transparent and credible, and whether the readiness package accurately reflects the state of readiness in the country. The TAP does not determine whether the country meets any international benchmarks of readiness. The first few R-packages reviewed by the PC have in fact lacked objectivity and credibility in their ratings, as the pictures painted of progress were overly rosy.[39] The RAF criteria and indicators were subsequently retrofitted to mid-term reporting. However, like much of the country progress reporting to the FCPF, the quality and level of detail is highly uneven, with many countries not providing enough information to understand readiness progress or challenges, and others not submitting reports at all.[40]

3.4.2. One size doesn't fit all—a different view on performance payments

While this sliding scale of readiness is recognized in the Readiness Fund, the Carbon Fund has not developed a similar sliding scale and treats all countries as if they are equally capable of creating an ER Program and receiving performance based payments for emissions reductions. Rather than looking at the readiness packages and making improvements in readiness an element of a CF ER Program, all countries are "thrown into the deep end" and told to swim. As a result, proposals are submitted by countries at different stages of readiness that vary greatly in quality. Countries suffering from weak governance are posing the highest risk of program failure, threatening to do more harm than good and to ultimately not generate credible emissions reductions. As Norway demonstrated in its agreement with Guyana, performance payments can also assist countries to improve their REDD+ readiness that allow it to be able to subsequently develop and operate programs to receive performance payments for sequestering carbon. The failure of the CF to acknowledge these differences between countries, and to insist in only paying for ER credits, means countries with weaker readiness are at great risk of either falling out of the CF program or moving forward with ER Programs at risk of failing to protect forests, producing hot air credits, as well as causing harm to indigenous people and forest communities.

3.4.3. Land Tenure: Even minimum requirements are ignored

While there has been growing recognition internationally of the importance of land tenure for REDD+ success, the CF MF requires only that land tenure be assessed, not that indigenous peoples and local communities have secure legal tenure.[41] The MF (criterion 28)) also states that the assessment needs to take into account customary tenure, conflicts, competing claims and ambiguities in the legal framework, needs to be made publically available, to have taken stakeholder views into account, and in turn be taken account of in the design of the ER program.

In practice, it does not appear that even these rules are followed. In the case of the DRC ER-PD, no land tenure assessment has been carried out, either independently or as part of the SESA. Instead, the DRC presented a two-page overview of the tenure situation in the ER program area, two short paragraphs of which deal with customary tenure (the predominant form of tenure for communities and indigenous peoples), and which only in passing mention the widespread competing claims, conflicts and abuse of human rights engendered by the lack of legal recognition of community lands. This was however, deemed sufficient by the TAP to meet criteria 28 of the MF, thus essentially eviscerating the intent of the requirement 28.[42]

The second indicator under criteria 28 goes further, repeating the language from the WB's indigenous peoples policy to state: "If the ER Program involves activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, the relevant Safeguards plans set forth an action plan for the legal recognition of such ownership, occupation or usage."[43] Neither the MF nor the WB Indigenous Peoples policy defines specifically what activities (or types of activities) are contingent on establishing legally recognized rights to land. Following the example of DRC, the TAP review of the ER-PD notes there is a gap here, as there is no discussion of the tenure situation of specific indigenous communities in the program area, nor any plans to legally recognize their land rights, but still deems the indicator met. In fact, in none of the Congo Basin countries have tenure assessments been carried out as part of REDD+ readiness, and as mentioned above, it appears that these provisions of the MF will not be enforced.

3.4.4. Safeguard implementation and contract transparency are not guaranteed

The Safeguards frameworks required as part of the REDD+ readiness process form the basis for the specific safeguard plans that need to be developed for ER Programs[44]. The MF requires advanced drafts of these plans before ERPA signature, however, the Commercial Terms for the ERPA allows program proponents to postpone the submission of final safeguard and benefit-sharing plans until significantly after the ERPA is signed. If they are not part of a legally binding agreement, chances are such plans may never be developed, a common problem in safeguard application that has been widely demonstrated in other WB projects and programs.[45]

Furthermore, the ERPA General Conditions allow countries by unilateral request to keep confidential the ERPA and any documents associated with it, potentially including benefit-sharing agreements, which have not historically been disclosed by the WB in

other projects.[46] This provision in the ERPA General Conditions directly contradicts earlier negotiated Carbon Fund Disclosure Guidance, which contains a matrix of all documents related to ER programs that would be disclosed including the ERPA, the benefit sharing plans and many other documents. The General Conditions trump the Disclosure Guidance and it is possible that a country could request that almost all of the listed documents be deemed confidential and not disclosed. It is hard to imagine how a fair benefit-sharing agreement can be reached if people in the area affected by the ER Program do not know what the benefits from the ER Program are going to be.

It is hard to imagine how a fair benefit-sharing agreement can be reached if people in the area affected by the ER Program do not know what the benefits from the ER Program are going to be.

At the FCPF itself, the process of engaging stakeholders has generally been more open than for most World Bank programs, certainly than any of the other carbon funds at the World Bank, none of which have observers from civil society or indigenous peoples. The transparency created by public posting of RPPs, ER-PINs and other documents and open comments from stakeholders has made a significant contribution to improving their quality. However, the outreach in REDD+ countries has been extremely variable and more needs to be done to get affected communities engaged in readiness and CF processes. As can be expected, countries with weak governance that have not progressed as far in REDD+ readiness have typically had the least robust engagement with stakeholders affected by their REDD+ programs.

3.4.5. Alignment between World Bank Safeguards and UNFCCC requirements

The lack of alignment between the WB safeguard approach and those stipulated by the UNFCCC has led to confusion at the country level, burdensome reporting requirements, and missed opportunities for strengthening national safeguard systems.[47] Despite the MF criteria promising consistency with UNFCCC norms, the WB has been ill equipped and slow to act to actually help countries prepare for compliance to UNFCCC safeguard rules. WB safeguard due diligence and supervision is oriented towards compliance with WB operational policies, the idea that countries are to develop national safeguard systems, and are required under the UNFCCC to develop safeguard information systems for reporting, has been slow to sink in, which is evident from analytical work, monitoring plans and institutional arrangements supported under the readiness grants.[48]

3.4.6. Weak country governance and implementation capacity

Institutional capacity for forest governance and enforcement varies widely within the countries in the CF pipeline, but it is generally acknowledged, even by the WB, that the Congo Basin countries are among those with the weakest governance capacities, both general governance and forest specific governance.[49] Additionally, there is a lack of inter-ministerial policy coordination, with other ministries such as finance, agriculture and mining having more of a say in setting development and land use priorities than forest or environmental ministries.

The question is, has institutional capacity been strengthened through the REDD+ readiness process to a point where the Congo Basin countries and Madagascar are ready to implement performance based programs? There is little evidence that it has. The WB has traditionally relied on project implementation units (PIU) independent of line ministries to manage their projects as a way to overcome risks related to corruption and fraud, or of mismanagement of finance and procurement. The problem with PIUs is that capacity is not built within the line agency, when the project is over, the trained and experienced staff goes elsewhere. While the WB may be moving away from this model in the Congo Basin, most of the proposed ER programs in Congo Basin countries rely on some sort of hybrid program management unit, and will likely sub-contract out various pieces of program implementation to other executing agencies. While all of these modalities have pro's and con's, the bottom line is they do not build and sustain capacity within government agencies and fail to strengthen institutional capacity for forest, environmental and social management. As implementation moves from the national to sub-national and local levels, these challenges often become more acute.

3.5. PROBLEMATIC CARBON ACCOUNTING

Responding to external criticism about project-based REDD+, the CF required that each country propose an ER Program that is "ambitious, in that it demonstrates at a large scale the potential of the full implementation of the variety of interventions of the national REDD+ strategy, covering a significant portion of the territory."[50] As a result, all of the ER-PINs and ER-PDs are at least at the provincial level and cover millions of hectares. The reference levels and stated expected ER credits that will be generated are also at the provincial level. However, the FCPF funds only a small fraction of the activities that would be necessary to control DD in the large areas covered by the ER Programs. Even in the DRC where FIP and CAFI funding will be brought to bear, they still are small when compared to a project area of 12 million hectares. Should the CF award credits for the entire project area if ER program activities are only impacting deforestation and degradation in a small percentage of the land included in the Program Area?

3.5.1. The need for robust historical reference levels

A notable problem in the MF accounting rules is that they allow countries to adjust their reference emission levels above historical averages.[51] While this exception is limited to countries that can demonstrate high forest coverage, a historically low deforestation rate (HFLD) and that deforestation trends have shifted significantly, the evidence from the Congo Basin programs under development is that this exemption could allow significant new deforestation and forest degradation to occur, while still allowing countries, and

logging companies, to get receive ERs as long as they are under the inflated REL. Likewise, varying from the pre-2013 ten-year reference level period, gives countries the opportunity to artificially inflate their reference level. If countries assert that they have experienced a significant increase in deforestation post-2012, they should have to identify the drivers of this new deforestation and ensure that their ER programs are targeted to address them.

3.5.2. Maximize transparency in creation of Reference Levels

The MF rules around transparency and disclosure of information used in the elaboration of reference levels are adequate, and aligned with those of the UNFCCC, but it does not appear that countries are being required to make public all of the data sources needed to reconstruct the proposed reference emission levels. This is particularly problematic with the REL adjustments proposed by Congo Basin countries, where data and methods are less transparent, raising concerns about how those proposed adjustments are being calculated and justified.

More broadly, as discussed above, the use of carbon as the only metric for measuring performance is problematic, and makes the CF subject to a whole series of risks around uncertainty, data gaps, partial measurements and accounting errors, as well as deliberate inflation of reference levels, that could be avoided by taking simpler, more measurable approaches.

3.5.2. Credits for more degradation through logging?

As summarized above in section two, and in more detail in the case studies, evidence is mounting that increasing deforestation in the Congo Basin is resulting from governmental policy decisions around the expansion of industrial logging, expansion of oil palm plantations, mining and mega-infrastructure projects for transport and energy and use of artisanal logging permits to conduct industrial logging.[52] Many of the ER Programs reviewed focus on allowing industrial-logging companies to collect ER credits. Allowing countries to get performance based REDD+ payments in this context then, fosters increases in deforestation and degradation through the continued expansion of logging, and the CF payments do not promote forest friendly, low-carbon development alternatives.

3.5.3. The risk of emissions displacement

The MF does not require the monitoring of emissions displacement. The 2012 PC Working Group that crafted the guiding principles for the MF, specifically concluded that "measures to minimize and/or mitigate the risk of displacement domestic emissions are incorporated into ER program design and the estimation and monitoring of ERs".[53] The experts contracted to develop input for the MF on this issue, strongly recommended the monitoring and accounting for displacement as a key aspect of environmental integrity.

> None of the Congo Basin countries have carried out tenure assessments as part of REDD+ readiness, and it appears that these provisions of the MF will not be enforced.

Nevertheless, in the final MF, the requirement for monitoring leakage was dropped, and the ERPA General Conditions are silent on the issue, meaning a potentially significant aspect of environmental integrity of ERs is excluded from the carbon accounting under the CF. One example of where this is important is in the DRC ER program where fuel wood collection and charcoal production north of the city are going to be controlled, policed and fines levied for illegal collection and production. While the ER program states that the displacement risk is zero, it is not explained why fuel wood collectors and charcoal producers will not just shift to forests in other areas.

4: LESSONS LEARNED FOR THE UNFCCC AND OTHER REDD+ MECHANISMS

EIA

Several important lessons can be learned from the FCPF experience in piloting performance based REDD+ programming, which are of particular interest for the Green Climate Fund and other new international mitigation mechanisms created to support the Paris Accord at COP21.

- Transparency and active stakeholder participation enhances the quality and sustainability of REDD+ and can have added positive impacts on national policies and programs
- A Common Approach to Social and Environmental Safeguards, which requires the use of the highest prevailing standard as a minimum acceptable floor for social and environmental management is a good model for harmonizing safeguard approaches among banks, UN agencies and other implementing agencies.
- Carbon Fund rules that should be replicated elsewhere include:
  1. The requirement for land tenure assessments as a prerequisite for ER program development.
  2. The requirement for the use of publically disclosed benefit-sharing agreements;
  3. The requirement for project level, accessible and transparent grievance redress mechanisms.
- An exclusive focus on the creation of tradable carbon emission reduction credits fosters an over-investment in carbon accounting and MRV systems, missing opportunities to advance no-regrets actions around land tenure, law enforcement and governance reform that can have a quicker and more demonstrable effect on curbing deforestation and degradation.
- An exclusive focus on REDD+ crediting also raises complex issues around carbon rights and the legal support for the transmission of title to ERs that most countries are not in a position to resolve equitably.
- Allowing for forest reference emission levels to be adjusted above historical averages increases risks that deforestation and forest degradation will increase and the carbon credits generated will have little environmental integrity.
- Failing to require the monitoring and reporting of the displacement of emissions in the ER program area significantly undermines environmental integrity of the resulting emission reduction credits.
- Ignore land and forest rights at your own peril; the failure to require and support land and forest tenure security for indigenous peoples and forest communities in ER program areas will significantly undercut the effectiveness and success of those efforts and likely lead to continued conflict and abuse of human rights.

5: RECOMMENDATIONS TO THE CARBON FUND

- The CF MF needs to be revised. The gaps and shortcomings are clearly identified and could be remedied quickly in a working group process by year's end.
- Monitoring and accounting for displacement need to be required as a key aspect of environmental integrity of ER Programs.
- Where R-packages, SESAs or other readiness analytical work identify gaps in the national forest governance framework, an alternative pathway for CF financing should be adopted where these gaps are incorporated and addressed as initial performance based obligations at the start of the country's ER Program.
- The CF approach should be extended beyond the narrow focus on creating tradable emission assets; allowing countries to propose prices for NCB's would be one potential strategy, offering fund based payments for measurable actions that result in reduced deforestation or degradation is another.
- More scrutiny is needed to assess whether the reference levels and proposed adjustments of those RELs are realistic and conducive to credible ERs.
- ER Programs need to be scrutinized to determine whether the actual drivers of DD are identified and proposed emission reduction strategies properly targeted.
- Recent spikes in deforestation, as observed in DRC and RoC, need to be investigated and the drivers identified and ER programs need to be adjusted if they are not addressing these drivers.
- The use of reference level timeframes after 2012 and allowing adjustments above historic deforestation and degradation levels in HFLD countries will lead to higher deforestation rates and needs to be avoided.
- Countries' development plans are becoming major drivers of DD. If REDD+ is going to succeed it needs to be mainstreamed into national plans to help forest countries shift away from extractivist BAU scenarios.
- The CF buffer reserves need to be expanded to cover leakage events and ER title risks, and reformulated to protect the forests as well as investors by supporting measures on the ground to restore forests affected by severe climate events (droughts, storms), infestation or other anthropomorphic impacts.
- Provincial or larger ER programs that are funded by the CF and other sources to conduct activities on a fraction of the Program Area should only be given ER Credits for the deforestation and degradation that the activities they fund actually reduce not for the entire Program Area.
- The following Carbon Fund rules should be fully implemented prior to the execution of ERPAs:
  1. The requirement for land tenure assessments as a prerequisite for ER program development as well as the development of time bound action plans for the legal recognition and enforcement of collectively held lands and territories in affected program areas.
  2. The requirement for the use of publically disclosed benefit sharing agreements;
  3. The requirement for project level, accessible and transparent grievance redress mechanisms.

ANNEX 1: DEMOCRATIC REPUBLIC OF THE CONGO REDD+ COUNTRY BRIEFING NOTE

Verbelen

This briefing is based on a systematic and comparative review of the ER-PD prepared by the Government of DRC and submitted to the FCPF Carbon Fund, other REDD+ readiness documents, and recent analysis by civil society and researchers. It focuses on three key issues: tackling the drivers of deforestation, progress on governance reforms needed to make REDD+ effective, and the ability to produce credible emission reductions (ERs) with environmental integrity. It is one of several country briefing notes prepared as the basis of an EIA report on the FCPF Carbon Fund.

SUMMARY OF REDD+ READINESS STATUS

The Democratic Republic of the Congo (DRC) is the first African country to submit an Emission Reduction Program Document (ER-PD) to the FCPF Carbon Fund, after having submitted its "readiness package" to the FCPF Participants Committee. The readiness package is the collection of documents required to document completion of the REDD+ readiness phase and includes: 1) a national REDD+ strategy, 2) a strategic environmental and social assessment (SESA), 3) an environmental and social management framework (ESMF), (the SESA and the ESMF are the two major safeguard instruments required under the readiness grant), 4) a reference emissions level (REL), and 5) a summary of the country's system for monitoring, reporting and verification (MRV) of carbon emissions. The DRC R-Package documents were posted online at the end of 2014, and endorsed by the Participants Committee (PC), at its meeting in May of 2015.[54]

The Emission Reduction Program Idea Note (ER-PIN) was accepted into the CF program pipeline in April 2014; a Letter of Intent between the government of DRC and the FCPF CF was signed on June of 2014 to develop a full program, and the draft ER-PD reviewed for this briefing note was submitted in January of 2016.[55] The final step in the CF business cycle is for the WB and CF Participants to authorize negotiations to sign an Emission Reduction Payment Agreement (ERPA), the purchase/sale agreement for performance based REDD+ credits being pioneered by the FCPF CF.

COUNTRY CONTEXT

The emission reduction program proposed by the Government of DRC is a jurisdictional program based in the new Mai Ndombe province (12.3 million ha, 9.8 million ha of which is forest) and is the first effort to implement the national REDD+ strategy in the country. It consists of both enabling actions and sector interventions, and is based around several key pillars including energy, agriculture, forestry and governance reform.

The REDD+ agenda has high-level political support and the government has moved the process forward in a consistent fashion over the past decade. The DRC has more dense forest than all other Congo Basin countries combined, covering 115 million hectares, an area the size of France.

The DRC has been successful in building international support for its REDD+ effort, with grants not only from the FCPF ($8.6 million readiness grant) and UNREDD ($7.8 million National Program), but also from the Forest Investment Program ($34 million), the Congo Basin Forest Fund, German, US, French and Japanese bilateral aid and the Central African Forests Initiative. International REDD+ support is being mobilized through a national REDD+ Investment plan, to be channeled through a newly established national REDD+ Fund currently administered by the United Nations Development Fund (UNDP).

The ER-PD estimates a budget of $70m from these sources, no national counterpart monies are identified, to implement the interventions proposed in Mai Ndombe to reduce emissions from deforestation and forest degradation, for which they estimate generating another $70-$90 million in results based payments over five years.

While this is substantial funding for a REDD+ project, as described below, it is not adequate funding to control deforestation and degradation in the 12 million hectare ER Program Area. All of the activities proposed attack a fraction of the drivers that they target. The efforts to control slash and burn agriculture will address maybe tens of thousands of people out of a population of 1.5 million; activities to control fuel wood and charcoal production are limited in scope and duration; five new "eco-teams" are unlikely to significantly reduce the 90% rate of illegal logging particularly where these teams are also

supposed to combat wildlife crime where the DRC has lost 60% of its elephant populations in the last 10 years; and finally, given the problems with previous efforts to impose reduced impact logging on concessions far from Kinshasa, there is little in the plan to ensure that these activities occur or that the industrial logging will not open more forests to bush meat hunting and settlement by the rural poor.

ADDRESSING THE DRIVERS OF DEFORESTATION

Several studies of the drivers of deforestation have been undertaken over the past few years, including by universities, international researchers, national civil society and a Congo Basin wide study by the World Bank.[56] Most of these studies conclude that "slash and burn" agriculture is the main driver of deforestation, this claim has however been contested by civil society, local communities and indigenous peoples. The ER-PD identifies several primary drivers including "slash and burn" agriculture, fuel wood production, uncontrolled bush fires, artisanal logging and industrial logging. It further identifies underlying causes for these drivers including population growth, poverty, lack of economic alternatives to unsustainable natural resource use, poor management of natural resources and what it calls "unregulated" land tenure.[57] These drivers are all theoretically addressed in the proposed program, although the emphasis is on dealing with smallholder shifting cultivation and the production of charcoal for the Kinshasa market, both through agro-forestry.

The analysis of drivers presented in the ER PD lacks a clear basis in the analysis of spatial data, while there are parameters for unplanned deforestation and degradation presented, clear data for planned deforestation and degradation are not presented.[58] There is no spatial analysis of the impact of industrial logging, nor artisanal logging. The ER PD plays down the impact of industrial logging, while acknowledging "The region is seeing a chaotic expansion of illegal logging including small scale logging and 'semi industrial' operators using heavy machinery." This ignores widespread evidence that in the face of the moratorium on new logging concessions, logging companies are making illegal use of petty permits and chain saw permits.[59] It also ignores and fails to provide an explanation for the dramatic spike in deforestation in 2013 and 2014, which the DRC is using in an attempt to raise its reference level to qualify for more ER credits. Recent efforts supported by the World Bank to establish a chain of custody log tracking system failed despite significant financial investment.[60] The recent approval on September 25, 2015 of Ministerial Order (Arrêté) No. 050 which creates a new type of artisanal logging concession appears to be a measure to legalize the current widespread illegal logging in the DRC and open up new areas to logging in violation of the moratorium.[61]

The identification of poor shifting cultivators as the primary drivers deforestation leads to the assumption in much of the program design that the main interventions need to be targeted at getting people to give up their traditional livelihoods and shift from subsistence agriculture in the forest to agro-forestry schemes involving cash crops on the savannahs. While Wildlife Works Carbon (WWC), one of the main private sector partners driving program design, has correctly identified a "cascade deforestation" pattern around the logging concessions, blame is still placed disproportionately on the small holders, and not the industrial logging companies who hold the concessions and open up the roads that lead to further illegal logging and small scale agriculture. While some activities are proposed to address charcoal production, industrial logging and artisanal logging (discussed more below), these do not seem commensurate with the scale of the problem. Program measures are not well aligned to the underlying causes of deforestation, and measures to limit shifting cultivation risk significant negative livelihood impacts on local communities. In general, the activities proposed appear too limited in scale to accomplish the reduction of emissions envisioned in the ER-PD. The agricultural expansion and growing of fuel wood plantations would likely only address a fraction of the deforestation in Mai Ndombe.

Logging companies with long record of being involved in illicit forest activities[62] and abusing human rights[63] such as SODEFOR, are being treated as program partners, potentially privileged in fact above all other stakeholders (besides the nested WWC project) in gaining support and accessing revenues from the sales of emission reduction credits. This opens the program to potentially severe reputational risks, as well as risks of elite capture of benefits as the social agreements traditionally used between communities and logging companies have a long history of failing to deliver promised benefits.

Reports indicate that less than 10% of industrial logging concessions are independently verified as legal or sustainable, and while regulations require that each logging concession is visited at least four times a year, very few missions are ever undertaken and most concessions go unmonitored, according to the OI-FLEG. The number of properly empowered enforcement officials (*officiers de police judiciaire* – OPJs) is, according to the OI-FLEG, 'derisory, given the size of the national territory'. Enforcement officers represent just 1% of the total staff of the MECNT, and most are based in cities, many miles from the logging concessions that they are meant to be monitoring."[64] The proposed 22% across the board cut in the DRC budget due the reduced price of minerals announced in May 2016 will likely further reduce capacity to monitor concessions and enforce the law, let alone requirements of reduced impact logging.[65] Likewise, four "eco-teams" set up within five years of the start of the ER Program to protect both the protected areas and wildlife are unlikely to be a match for professional illegal loggers or poachers.

The primary proposed intervention to reduce emissions from the industrial logging concessions is application of reduced impact logging (RIL). The science behind RIL actually generating carbon savings is however in question, as investigations in Indonesia and elsewhere have failed to demonstrate any noticeable emissions reduction, and other studies note that small possible reductions are lost by an increase in areas logged.[66] Even if the correct application of RIL could reduce carbon emissions, there is recent evidence from the field that DRC logging companies' compliance with the rules is limited; non-application of RIL techniques being among the findings of a FLEGT Independent Monitor field visit to a Cotrefor concession in 2013.[67]

ADVANCING GOVERNANCE REFORMS

Many of the governance reforms needed to make REDD effective in the DRC have been recognized and were incorporated into the Economic Governance Matrix negotiated by the World Bank and the government, and are referenced in the National REDD+ Investment Plan to be supported through the Central Africa Forests Initiative (CAFI). Investments in land tenure, land use planning and REDD+ standards for mining and hydrocarbons are listed as "in progress" in the ER-PD but no information about the timing or content of the plans is provided. The pace of legal reforms in DRC has been slow, with delays in implementing regulations adding years to the process, as with the community forestry law. Community forestry concessions are currently the only way communities can gain legal recognition to their lands, yet the ER-PD proposes the establishment of just three 50,000 ha community concessions over the life of the program, representing a forest area of less than .01% of Mai Ndombe province. It is further proposed to join communities and small-scale logging companies together in the community forestry concessions, another strategy that creates a high risk of elite capture of land and forest resources.[68]

Three of the proposed key activities for governance strengthening: strengthening forest and wildlife law enforcement, legal compliance of industrial logging concessions and development of community forestry have no recorded source of national funds for their implementation, they rely on a proposed up front donation from the FCPF CF–each are budgeted $1.5m over the five year program- around $300,000/year for each of the key initiatives, which is unlikely to be enough to make significant changes, especially in the absence of a conducive national policy framework.

ILLEGAL LOGGING AND LAW ENFORCEMENT

The ER-PD proposes vague efforts around law enforcement, mentioning an increase in the number of forest guards and check points, but proposes to continue industrial logging in the concessions, by getting concessionaires to file management plans, practice reduced impact logging and comply with sustainable harvest limits, all of which is currently highly problematic as documented by the FLEGT independent observer.[69]

The ER-PD states "The resources made available to the State for controlling the legality of wood transported and for controlling compliance with management plans and standards will contribute to a substantial reduction in illegal and semi-industrial logging, and will help to formalize the small-scale sector."[70]

The recently (2015) closed World Bank Forest and Nature Conservation Project had the objective to increase the capacity of the MECNT to monitor and enforce the laws around industrial logging concessions. The final report for that project concluded that "The project could not take on entrenched vested interests in the forest sector, making some successes elusive, as illustrated by the failure of the *Programme de contrôle de la production et de la commercialisation des bois* (Timber production control and marketing program, PCPCB)."[71] The failure to create a chain of custody timber tracking tool was because "the government decided not to honor its contractual commitment to attempt to rescue the PCPCB, thus sealing its fate in August 2014."[72]

The most recent (2014) Chatham House report on illegal logging in the DRC reports fourteen separate reforms identified by the FLEGT Independent Observer needed to create a coherent policy framework.[73], based on a review of the sector legislation. These include the absence of regulations for artisanal logging, and the need to harmonize the Forest Law with other sector legislation, among others. The report concludes "Forest law enforcement structures in the DRC are fundamentally flawed in all important respects. Enforcement is so under-resourced and ill-coordinated that infractions are rarely uncovered. Even where they are, the penalties applied are insufficient to dissuade those responsible from continuing to behave illegally."[74]

CORRUPTION

The ER-PD does not propose clear measures to prevent continued corruption in the forest sector despite the solid evidence that it is ubiquitous and embedded in all levels of government, and does not describe program measures that would prevent risks of corruption, malfeasance, nepotism and elite capture that have been identified as prevalent in the program area and nationally. Given the governance context in the DRC, corruption risk was identified early on as a concern among both national stakeholders and international donors. The 2011 PwC study documented that not only is corruption a significant enabler of deforestation, but stands to block and undermine the REDD+ effort.[75]

A number of the risks identified are relevant for the Mai Ndombe project, including "Agricultural or timber conglomerates bribe sub-national officials responsible for forest protection to ignore violations of conservation laws" and "Local administrators extract rents from environmental service schemes aimed at benefiting local communities".[76]

A more recent (2015) study by U4 documents another series of risks related to kick backs, nepotism, politicization of REDD+ staff positions and the misappropriation of funds, providing evidence that some of these risks are already in fact being realized.[77] The ER-PD mentions that a training plan for the Judiciary was to lead to a plan for fighting corruption in REDD+, targeted for completion in June 2015, but does not report on the contents of the plan, and there is no further discussion of the issue in the ER-PD. In light of the recent report from the World Bank citing significant ineligible expenditures and the corruption investigation of a government person working on the Forest and Nature Conservation Project, further treatment of this issue seems warranted.

LAND AND FOREST TENURE

The land tenure and land use planning initiatives proposed are insufficient to the task of reconciling complex mosaics of de facto customary rights over land and forests among Bantus and Pygmies over vast areas with an unclear national legal structure. The feasibility study carried out by the WB Bio-Carbon Fund proposes one week to develop local committees and one week to develop a local land use plan that would then be ratified by the Provincial government.[78] It further suggests working outwards from the main towns, roads and rivers, suggesting that reaching distant scattered communities in the forest would

be impractical. This fast paced, cookie cutter approach to local development, especially in the absence of strong local institutions, is a recipe for elite capture, continued corruption and conflict in the program area, with huge risks for rural populations and indigenous peoples of losing access to their traditional lands and forests. The ER-PD shows no sign of recognizing any forms of sustainable shifting cultivation, nor of incorporating customary law or indigenous traditional knowledge or livelihoods into modern forest management systems. It does not discuss the current sources of conflict, discrimination and abuse of rights of communities and indigenous peoples around logging concessions.

The ER-PD says that investments in land tenure reform ($10m), land use planning ($12m) and governance ($23m) are being sought from CAFI, but does not describe the proposed activities, mention a national budget allocation or when they might be implemented.[79]

There is no mention of a land tenure assessment having been conducted as required by criteria 28 of the Carbon Fund Methodological Framework. The description of the land tenure situation in the ER-PD is high level and brief, an overview. There is no land tenure assessment in the national SESA report, the section of which on tenure issues and natural resource management is short and provides little or no discussion of the specific situation of communities in the Mai Ndombe province. The SESA report concludes that despite protections in the constitution and the Forest Code, the land rights of communities cannot be effectively exercised or enforced because of a lack of regulations and institutional capacity.[80]

The ER-PD refers to "thousands" of villages, but there is no accurate estimate of the population or a detailed description of where and how they live.[81] Equally the social and environmental management frameworks for the overlapping WB Forest Investment Program project are in large part identical to the national ESMF, with some customization for the FIP program activities, but no specific information on the tenure status of communities in the Mai Ndombe area. Two other sources, the Bio Carbon Fund Feasibility Study and the social assessments for the Dedicated Grant Mechanism for Indigenous Peoples, provide a little bit more information, but do not constitute land tenure studies for the province.[82]

It is not sufficient to cite the fact that the DRC government owns lands, as this land is divided into different categories, as the official land tenure system overlaps with the customary system which is recognized by the Forest Code, but not by other laws, creating a confusing situation that benefits the state and local elites. In order to effectively plan and execute activities related to tenure security, there needs to be a detailed analysis of the situation of the communities on the ground and a plan in place to strengthen governance at the national level, including through the recognition of community rights to land, resolving conflicts between existing laws and developing implementing regulations and identifying national sources of financing for robust law enforcement.

CARBON RIGHTS

The section in the ER-PD on carbon rights reaffirms that the government owns all carbon, has the right to transfer credits to whomever it chooses, and can regulate and prohibit others from doing so. The non-recognition of carbon rights in DRC law is based on the fact that they lack physical form, are not a forest product, and are not tied to a particular form of usage. What this does seem to establish is that (logging and conservation) concession holders will have the right to generate credits, but other land users will not. This is reflected also in the proposed benefit sharing arrangements, which privileges government and project holders who hold contracts with government to commercialize carbon, and denies all others any legal basis for claims to carbon revenue, except through judicial claims of unjust enrichment. This does not appear to be a sound basis for benefit sharing of carbon revenue.

PRODUCING ENVIRONMENTALLY SOUND EMISSION REDUCTIONS

There are a number of potential problems in how both the historic reference level (RL) and the projected reference emission level (REL) are calculated for the proposed Mai Ndombe program, which combined with the lack of transparency in the presentation of the data upon which these calculations are based, raise questions about the environmental integrity of any eventual ER credits that would be issued. The presentation of historic emissions present deforestation rates significantly higher than those available from other sources, and also show a spike over the last two years, with no explanation or narrative for what might be happening on the ground.

It is not clear that the data presented in the calculation of the REL support the conclusions about drivers, and the assumptions around oil palm, population and gross domestic product growth, and food crop production made to adjust the reference level above historical also seem questionable. The possible unwarranted upward adjustment of the reference level, in combination with payment incentives for reduced impact logging means that industrial logging in primary forests in the current concessions could continue, and actually increase, whist still garnering REDD+ payments for industrial logging companies. This could lead to continued deforestation and degradation (hence program failure) as well as the issuing of "hot air" credits, which would be detrimental to the whole REDD+ effort internationally, in addition to the damage to DRC's forests.

For the industrial logging concessions specifically, annexes to the ER-PD provide estimates for annual emissions on a historical and adjusted basis. The adjustments allow for a tripling and in some cases quadrupling of emissions, while still staying below the REL, thus remaining eligible for REDD payments.[83] Almost half (48%) of the allowable adjustment to the reference level is allocated to planned deforestation, i.e. the logging concessions.[84]

The linear regression analysis used to construct the REL relied on sparse data and ignores the narrative in the ER-PD that cite charcoal production, artisanal logging, and widespread illegal logging as drivers of deforestation. There is no rationale presented as to why oil palm should be a good proxy measure for future deforestation and potential problems with the GDP and population figures used. The total adjustment sought is 0.1% of total forest carbon stocks in the program area, or 1.434 million tons of carbon and 5,259,494 tons of carbon dioxide. Given the low population density, the lack of data of any illegal palm oil plantations, and low industrial logging or industrial palm development, the real drivers of

this 250% increase in deforestation do not appear to be properly characterized.

In terms of leakage, if fuel wood and charcoal is reduced from Mai Ndombe, and there are no similar actions implemented in the other forested lands surrounding Kinshasa, it is only logical to think that forests to the East, South and West would be accessed for fuel wood and charcoal as Kinshasa grows. Additional program measures to address leakage and impermanence, uncertainty and double counting require further development to adequately manage these risks and raise further challenges to being able to produce emission reductions with environmental integrity.

CONCLUSIONS

A spatially explicit analysis of the documented drivers of deforestation and degradation rather than a statistical model should be conducted to ensure that the correct drivers of deforestation are identified and are the target of ER Program activities. This is particularly important where a country is seeking to increase its reference level above its historic baseline.

In the ER-PD there is insufficient information to judge whether there are indeed credible plans to move land and forest tenure reform, land use planning, enhanced forest law enforcement, anti-corruption measures and institutional strengthening for effective environmental and local management by local, provincial and national public institutions. Program activities in Mai Ndombe if isolated and unsupported by broader reforms, are unlikely to be effective in slowing or stopping deforestation and degradation. This is especially true if management of the ER Program is delegated to an independent project implementation unit, and not embedded directly in provincial and local governments, and resources for program implementation are insufficient given the large size of the ER program accounting area.

Further, many of the fundamental design elements in the Mai Ndombe program are problematic- continued support for industrial logging, restrictions on traditional community livelihoods and efforts to move people out of shifting cultivation in the forests and into commercial agriculture in the savannahs, benefit sharing arrangements that privilege existing REDD projects and timber concessionaires for access to revenue streams generated by sale of ER credits, and attempts to limit fuel wood harvesting and charcoal production without monitoring displacement are just a few of the main features that pose significant risks for forests and people that DRC is not well positioned to manage adequately.

RECOMMENDATIONS:

While the DRC has made fast progress through the FCPF readiness process and the CF planning process, many of the REDD+ readiness documents have not effectuated change on the ground and the severe governance challenges in the DRC create a substantial risk of failure of the proposed ER Program. If not addressed, the result could be continued deforestation and degradation, displacement of indigenous and forest dependent people and the generation of "hot air" credits that do not represent sequestered carbon. The DRC would therefore benefit from early performance based payments being tied to demonstrated improvements in governance which will improve the chances of this ER Program's success. The governance reforms and improvements to the ER-PD include the following:

1. Participatory land and forest tenure and social assessments should be conducted in Mai Ndombe to inform time bound action plans for the legal recognition of indigenous and community customary lands. If this includes the establishment of community forests, expand that component of the ERP to cover all communities within Mai Ndombe.
2. Provide more detail, and enhance the level of effort and investment for strengthening forest governance including monitoring of legal compliance in forest concessions, monitoring RIL requirements and social agreements in forest concessions, strengthening law enforcement actions around above, strengthening judicial capacity to address issues above, timber legality assurance system, and delaying the implementation of the ER Program until forest governance has been improved.
3. Make clear and spatially explicit the historical impact of the different identified drivers in the ERP area; provide an explanation of the surge of DD in last few years.
4. Conform the timeframe of REL to the MF, conform overall REL adjustment to MF; provide a clear and transparent rationale for adjustment that is not based on partial data or assumptions, not involving regression analysis; incorporate monitoring of leakage in key areas where it can be anticipated such as shifting of fuel wood and charcoal production to forests surrounding Kinshasa that are not in Mai Ndombe.
5. Reduce proposed ER program accounting area to a size commensurate with the resources available.
6. Revise the benefit sharing plan so that the people and communities in the ER Program Area have access to a continuous flow of resources from the sale of ER Credits and ensure that the majority of ER credits and proceeds therefrom do not flow to the industrial loggers responsible for much of the DD occurring in the DRC and more often associated with illegal logging and human rights abuses.
7. The extent to which RIL leads to the sequestering of carbon should be fully analyzed before this program goes forward. If RIL is not effective for carbon sequestration, modify ER Activities.
8. The REL must be recalculated without the two proposed upward adjustments and all data (mostly timber concession harvest estimates) used to calculate the REL must be disclosed. The assumptions used to develop the REL must be scrutinized to ensure they are representative of conditions in the ER Program Area, are consistent and make logical sense. An assessment of whether the ER Program will actually reduce DD must be conducted and modified according to the results of the assessment.
9. The monitoring reporting and verification (MRV) systems needs to be revised to remove inaccuracies and potential for gaming the system, so that the MRV does not lead to the generation of ER credits that are not actually based on sequestration of carbon.

ANNEX 2: REPUBLIC OF THE CONGO REDD+ COUNTRY BRIEFING NOTE

Verbelen

This briefing note is based on a systematic and comparative review of the ER-PIN and draft ER-PD prepared by the Government of RoC, other REDD+ readiness documents, and recent analysis by civil society and researchers. It focuses on three key issues: tackling the drivers of deforestation, progress on governance reforms needed to make REDD+ effective, and the ability of the country to produce credible emission reductions (ERs) with environmental integrity. It is one of four country briefing notes prepared as the basis of an EIA report on the FCPF Carbon Fund.

SUMMARY OF REDD+ READINESS STATUS

Congo's R-PP was presented to the FCPF Participants Committee (PC) in 2010, approved by the PC in 2011 and the $3.4 million grant agreement with the World Bank (WB) was signed in January of 2012. Congo presented its mid-term report in March of 2015, at which time it requested an additional $5 million in readiness support, which was approved by the WB in November of 2015. The $4 million UNREDD national program was approved in a similar timeframe, starting in November 2012 and concluding in October 2015. In April and June of 2014, Congo presented an ER-PIN to the FCPF CF, which was accepted into the pipeline, and a letter of intent was signed with the CF in September 2014. In April of 2012, the WB also approved a $10 million Forest and Economic Diversification Program aimed at strengthening the forest administration and supporting indigenous peoples and local communities develop economic alternatives around industrial logging concessions.

At present, the RoC government estimates that the readiness package will be submitted to the FCPF by mid-2016, for consideration at the fall PC meeting (PC22). The preparation of the readiness package appears to be driven by the requirements for getting funding from the CF rather than completion of the readiness phase as the readiness activities under the additional grant are not scheduled for completion until December 2017.[85] PC endorsement of the readiness package is a requirement for approval of an ER-PD and the negotiation of an ERPA under the CF. Draft versions of the national REDD+ strategy, the strategic environmental and social assessment (SESA) report, the environmental and social management framework (ESMF) and associated safeguard frameworks, and a national reference level are circulating internally, while work on the national monitoring, reporting and verification (MRV) system is ongoing.[86]

COUNTRY CONTEXT

The Republic of the Congo has more than 20 million hectares of forest, comprising more than a tenth of the rainforest of the Congo Basin. The government approved a Voluntary Partnership Agreement (VPA) under the European Union's Forest Law Enforcement, Governance and Trade (FLEGT) program in 2009, which has reportedly driven some important reforms to forest law, including the development of a legality assurance system at the point of export, although it is not yet operational. However, recent reports state, "that areas that are not yet being adequately addressed in reform efforts [in RoC] include enforcement of existing legislation, tackling corruption and improving legality in the artisanal sector."[87] Adoption of implementing decrees for the forest reforms is another important step forward.

Oil has long been the main source of national income for the RoC national budget, and the recent falling price of oil has created economic pressures on the Government, leading to cancelation of the Government's counterpart funding for all current World Bank projects for example, and may be underpinning the Government's drive to attract international investment in mining and oil palm, both of which have profound implications for the country's forests. The government has elaborated a Congo Vision 2025 that seeks to transform the country into an emerging economy by expanding mining, industrial agriculture and logging.[88]

ADDRESSING THE DRIVERS OF DEFORESTATION

The RoC analysis of the drivers of deforestation has evolved significantly since the 2011 R-PP, which was criticized heavily by national civil society organizations (CSO's) for targeting communities and shifting cultivation as the primary driver. In the ER-PIN and the draft ER-PD, the main drivers identified are all of the development activities encouraged by the Congo Vision 2025, including industrial logging concessions, infrastructure (including roads, bridges and urban development),

agriculture and agro-industries. The drivers identification draws on various studies including a study done for the ER-PIN (Annex 3 and 4), a study on "Spatial Distribution and Causes of Deforestation and Degradation and Analysis of Strategic Options Proposed by the R-PP for the Republic of Congo," and fieldwork conducted by the National REDD+ Coordination (CN-REDD) and Terra Global in Sangha and Likouala, as well as additional studies of drivers in the region. During the last two decades, Sangha and Likouala departments have recorded low deforestation rates compared to other departments in the country, although logging is still the primary land use. Between 2001 and 2010, logging has been responsible for a forest loss of 40,500 ha and 28,600 ha respectively in the Sangha department and the Likouala department according to the 2014 drivers study.[89] Logging within the industrial concessions is classified as planned deforestation and degradation, although the ER-PD admits that unplanned (illegal) deforestation and degradation also take place within the concessions. The draft ER-PD notes that the FLEGT Independent Observer has reported a number of factors responsible for the persistence of illegal logging in the concessions, including: "illegal practices by forest concessions; the non-recovery of taxes and forest transaction costs; the partial or inadequate application of the forestry law, the weak allocation of budgets to departmental units to conduct field verification and the lack of application of laws and related texts."[90]

Unplanned deforestation and degradation is also driven by semi-industrial "artisanal logging", which the ER-PD reports amounts to about 30% of national production and is subject to little regulation. Chatham House has estimated that illegal logging may constitute up to 70% of national wood production. However, the 2014 drivers study reports that from 2001 to 2010 forest loss (not degradation) as a result a selective logging is nearly three times (40,500 ha) more than of artisanal logging (14,600 ha) in the Sangha department. In the Likouala, deforestation from industrial logging is about 28,600 ha compared to 12,500 from artisanal logging during the same period. The FLEGT Independent Observer has pointed out however that even if industrial concessionaires followed all of the rules imposed by the RoC government, much of this production would in fact be unsustainable and lead to deforestation of the concession areas.[91] This is in line with recent evidence that suggests that deforestation may be greater in logging concessions with approved forest management plans than in those without.[92]

Smallholder agricultural production, mostly based on traditional shifting cultivation, is thought to still be sustainable at present, given low population densities, but with Congo's population growing at 2.5% per year[93], this type of agriculture may become a source of additional future pressure on RoC's forests, although it is almost exclusively for subsistence purposes, so areas converted are small. Communities are allowed to clear and plant in certain areas within the logging concessions that surround them—there are specific areas set aside for this purpose—and communities are additionally allowed to harvest timber for personal use—such as housing. The main source of future deforestation is identified by Government as the rapid expansion of industrial oil palm concessions in the Congo. Two concessions have already been allocated in Sangha province, none yet in Likouala. These concessions are operated by the ATAMA and Eco-oil companies.[94] Other areas have been identified for further oil palm production, and are likely to be given as concessions in the near future.[95]

The ER-PD discusses industrial palm oil plantations as an important future threat in the ER program area. However, deforestation trends presented in the draft ER-PD are questionable. Firstly, the size of the concession of Atama in the Sangha is inconsistent with the size of the same concession in other key national reports including the 2014 study of the drivers and the Sangha Development Plan for the Agriculture Sector (PDSA). Secondly, the ER-PD suggests that significant land clearing has occurred in Atama concession where numerous reports confirm that very little progress has been made by the company due to financial and technical constraints including unsuitability of the Sangha part (Mambili) of the concession for palm oil development.[96] [97] Thirdly, Eco Oil took back old palm oil plantations owned by Sangha Palm and this suggests that felling old palm trees will be more significant than cutting forests as mentioned by the draft ER-PD. Such misinterpretation of drivers and "REDD rent-seeking" attitude[98] from RoC have significant implications on the ER program reference level as it generates a significant amount of "hot air" credits and unprecedented "avoided deforestation rewards" for the private sector operating in the ER Program Area.

The draft ER-PD notes that there is not currently legal clarity regarding oil palm operations responsibilities with regards to forests, adherence to the forest code, and that these operations are currently "highly unregulated".[99] In fact, research carried out by the Rainforest Foundation UK in 2012-3 documented that the initial land clearing by ATAMA involved numerous illegalities, including lack of the required environmental impact assessment prior to forest clearing and assigning numerous logs with the same tag number, a common practice to launder illegal timber.[100]

Mining is also identified as a future driver of deforestation since the Congolese government is actively promoting mining, as with oil palm, as a way to diversify its economy away from oil. There are currently two industrial scale mining exploitation permits in the proposed ER program area, with others in the exploration phase.[101] The two mining permits are issued for iron mines. While the draft ER-PD recognized that mining activities per se will not have huge implications for forests given the relative small size of the two existing exploitation permits in the ER program area, it correctly acknowledges the cascade deforestation effect that could emerge due to mining-related infrastructure. Such infrastructure include a planned rail line from Sangha to the coast, which will transect a large area of virgin forest, providing access to loggers, artisanal miners (gold and diamonds) and others.[102]

The Congo ER program proposes a set of interventions to address these drivers. For the industrial logging concessions that are currently the main source of deforestation and degradation, two activities are proposed: expanding reduced impact logging (RIL) in the concessions, and promoting voluntary "logged to protected forests" which would remove areas slated for logging under concession agreements and instead protect them. There are a number of problems with this, the first

being that the Congo has not demonstrated a track record of institutional capacity to be able to enforce existing logging rules, so expanding those rules, while good on paper, needs to be accompanied by significant increases in capacity to enforce the laws. Second, the science around reduced impact logging generating carbon savings is in question, if it turns out that no ERs are generated by such activities, logging companies may quickly lose interest. The draft ER-PD states that the Olam/CIB timber company is currently practicing RIL on their concessions, as part of Forest Stewardship Council certification, which further raises questions about what additional carbon savings would be generated by this CF intervention. The "logged to protected forest" proposal, (as currently formulated in the draft ER-PD) would allow forests that are currently being logged and/or degraded, in addition to unlogged areas to be transferred to protection. This proposal creates the possibility that companies will selectively log and degrade a forest and then transfer it to protection, or transfer those areas that are permanently swamped (42% percent of the Sangha is made up of swamped forest) or remote areas that are not economically viable for logging for protection in order to gain carbon credits. Such credits would not be additional nor would they prevent deforestation and degradation, they would simply reward industrial loggers who are the main drivers of deforestation in the region. As with the current REDD+ project in Pikounda, aligning the incentive towards preservation of primary forests is essential for any effort to preserve the forests of the Congo Basin.

For communities, the proposed ER program highlights two interventions: 1) promotion of shade grown cacao in degraded forests/agricultural fallows and 2) out-grower oil palm schemes, whereby small holders can grow oil palm for the large companies with processing mills. While the cacao planting scheme may create potential to raise community incomes, the connection to a specific driver (shifting cultivation) seems tenuous–increasing cash income in communities would not necessarily replace the need for subsistence crops, and in fact (if cacao and other permanent crops are planted in fallows) could actually increase demand for additional agricultural lands. Also, it is reported that community cacao schemes have not been successful so far in both departments with some communities even abandoning their cacao plantation because of the high costs for transportation to Pointe-Noire and more importantly the intermittence of cacao markets in the region.[103]

"The government policy of promoting palm oil as an economic driver and development tool can have a significant negative drawback effect on the ERPs effectiveness."

The oil palm out-grower schemes, on the other hand, have a long and checkered history in places like Papua New Guinea and Indonesia, where they have put communities at a significant disadvantage when negotiating prices with companies and increased reliance on company infrastructure such as roads, transportation and mills, which they are often forced to subsidize through out-grower agreements. The draft ER-PD also notes the complications entailed in RPSO certification when involving small holders. Promoting oil palm expansion should be reconsidered as it has been demonstrated to have significant negative social and environmental consequences.[104]

In order to mitigate the impacts of mining, the ER program proposes two main strategies: 1) improvements to the mining code, currently underway, to ensure environmental sound treatment of forests; and 2) voluntary adherence by mining companies to "green practices" with the objective to reduce planned and unplanned deforestation and degradation in mining concessions and the associated infrastructure. The problem here again is that the Congo has not demonstrated a track record or the institutional capacity to be able to enforce legislation, and the challenges of social and environmental management around mega-projects of this magnitude will be even greater. For voluntary schemes to have a real effect, there needs to be a strong legal framework and consistent enforcement so non-compliance has economic consequences for companies. The draft ER-PD notes that proposed reforms to the mining code may not be actually strengthening that framework from an environmental perspective.[105]

In addition, the RoC government is promoting a significant expansion of industrial oil palm across the country, including in Sangha and Likouala, which also has implications for the proposal around an adjusted reference level that will be discussed in the next section. At the UNFCCC COP21, the Environment Minister Henri Djombo was reported to lament that REDD+ was "losing out" to oil palm in the debate among the Cabinet of Ministers, for economic reasons, because REDD+ was not thought to generate sufficient or immediate returns.[106] The ER program proposes to deal with the expansion of oil palm through Roundtable on Sustainable Oil Palm (RSPO) type rules, which will require companies not to plant in designated high conservation value (HCV) areas. The draft ER-PD explains: "The government policy of promoting palm oil as an economic driver and development tool can have a significant negative drawback effect on the ERPs effectiveness. While there are many options under investigation in both the private and public sectors to avoid deforestation and degradation, including identification of High Value Conservation (HVC) areas and RSPO certification within agricultural concessions, none of these policies or activities are currently in evidence in the Program Area."[107]

PRODUCING ENVIRONMENTALLY SOUND EMISSION REDUCTIONS

The proposed Congo ER Program takes an approach to establishing a reference emissions level (REL) that raises concerns about the credibility of the ERs that will eventually be generated. This is in large part due to the decision to make two upward adjustments over the low deforestation and forest degradation levels historically documented for the program area. The draft ER-PD suggests that adjustments are needed to compensate for the "massive deforestation that only began in 2011 in Sangha as a result of clear-cutting for oil palm plantation, national road development undertaken, and other activities in Sangha

and Likouala."[108] The FCPF CF methodological framework (MF) calls for reference levels to be established based on historical data for a ten-year period ending the closest year to 2013 for which data is available. In the Congo this is 2012, but the ER-PD calls for adjusting the REL based on data from 2012-2015, which pushes those emission levels up dramatically. The draft ER-PD also argues that historic deforestation in the Congo is not an accurate predictor of future deforestation in the northern region, for a number of reasons including rapid population growth, significant investments in new transport (road and rail) infrastructure that will increase access to forests; the oil palm and mining booms being promoted by government, and the rapid expansion of industrial logging, which had been suppressed over part of the historic period by a downturn in demand and prices. Thus the ER-PD acknowledges that governmental policies intentionally drove up rates of deforestation during the period 2012-2015.

Additionally, the Congo program argues for a "high forest-low deforestation" (HFLD) exception to the CF rule that requires the use of a REL based on historically observed rates. The MF limits the amount of the upward adjustment to 1% of total carbon stocks, while the proposed Congo program suggests that is arbitrary and unworkable, and proposes a much higher upward adjustment. The upward adjustments proposed in the Congo program (as currently drafted is almost 300 million tons) are thus not compliant with the CF rules and would require exceptions to be made. Most of the upward adjustments made are to allow much greater emissions from unrealistic plans of forest clearance for oil palm plantations and industrial logging concessions, although adjustments are also made to allow for continued expansion of emissions for subsistence agriculture. Mining is not included, as not enough data is yet available. The Congo program proposes an upward adjustment more than twice that allowable under the CF rules. Even if these estimates are eventually adjusted downwards to comply with the MF, they allow significant expansion of forest clearance and forest degradation from industrial logging and possibly "green mining" and propose to reward those actors carrying out the deforestation with ER credits from the CF for emitting less carbon a theoretical maximum for the expanded logging and mining they carry out.

There are several other elements in the proposed program that raise questions and could undermine the credibility and environmental integrity of the ERs to be generated, including assumptions made in calculating the REL. It is for example assumed that all concessions practiced RIL over all years of the historical baseline; while for the future projections no concession practiced RIL as it is not legally required; and the assumption that the first thing a mining company will do is clear the entire forest over the proposed 5000 ha mine which would generate credits if they just deforest as they expand the size of the mine); use of inconsistent data and hypothetical deforestation projections for existing and non-existent palm oil concessions; use of emission factors that are considerably higher than those in the literature; assumptions that every possible hectare of land identified as suitable will be cleared for oil palm, use of projected deforestation and degradation rates that are not spatially specific, and problems with lack of data, among others. Not all data used for the calculation of the reference level has been made public so it is an opaque process that cannot be replicated.

Another important aspect of the environmental integrity of the ERs generated is how displacement (leakage) and reversals (impermanence) are dealt with. While the ER-PIN and the draft ER-PD have not yet identified all of the program measures to mitigate these risks, a few points are worth mentioning. The draft ER-PD downplays displacement risk by asserting that the program is unlikely to reduce timber volumes, reduce oil palm production, or limit mining output. While this does reduce displacement risk, it does not necessarily recommend the program for conserving forests. The Congo ER program is being developed using the Verified Carbon Standard (VCS) Jurisdictional REDD+ tool, which has its own set of metrics for estimating risks of various types, including risks around land tenure, carbon rights, and stakeholder engagement. On these points, the draft ER-PD significantly downplays the risks, asserting "the ER Program Area has very clearly demarcated with non-overlapping land tenure and use rights", an assessment communities and indigenous peoples in the program area disagree with and which is also contradicted by the draft ER-PD which notes that mining concessions overlap with logging and oil palm concessions.[109]

The heavy emphasis on private sector involvement in the proposed Congo program raises the possibility of significant ER credits being channeled to private sector companies.

Lastly, the credibility of ER schemes stands and falls with the design and methodologies of the national and program specific MRV systems. In the proposed Congo program, the MRV for planned deforestation and degradation (the largest historical source of emissions) of industrial logging concessions is to be based on national statistics on yield data and wood products, as well as concession management plans, both of which have been demonstrated to omit much of the informal sector logging that is currently happening on the concessions. Remote sensing is also to be used, but is less useful for estimated degradation.[110] To monitor degradation on the concessions, reporting from the concession holders themselves on harvest and extraction damage rates will be relied upon, which, given the economic incentives to underreport- both for tax, and now REDD+ purposes, is not a credible system for generating ER credits, nor for distributing carbon revenues. In the preparation of the ER program document in fact, the TERRA Global team (who drafted the ER-PD) noted a lack of data available for most concessions, and had to extrapolate from the data they did have and assume it was accurate for all concessions.[111]

The heavy emphasis on private sector involvement in the proposed Congo program raises the possibility of significant ER credits being channeled to private sector companies which are currently cutting down forests, whether for timber, to clear for oil palm, or for mining. As stated above, the program is not supposed to reduce any logging, mining or palm

oil production. Additionally, the science around reduced impact logging generating carbon savings is in question, making even less clear that any of the actions taken will really mitigate emissions of greenhouse gases or that the ER credits given represent the sequestering of a ton of CO_2e. Given the overall poor governance in the Congo, the lack of land tenure security of communities and the prevalence of corruption in the allocation of concessions, the program proposed by the RoC for financing by the CF poses significant risks to RoC's forests, forest communities and the climate as the ERs may be used to offset the emission of actual greenhouse gases.

ADVANCING GOVERNANCE REFORMS

Strengthening community and indigenous collective land and forest tenure security through legal recognition, titling and demarcation, although identified as a strategic option in the R-PP, has not been included in the proposed ER-Program measures, despite having been also identified as an important non-carbon benefit in the ER-PIN. While most land and forest is owned by the state, the communities in the proposed ER-Program area have use rights to land and forests, depending on whether they are living in an industrial logging concession or a protected area. The legal framework acknowledges customary land law, and grants communities the rights to harvest timber and non-timber forest products for personal use, to hunt, fish, clear land for agriculture and have access to sacred sites. As the ER-PIN states however, "Small holders do not generally hold legal title to the land they cultivate. Nor is there a cadastral system in place. The result is that formal title to land outside of the cities in Congo is uncommon. As citizens of the Republic of Congo, each have a legal right available to them to acquire a formal title to their land, but it is beyond the means of almost all small holders."[112]

The position of civil society groups during the formulation of the R-PP, has been that the REDD+ process should secure land tenure for communities and facilitate access to legal title for customary lands and forests.[113] This principle is also recognized in the national principles, criteria and indicators under development for a national REDD+ safeguards system, but neither the ER-PIN nor the draft ER-PD presents any plan for legal recognition of community land and forest rights beyond the use rights currently in place through logging concessions or protected areas.

It is important to note that the World Bank, in an investment to support forest management approved the Forests and Economic Diversification Project in 2012, in the same time frame as the readiness grant. By the end of 2013 the project was falling significantly behind its implementation schedule was rated as moderately unsatisfactory during WB supervision, with many of its activities not implemented and objectives not being reached. By 2015, it was realized that the project would have to be re-organized, with many of the objectives dropped, including those around forest policy reform, coverage of FLEGT legality licenses, quality of environmental and social impact assessments for projects impacting forests and forest concessions awarded through public bidding, among others. Part of the problem was that none of the government counterpart funds committed were actually being delivered, as a result of the falling price of oil, other problems included limited government capacity, and an inability to take on inter-sectoral objectives beyond the purview of the Environment Ministry.[114]

The fate of another WB project approved in 2012, the Transparency and Governance Project, not specifically linked to the forest sector, is however indicative of the level of success in fostering governance reforms in the Congo. The project by and large failed to meet its objectives, with WB staff noting a loss of political leadership and support after a cabinet reshuffle in 2012, a loss of reform momentum, lack of inter-ministerial coordination, and, as with the forest project above, lack of capacity and a loss of government counterpart funding. The goal of the project was to support better management of public funds, improve transparency and accountability in the management of those funds, and reduce systemic corruption in civil service salaries. The implementation completion report states that "Eventually, two-thirds of intermediate results indicators were not even tracked."[115]

The same final report notes that overall budget transparency is significantly deteriorating, real time information on budget execution is declining, and that project sponsored payroll auditing lead to the removal of around 900 civil service "ghost workers", are thought to be just a small part of the problem. Overall, on the efficiency of public investment, "the project does not seem to have had any tangible impact."[116] Despite realizing early on that the project was poorly designed and lacked national ownership, and many warning signs that it was not advancing, the project was not suspended or canceled because "the prevailing consideration was not to undermine client relationships by closing the project and thus risk signaling that the WB did not find the authorities' commitment to governance reforms to be either strong or credible."[117] This does not inspire confidence for the high-risk REDD+ projects currently under design in the ER-PD.

These risks are magnified in a CF project as in addition to the money potentially being wasted, the ERs generated could be used by the donors or sold to third-parties to use to offset the emissions of real greenhouse gases. Failure to control the drivers of deforestation and degradation, gaming of the reference level, invalid assumptions about the carbon sequestering impacts of the activities implemented and ineffective governance, could lead the ER credits to be nothing but "hot air" which would actually impede efforts to mitigate greenhouse gas emissions and reverse climate change.

CONCLUSIONS

The Congo has made important progress on its REDD+ readiness efforts, and has also passed some important governance reforms, such as the 2011 Indigenous Peoples Law. Lack of progress however, on securing land tenure for communities and indigenous peoples, and overall lack of improvements to forest governance, transparency and accountability undermine the potential to effectively and equitably implement REDD+.

Further, most of the drivers of deforestation and forest degradation identified in the REDD+ process are policy decisions to advance development in the RoC: continued reliance on industrial logging concessions as a forest management framework, and now a new drive to promote oil palm and mining in forest areas. Such decisions, coming from the highest levels of government, raise questions about the

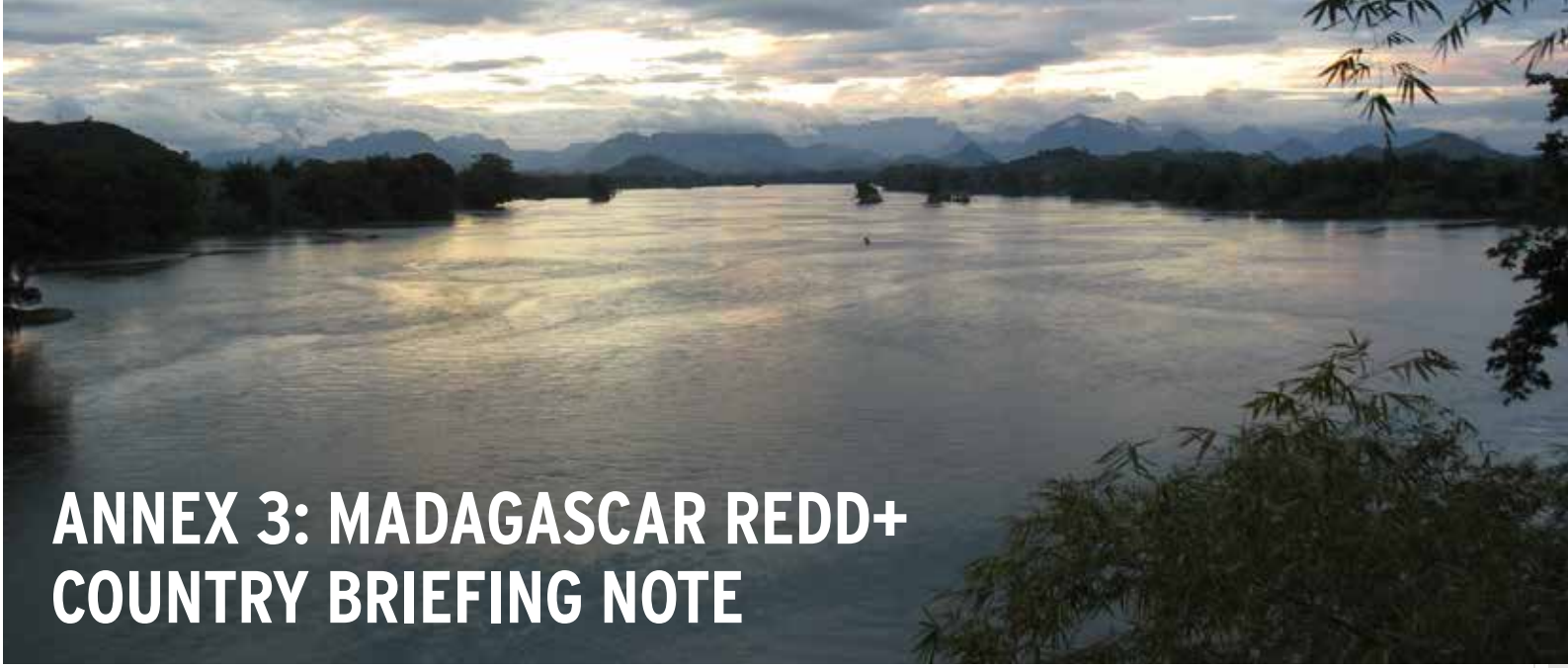
political commitment to conserve forests in the RoC. The questions compounded by the high reliance by government on private sector partners, such as CIB/OLAM and other logging, mining and oil palm companies who are targeted to create a public-private partnership for the REDD+ program in Sangha and Likouala, and Terra Global Capital, who drafted the ER-PD.

While there are some good elements to the proposed ER program (such as proposed increased law enforcement and enhanced protected area management), it is doubtful that these elements would be sufficient to balance out an economic development model that favors natural resource extraction by foreign investors at the expense of forests, local communities and indigenous peoples who live there. In the end, serious doubts remain regarding the suitability of the proposed activities to generate genuine emissions reductions and forest protection.

RECOMMENDATIONS:

The RoC would be more suitable for an ER Program that includes initial performance based payments for concrete governance measures that will increase the chances to reduce deforestation and degradation and associated emissions. The governance improvements and revisions to the ER Program that are needed include the following:

1. The RoC should put into place a transparent process to secure land tenure for communities as guaranteed by the 2011 Indigenous People Law and facilitate to legal recognition of their customary lands and forests. The existing inter-ministerial Committee needs to be revitalized so that the ER Program is better incorporated into the RoC's development plan and inter-sectoral objectives beyond the purview of the Forest Economy Ministry can be addressed.
2. The extent to which RIL leads to the sequestering of carbon should be fully analyzed before this program goes forward. If RIL is not effective for carbon sequestration, modify ER Activities.
3. Provide more detail, and enhance the level of effort and investment for strengthening forest governance including monitoring of legal compliance in forest concessions, monitoring RIL requirements and social agreements in forest concessions, strengthening law enforcement actions around above, strengthening judicial capacity to address issues above, timber legality assurance system.
4. The REL should be recalculated without the two proposed upward adjustments and all data used to calculate the REL must be disclosed. The assumptions used to develop the REL must be scrutinized to ensure they are representative of conditions in the ER Program Area, are consistent with key national and regional broader and sectoral plans including the National Development Plan of Congo and the Plans de Développement du Secteur Agricole of Sangha and Likouala departments.
5. Deforestation patterns and projections (mostly figures for Atama and Eco-Oil palm projects) presented in the ERPD should be revisited to match as close as possible the reality.
6. The effectiveness of the program to reduce DD needs to be thoroughly reassessed since the ERPD itself ironically concludes that "the program is unlikely to reduce timber volumes, reduce oil palm production, or limit mining output"
7. Instead of rewarding the logging industry who is historically responsible for most of the deforestation in the ERP area, the ERP benefit scheme should primarily target local communities and indigenous people living within the program area to reward their stewardship of the Northern Congo forests
8. The monitoring reporting and verification (MRV) systems needs to be revised to remove inaccuracies and potential for gaming the system, so that the MRV does not l lead to the generation of ER credits that are not actually based on sequestration of carbon.



ANNEX 3: MADAGASCAR REDD+ COUNTRY BRIEFING NOTE

EIA

This briefing note is based on a systematic and comparative review of the Emissions Reduction Program Idea Note (ER-PIN) prepared by the Government of Madagascar and submitted to the FCPF CF, other REDD+ readiness documents, and recent analysis by civil society and researchers. It focuses on three key issues: tackling the drivers of deforestation, progress on governance reforms needed to make REDD+ effective, and the ability of the country to produce credible emission reductions (ERs). It is one of four country briefing notes prepared as the basis of an EIA report on the FCPF Carbon Fund.

SUMMARY OF REDD+ READINESS STATUS AND THE PROPOSED ER-PROGRAM

Madagascar submitted it's first readiness preparation proposal (R-PP) in January of 2010, but was at that point in the midst of a constitutional crisis, and R-PP's we re-submitted later in 2010, 2013 and 2014 before finally being approved by the FCPF Participants Committee (PC) in 2014. A grant agreement was signed with the World Bank (WB) in May of 2015. As of early 2016, the R-PP grant was disbursing, but readiness activities were just getting under way. The government submitted a hastily drafted ER-PIN in September 2015, which was accepted into the CF pipeline and a letter of intent was signed in November of 2015.[118]

The ER-PIN is meant to build on the ongoing REDD+ projects around the Makira National Park, and in the Ankeniheny-Zahamena Corridor (CAZ), and encompasses 4.7 million hectares along the eastern escarpment, of which about 1.5 million hectares is intact rainforest and 1.8 million hectares is degraded rainforest.[119] This is an area of fourteen watersheds, 171 municipalities with some three million inhabitants. The proposed ER-PIN is built around activities meant to address drivers in the agriculture, energy, logging and mining sectors and is lead by the Ministry of Environment, Ecology, Sea and Forests.

COUNTRY CONTEXT

Madagascar, long recognized as a biodiversity hotspot of global significance, is one of the poorest countries in Africa, and is now seen as a fragile and conflict state.[120] Initial REDD+ projects by Swiss and German Cooperation sought to develop carbon accounting methods, building on the twenty year long ($100m+) WB, USAID, UNDP/GEF funded Environment Program, also supported by other donors. The program facilitated the creation of National Office for the Environment (ONE), the strengthening of the national environmental management system and the expansion of the protected area system, complemented by on the ground conservation efforts with communities by Conservation International and Wildlife Conservation Society. Madagascar saw one of the first Clean Development Mechanism methodologies for reforestation funded by Air France and first REDD+ methodology supported by ERPAs under the Bio-Carbon fund. The 2005 land reforms that created the Gestion Locale Securisée (known as GELOSE) and Gestion Contractualisée des Forêts (GCF) laws and promised the possibility of widespread community forestry and community-based management of natural resources.

Most of these efforts have stalled however in the face of faltering governance reforms after the 2009 coup d'Etat and are only now starting to get re-organized.[121] While donors are re-engaging in Madagascar, it remains unclear whether there is political will and capacity to clarify the legal structure and policy environment for REDD+ sufficiently to attract the international support needed to make performance based payments a viable strategy for combatting deforestation.

ADDRESSING THE DRIVERS OF DEFORESTATION

Although information on deforestation in Madagascar is complicated and the subject of much discussion[122] , the WB's Assessment note for the R-PP concludes unequivocally that, "The principal cause of present-day anthropogenic deforestation in Madagascar is slash-and-burn, or swidden agriculture, known in Malagasy as 'tavy'. Nationwide, it is estimated that 80 to 95 percent of deforestation occurs as a result of the use of fire to convert forest to agricultural land through tavy. Extraction of wood, predominantly for fuelwood or charcoal production, accounts for between 5 and 20 percent of deforestation and logging has effects both on forest cover and individual species viability."[123] This conclusion ignores much recent evidence that has shown there is no statistical correlation between poverty, population and deforestation on the one hand, and evidence that deforestation drivers vary considerably

by region, with export oriented commercial agriculture, mining, proximity to roads and highways, and legal and illegal logging for the domestic construction industry, in addition to wood fuel for cities all being proximate causes of deforestation in Madagascar.[124] It also ignores the massive illegal logging of rosewood, mahogany and other high value species, some from national parks and other high biodiversity areas for export.[125] While not denying the likely important role of *tavy* agriculture in deforestation in Madagascar, it is important that REDD+ strategies, and ER programs, be based on strong spatial evidence of where deforestation is occurring and a clear understanding of why in order for interventions to be successful.

Proposed strategies to address mining and cattle ranching are very brief and vague, suggesting enhanced law enforcement and compliance monitoring without specifying how those tasks would be accomplished or paid for.

The ER-PIN identifies *tavy*, wood fuel harvesting, logging, mining and cattle ranching as the main drivers of deforestation, but does not present any estimates of the number of hectares of forest converted to non-forest for any one of these drivers, nor any spatially explicit analysis of where these drivers are having most impact nationally or within the proposed ER program area. In assessing the underlying causes of deforestation and the barriers to REDD+, the ER-PIN acknowledges the lack of secure land tenure, weak law enforcement, lack of inter-sectoral policy coherence, and the impact of political instability, corruption and governance failures on forests.

The proposed solutions however, sound much like a repetition of past efforts that appear to have by and large failed, in large measure because legal and policy reforms did not go far enough to create a conducive environment and efforts to restrict traditional farming practices failed to understand the economic rationale for those systems and their deep roots in traditional culture.[126] With respect to *tavy* agriculture, the proposal is to strengthen land tenure security as a basis for improving agricultural productivity through a variety of means such as terracing for rice cultivation, new cultivation techniques and enhancement of value chain processing. While those proposals have merit, there is no evidence provided that there is a plan or political will to advance land reform efforts in a significant way, i.e. recognizing and titling customary rights to land. To the contrary, the ER-PIN notes that even limited land reform proposals have met with political opposition.[127] The way the ER-PIN describes possible land reform measures is also coercive "support for targeted policy reforms on land tenure security in a new way, for example related to the reward of virtuous behavior by giving the land title to discourage the Tavy practice". This approach may not actually provide titles to land to those who have traditionally used it, and continues the use of certificates that are temporary and not demarcated on the ground. The possibility of recognizing communal lands is only addressed briefly in the ER-PIN, although that mention is hopeful: "Going forward, and provided tensions within the land tenure sector are resolved, the ER Program can be envisaged to support a formalization of the certification of traditional collective rights. As stated above, under the current law the matter of communally used land (such as land for forests and grazing) still must be addressed. This can be done by taking account of the helpful provisions of the GELOSE law. (See discussion below). Certification of community land in the name of a group (such as a forest users association) could be envisaged."[128]

The proposals to address other main drivers, such as logging for fuel wood, include reforestation efforts, both through commercial plantations and smallholder plantings in fallows, although neither proposal is described in enough depth to clearly understand what would be undertaken and at what scale. The discussion of illegal logging concludes: "It therefore appears necessary to increase the delegation of forest management to professional operators in the private sector (private operators, NGOs, associations) and the Decentralized Territorial Communities, consistent with the state forest policy." As noted below, decades of community forestry in Madagascar have failed to have an appreciable impact on deforestation, in large measure because adequate support to communities never materialized. Given the uneven playing field between communities, local government and the private sector, and the long history of elite capture of land and resources in Madagascar, the proposal to increase delegation of forest management to the private sector stands to make the situation worse, rather than better.[129] Reforestation however is one of the main strategies proposed to generate emission reductions, the ER-PIN proposes placing "a significant part of the municipalities' territory to develop private and/or community afforestation for lumber and especially fuelwood for energy. It is also under reflection to involve private forestry companies to establish plantations for energy, timber and pulp wood."[130] While there are a number of potential risks to a strategy of replacing lost natural forest with commercial plantations, it is also unclear what environmental integrity the ER credits would have if those planted forests are regularly harvested for fuel wood and timber, which is the stated purpose of any CF Project.

Proposed strategies to address mining and cattle ranching are very brief and vague, suggesting enhanced law enforcement and compliance monitoring without specifying how those tasks would be accomplished or paid for. The ER-PIN notes that the mining boom underway in the country, part of the government's economic development plan, has the potential to undermine the REDD+ effort, although these risks are judged to be low because the ER program will offer "no land" jobs and economic alternatives to these artisanal mining and small scale ranching which requires fire for pasture maintenance.

Overall, it appears that the ER Program is aiming for just a twenty percent reduction in deforestation over ten years, generating most ER's through reforestation. There are not sufficient specifics to determine whether it is reasonable to think that the proposed activities will or could achieve this reduction.

ADVANCING GOVERNANCE REFORMS

Madagascar introduced important forest policy reforms with the passage of the GELOSE (*gestion locale sécurisée*) law in 1996 and the GCF (*gestion contractualisée des forêts*) decree in 2001, both of which create the possibility of devolving forest management to communities and increasing land tenure security. A study conducted for USAID in 2007 however noted significant problems in how the law was being implemented, and a study conducted by the World Bank in 2015 concluded that the GELOSE law never became fully functional due to lack of implementing decrees, failure to resolve internal contradictions with other forest sector laws and policies; failure to harmonize with other sector policies, and "substantial weaknesses at both the local and national levels" in law enforcement and the rule of law.[131] This analysis underpins the conclusions by the WB study, based on a spatial review, that the community forestry effort in Madagascar has neither reduced deforestation nor improved livelihoods.

The USAID study of the COBA's noted that community based natural resource management institutions were set up without any ongoing support, and expected to both self-finance (through membership dues) and carry out a series of new natural resource management activities, whist also making do with new limitations on access to resources (particularly land for shifting cultivation) in the name of conservation, leading to an unfair balance of costs and benefits, which undermined community support for these efforts. It appears that some of the recent efforts of international conservation organizations have reproduced this model—imposing limitations on access to resources (again mostly land for tavy) in return for benefits, which may or may not materialize (depending on whether a household is identified as a "project affected" household and the financial resources available for benefits) or be sufficient to compensate for the losses.

The ESMF for the CAZ estimates losses for 2,500 households on the order of US$250,000/yr, which includes hunting, wild honey collection, wild tuber harvesting and swidden rice cultivation. The ESMF for Makira estimates closer to US$750,000/yr in losses for 4,376 households, including hunting, honey collection, logging, mining and placer mining for gold. This totals combined losses of close to $1m yr for only a small portion of the families in the proposed ERP area, and the majority of households in both the CAZ and the Makira areas were determined to be unaffected or ineligible for benefits on the basis of restrictions in access imposed by the Projects. The Makira ESMF surveyed some 11,723 households and determined that 4376 were affected by the project; while the CAZ ESMF surveyed 64,516 individuals and determined that 2500 households were eligible for compensation for access restrictions. A true assessment of the number of households impacted will not be known until the CF Project is finalized.

The implementation of the compensation measures identified in the safeguards plans was incorporated into the third phase of Madagascar's WB supported Environmental Programme, as well as through resources from Conservation International. Much of EP3 was suspended in 2009 after the coup d'etat however, and the latest implementation report notes that many of the objectives were not met: "The following PDO indicators have not been achieved: (i) Percentage of Revenues from Protected Area Fees Redistributed to Community Projects Surrounding the Parks (22% achieved, 50% targeted); (ii) Renewal of Natural Resource Management Contracts (18% achieved, 80% targeted); (iii) Direct project beneficiaries (46,305 achieved against a target of 129,605 targeted), including female beneficiaries (20,000 achieved, 65,000 targeted); and (iv) Number of households adjacent to the Protected Areas that have benefitted from park, natural resource and livelihood activities (27,182 achieved, 86,000 targeted)."[132] These point to significant failures in environmental governance that have impeded equitable benefit sharing, making very poor communities bear the brunt of restrictions on access to natural resources while reaping few of the benefits, and ultimately, undermining the achievement of the conservation goals themselves. Recent reports by Poudyal and colleagues in 2016, looking specifically at benefit (or compensation) distribution in the CAZ, confirm these findings of serious short comings, pointing to both elite capture of benefits and exclusion of some of the most needy households because they live in inaccessible locations or are less connected to community social organizations.[133]

The political instability of recent years has created substantial setbacks for Madagascar in creating and strengthening an institutional framework for managing REDD+. While the national coordination platform, called the Technical Committee, or CT REDD, was established in 2008, the withdrawal of most international aid over the period 2009-2014 meant little or no progress was made in refining the effective inter-sectoral governance framework needed to balance investments in forests, mining, agriculture, tourism and the like. The CT REDD lacks formal status, includes mostly technical staff with no political decision making authority, and tensions and rivalry between different government agencies have continued, making inter-sectoral coordination difficult.[134] The main environmental monitoring and compliance agency (ONE), is also structured in a way that allows it to generate profit and act as a service provider, roles which are at odds with its function as a regulator.[135] Similarly, the Madagascar National Parks, established as an independent entity to manage the protected area system, has its president of the board and the majority of board members appointed by the Minister of Environment, significantly undercutting its independence.[136]

The Madagascar ER-PIN does not discuss the issue of carbon rights, for which there currently is no clear legal framework. The issues were mentioned in the WB CEA in 2013 as well as the CIRAD benefit sharing study published in 2014, both of which point out the need for significant clarification of policy to make REDD+ feasible.[137] The need for clarification of the legal framework for carbon has been become more acute for Madagascar given the scale of REDD+ pilot projects supported by CI and WCS that seek to sell carbon credits on the voluntary market, and the fact that those projects are nested in the proposed ER Program. At present there is not much clarity around who owns carbon or who has rights to sell emission reductions. In 2012, the WB Bio-CF in fact canceled their 2008 ERPA with the Government of Madagascar for reforestation around the Mantadia National Park, a CDM project which had already implemented the planned activities on the ground, because of the Ministry of

Environment's failure to specify who would manage the carbon credits and communicate with the CDM Board.[138] The proposed ER program area described in the ER-PIN in fact cuts the Makira National Park in half, which undermines the ability to sell credits from that project such that revenue "may also be at risk of falling to zero because there is no clear mechanism set up to enable it to be nested into a jurisdictional framework."[139]

PRODUCING ENVIRONMENTALLY SOUND EMISSION REDUCTIONS

Confidence in the environmental integrity of emission reduction credits is key for ensuring that the climate benefits are real. While recent political instability in Madagascar has slowed progress on the development of a reference level and carbon accounting systems, significant investment and efforts have been made through the pilot projects supported by international donors and conservation organizations. Overall the ER program proposes to reduce emissions from deforestation by about 20% over ten years, generating 34.87million tons/CO_2 of emission reductions. Most of these carbon savings are meant to come from increased sequestration through reforestation, only about a quarter of the emissions are planned to result from an actual decrease in deforestation. As noted, much of the plantations are planned to be frequently harvested and the actual decrease in deforestation has not been properly documented.

Despite work done within the various pilot projects, a national level reference level and a Project Area reference level have yet to be estimated. The ER-PIN summarizes analysis undertaken for the humid forest region, of which the proposed ER program area is a part, but those estimates are based on intact forest only, with no data existing for degraded forests, which are the larger part of the proposed ER Program area.[140] The removal of precious woods species has extended degraded areas in to national parks and other protected areas. Degradation levels are thus assumed not to change during the period 2005-2013, which may be a questionable assumption given the widespread illegal logging observed during the period.[141] Given the documented exploitation of the forests for high value timber species this would be an under-estimation of deforestation and degradation, and thus conservative. The ER-PIN assumes no re-growth in degraded forests, for lack of data. Finally, the ER-PIN does not attempt to project carbon removals due to the reforestation efforts, saying that more consultation is needed to understand the potential areas involved. Together, these constitute some major gaps in the country's ability to estimate a reference level. The lack of methodological consistency between the proposed national reference level and those being used in the CAZ and Makira projects is not discussed at length in the ER-PIN, so it remains unclear how nesting, or consistency of methodologies would be accomplished. WCS, the Makira National Park manager, notes that lack of resolution on these issues could kill the revenue generating potential of that project, upon which community benefits and resources for park management currently depends.[142]

The proposed monitoring, reporting and verification (MRV) system is outlined at a high level in the ER-PIN and appears to be based on the proposal developed in the R-PP more than an actual existing system. Neither the remote sensing unit nor the regional safeguards monitoring unit, both to be housed under the REDD National Coordination Office, have been established yet. The ER-PIN reports that staff at both the General Directorate for Forests (DGF) and General Directorate for Environment (DGE) have the personnel with the necessary capacities to carry out forest inventories and monitoring, although Annex 11 notes that the regional offices of the DGF have neither tools, equipment, communications, vehicles, or the operating budgets to carry out regular monitoring, and staff would additionally need to be trained.[143] The ER-PIN proposes development of a geo-spatial portal to make monitoring information transparent, and notes the existence of a platform administered by ONE through the REDD Eco-Regional Project in the Eastern Rainforest project.[144]

Systems to monitor and control displacement and reversals are still at an initial stage of development. The ER-PIN identifies risks of displacing illegal logging for precious hardwoods, artisanal mining and cattle ranching, but proposes "law enforcement", monitoring and implementation of REDD+ at the national level, which however seem beyond the power of the proposed program to control or implement. In terms of illegal logging of precious hardwoods, the ER-PIN notes "The risk is significant in terms of the probability of occurrence, on the other hand the scale of the phenomenon will be probably limited because of the ongoing activities to combat practice across the country as a whole."[145] This remains to be seen, as efforts to inventory and dispose of the existing stockpiles of illegally harvested hardwood rosewood and ebony have failed with repeated seizures of timber taken from these stockpiles occurring throughout eastern Africa, Asia and Hong Kong. Despite explicit requirements, the Malagasy government has failed to implement an effective monitoring program of its rosewood stockpiles in compliance with CITIES, or prosecute the timber mafias who are responsible for their harvest and illegal export.[146] The risks of displacing tavy production are deemed low, as these activities are less mobile, but failure of communities to reduce shifting cultivation or fuel wood collection constitute real risks of reversal.

The Malagasy government has failed to implement an effective monitoring program of its rosewood stockpiles in compliance with CITES or prosecute the timber mafias who are responsible for their harvest and illegal export.

Finally, in terms of a registry to prevent double counting of emission reductions, the ER-PIN states that "A complementary decree will establish that the *Bureau National de Coordination pour les Changements Climatiques* (BNC-CC) will be responsible for the conception and management of a national carbon registry"[147] Registry development is to follow a step-wise approach, but a system of serialized carbon credits is not mentioned and the development of the registry is still a long way off.

CONCLUSIONS

The development of methodologies through different REDD+ pilot projects have generated

important learning in Madagascar. However, the political instability of 2009-2014 caused a serious setback to this progress, and efforts are just now getting underway again to implement REDD+ readiness activities.

A series of urgent governance reforms relating to land tenure security, the legal framework for rights to carbon, forest laws and enforcement, and harmonization of forest and non-forest sector laws, and justice are needed to make REDD+ feasible. Beyond this, the continued strengthening of governmental capacity for environmental management, particularly in the face of possible oil and mining booms, and the threat of land grabs for agriculture is critical if REDD+ activities are going to proceed.

The advances Madagascar has made in forest and natural resource management and building a legal framework for community forestry could provide basis for REDD+, but need to be deepened and embraced by all levels of government to be effective. The balance of costs and benefits of conservation need to be reassessed, to ensure that Madagascar's poor communities are not bearing the brunt of the costs of CF REDD+ activities without ensuring that they receive benefits that outweigh those costs, leaving them, and the environment, better off in the long term.

As now proposed, there is no way to say whether the Project activities in the Malagasy ER-PIN will actually sequester carbon or whether they will represent actual emissions reductions.

RECOMMENDATIONS:

1. A detailed study of the main drivers of deforestation and degradation should be carried out, with estimates of the number of hectares of forest converted to non-forest for each drivers, including a spatially explicit analysis of where these drivers are having most impact nationally and/or within the proposed ER program area.
2. As a matter of priority, a time bound, place specific action plan to advance land reform efforts, with the objective of providing titles to land to those who have traditionally used it and recognizing and titling customary rights to land, needs to be developed, adopted, financed and incorporated to the ER Program plan.
3. Clear and pragmatic strategies need to be put in place to strengthen law enforcement and compliance monitoring to address mining , cattle ranching and illegal logging, details on implementation and financing.
4. The implementation of the GELOSE (*gestion locale sécurisée*) law and the GCF (*gestion contractualisée des forêts*) decree need to be evaluated from a forest governance and conservation perspective, in order to develop appropriate implementing decrees and resolve potential contradictions with other sector laws and policies. Potentially harmful effects caused by extreme imbalance of power among actors need to be averted.
5. Law enforcement needs to be strengthened at both the local and national levels and infrastructure to impose the rule of law in the forestry sector needs to be put in place including trainings for prosecutors and judges, including strengthening the investigative capacity of the competent authorities.
6. One way to increase transparency in the implementation and evaluation of forest policies could be the deployment of an independent forest monitor, mandated by the government, as inspired by the Voluntary Partnership Agreements signed between the EU and timber producing countries.
7. The ER Program should be revised in order to ensure that any ER credits issued actually represent sequestered carbon.
8. Finally, forest governance is rooted in the ability of citizens and stakeholders to contribute and express themselves, and the Government of Madagascar needs to refrain from intimidating and harassing civil society representatives and ensure the freedom of speech. The arrest of Armand Marozafy in 2015 set an unfortunate precedent and sent a wrong message to Malagasy civil society about free speech and transparency regarding forest resources and management. Continued political intimidation of critical voices would threaten the fragile forest governance that the Carbon Fund intends to strengthen.

ANNEX 4: CAMEROON REDD+ COUNTRY BRIEFING NOTE

EIA

This briefing is based on a systematic and comparative review of the Emissions Reduction Program (ERP) Idea Note (ER-PIN) prepared by the Government of Cameroon and submitted to the FCPF CF, other REDD+ readiness documents, and recent analysis by civil society and research institutions. It focuses on three key issues: tackling the drivers of deforestation, progress on governance reforms needed to make REDD+ effective, and the ability of the country to produce credible emission reductions (ERs) with environmental integrity. It is one of several country briefing notes prepared as the basis of an EIA report on the FCPF Carbon Fund.

SUMMARY OF REDD+ READINESS STATUS AND THE PROPOSED ER-PROGRAM

Cameroon's Readiness Preparation Proposal (R-PP) was approved in 2013.[148] In September of 2015 the country submitted an ER-PIN to the CF, which was rejected by the CF Participants, but it re-submitted a revised document in May 2016.

Readiness progress has been slow in Cameroon, with significant delays in much of the planned work. For example, the key set of activities to integrate social and environmental considerations into the national REDD+ strategy, the strategic environmental and social assessment (SESA), was planned for the second half of 2014.[149] This was to have included spatial mapping of forests and forest dependent communities and analysis of issues around access and use-rights to forests, among others, to form the basis of national consultations on options and priorities for the national REDD strategy. As of the time of the ER-PIN submission, this work had yet to begin. An in-depth analysis of the drivers of deforestation and forest degradation and a study on the strategic options for REDD+ were to have been finalized by early 2015, but neither of those studies had been completed at the time of ER-PIN submission.[150]

Cameroon, in fact, failed to submit any readiness progress reports to the FCPF during 2014. As early as mid-2014, just seven months after grant effectiveness, the World Bank staff supervising the R-PP project noted that civil servants in the REDD+ Technical Secretariat were losing motivation and the leadership by the Ministry of Environment. Nature Protection and Sustainable Development was evaporating.[151] In Cameroon's August 2015 progress report to the FCPF, the Government noted that only 17% of the readiness grant had been disbursed.[152] The ER-PIN asserts that a draft national REDD+ strategy would be ready by September 2015, the mid-term progress report by September 2016 and the readiness package submitted by May of 2017.[153] The national REDD+ strategy has not been made publically available as of the date of this analysis, and there has been no stakeholder outreach on the mid-term progress report to date.

The ER-PIN, prepared during the second half of 2015, was submitted in the context of little readiness progress, and without a national REDD+ strategy, which undermined the ability to make a strong case that Cameroon would soon be ready for REDD+ performance based payments.

The ER-PIN is proposed for a large area of 93,328 km^2 in southern Cameroon, covering seven administrative divisions: Dja et Lobo, Ocean, Vallée du Ntem, Nyong et So'o, Nyong et Mfoumou and Haut Nyong. Some 89% of the ERP area is forest, about 9.2 million hectares (ha), which includes a number of important protected areas, 1.3 million ha of council forest and more than 500,000 hectares of community forest. Approximately one third of the proposed area has been ceded to logging concessions, and more than one half of the area is covered by mining concessions, although few of these mining concessions are active yet. The ER program area borders Equatorial Guinea, Gabon and the Republic of Congo to the south.[154]

The proposed program takes a relatively broad and comprehensive approach to reducing emissions, identifying a series of crosscutting initiatives and a series of sector based initiatives for the forest, agriculture, mining and infrastructure sectors.

The cross cutting initiatives include: information and education efforts around climate change and REDD+; land use planning and implementation, scientific research and education, biodiversity conservation and law enforcement.

Regarding sector interventions, the ER-PIN states: "The majority of the sector interventions proposed have been tried and tested for their effectiveness in the numerous project and research activities that have been initiated within the ER Program area (such as the Ngoyla-Mintom REDD+ project, the SNV/IITA REDD+ Cocoa project, IITA's USDA Fruit for Progress

and Humid Tropics projects, WWF protected areas in Campo Ma'an, UCLA research station in Dja, IUCN's conservation and natural resources management project in the Dja reserve)."[155]

For the agriculture sector the ER-PIN proposes intensification, improved cocoa production, and improved agro-forestry, despite the concern raised by stakeholders (and noted in the ER-PIN) that "intensification of agriculture might be detrimental to small-scale subsistence farmers". For the forest sector this means zoning, protection, and monitoring; reduced impact logging; increasing forest cover in fallows and support for the production and marketing of non-timber forest products such as mushrooms and forest honey. [156] With respect to the infrastructure sector the ER-PIN proposes the "application/utilization of low-carbon impact methods and techniques" and "support compensation programs like reforestation, afforestation and restoration of degraded vegetation."[157]

COUNTRY CONTEXT

Cameroon intends to become an emerging economy by 2035, articulated in the Vision 2035 and the Growth and Employment Strategy Document. The development strategy embodied in the vision is heavily reliant on the expansion of mining and agro-industrial plantations, which are two of the main drivers of deforestation identified in the ER-PIN. A series of large scale infrastructure investments, including the Menve'ele hydroelectric dam, a major port project and a gas generation plant in Kribi, a rail line to connect the mining areas to the coast and extensions of the highway transport and electric transmission lines are all underway, with likely high impact on deforestation. Most of these large-scale projects will take place in the proposed ER program area. This raises the question of whether there is indeed political will to undertake REDD+, and whether that political will starts and ends with the Environment Ministry or extends to more powerful sector ministries including the prime ministry and the presidency, or is rather just an effort to capture international REDD+ finance while continuing the business as usual.[158]

The ER-PIN lists five barriers to addressing the drivers of deforestation, these include: lack of information on climate change and REDD+, lack of land use planning and governmental sectoral development plans, lack of inter-sectoral coordination among government agencies, lack of research dissemination for improved agricultural productivity, and poor compliance and weak law enforcement.[159] In the short description of land use planning challenges, weak tenure security and problems of women and indigenous peoples to access land under customary systems are mentioned. Weak governance and underfunded law enforcement are mentioned in relation to poor compliance with forestry and mining laws. What the government proposes to do about these constraints will be addressed in the following sections.

ADDRESSING THE DRIVERS OF DEFORESTATION

The ER-PIN presents a literature-based review of drivers of deforestation in the ERP area which is neither spatially explicit nor supported by quantitative evidence. No mapping of drivers or quantification of deforestation and degradation impacts is provided in the document.[160] However, The ERPIN does provide an assessment of historical deforestation for the seven departments of the ERP with the Dja-et-Lobo and Vallee du Ntem departments having the highest deforestation rates respectively during the periods 1990-2000 and 2000-2010. In protected areas (1.35m ha), the ER-PIN reports that there is little documented deforestation, a conclusion disputed by some stakeholders on the ground, but rather impacts on biodiversity due to poaching of bush meat stemming from poor law enforcement. While the ER-PIN does not mention, reports indicate a sharp upturn in bush meat poaching around agro-industry and infrastructure projects that draw in migration for jobs. In the buffer zones around protected areas (about 2 million ha) the main driver of deforestation and degradation is reported to be small-scale swidden agriculture stemming from poverty, lack of land use planning and tenure insecurity. In forest concessions (3.15 million ha) there is planned degradation by timber companies and unplanned degradation from illegal logging stemming from poor law enforcement and few incentives for more sustainable practices. In the non-permanent forest domain in the ER program area (about 750,000 ha) there is planned deforestation from mining, infrastructure and agro-industry and unplanned deforestation from small scale commercial and subsistence agriculture.

National stakeholders have raised concerns (reported on in the ER-PIN) that reduced impact logging (RIL), one of the main strategies produced to reduce degradation around forest concessions, by forest concessionaires may entail increased costs that consumers are unwilling to bear, leading to low or no compliance with environmental rules. It is also unclear from the ER-PIN whether small-scale loggers would have any incentive, resources or capacity to practice RIL.[161]

Given the context and the focus in the ER-PIN on mitigating the negative impact of infrastructure projects on forests, Cameroon's performance in previous projects with similar aims are highly relevant. The World Bank in fact approved a $20 million project entitled the Environmental And Social Capacity Building For The Energy Sector, which had this very objective. The project began in 2008 and was canceled in 2012 because little progress had been made. The Implementation Completion Report (ICR) stated: "the activities carried out by the project did not reach a sufficient level of implementation to have measurable impact on reducing the negative externalities of large infrastructure projects" and "little tangible progress was made in rendering the regulatory frameworks operational."[162]

Equally instructive are the outcomes of the World Bank funded Forest and Environmental Development Program, which was directly aimed at the sustainable management of forests in Cameroon in line with the country's forest and environment sector program after the 2004 policy reforms. After a six and half year delay between concept note and start up, the operation was cancelled after five years when the government failed to meet the requirements for disbursement of the second tranche. These requirements included a review of existing forest management areas, enforcement of sustainable management provisions and cancelation of concessions in non-compliance. The WB Independent Evaluation Group review of the final project report notes: "Achievement of this trigger was the most important element of the DPO [Development Policy Operation] with respect to long-term sustainability of the forest

sector. Without it, the long-term management of forests remains uncertain."[163]

Ongolo and Karsenty, analyzing the extent to which international aid conditionality has influenced forest sector reform in Cameroon, document a similar pattern of failures with respect to earlier rounds of forest sector reform and allocation of forest concessions and conclude: "Our research shows that the government of Cameroon actually disregards the forestland use reforms recommended by international aid donors. Consequently, there is less of a political commitment that would facilitate the success of these reforms."[164] This is a result of both the desire of political elites to protect their discretionary power, for example in granting land concessions and logging permits, and the benefits accrued therein, and a policy shift towards mining and agro-industry and away from REDD+ and conservation.

"The performance of the Ministry of Environment in charge of leading the process has shown weak influence and has failed to gain the buy-in of other state agencies, including the ministries of forestry, agriculture, mining, land tenure, and economic planning, whose responsibilities are relevant to REDD+"

One of the key strategies necessary for success of reforms that aim to reduce deforestation and degradation by tackling drivers outside of the forest sector is enhanced cooperation between ministries and governmental agencies. The World Bank report on the Forest and Environment Development Program states that "the level of inter-ministerial cooperation was poor, especially between the environment and forest ministries, which became separate agencies during preparation. Weak cooperation between the forest and planning ministries also stalled progress on some activities. Regional planning committees established under the operation did not meet regularly or monitor program implementation effectively."[165]

A more recent analysis concludes similarly: "The performance of the Ministry of Environment in charge of leading the process has shown weak influence and has failed to gain the buy-in of other state agencies, including the ministries of forestry, agriculture, mining, land tenure, and economic planning, whose responsibilities are relevant to REDD+" [166]

This has profound negative implications for the viability of an ER program that is predicated on inter-sectoral collaboration, from the national down to the commune level, and for the success of the REDD+ program in general.

PRODUCING ENVIRONMENTALLY SOUND EMISSION REDUCTIONS

At the time of the ER-PIN submission, Cameroon had not as yet produced a national reference level nor a jurisdictional one for the ERP area. Instead, the government produced a preliminary analysis to generate a basic idea of the quantity of ERs that could be produced through a CF supported program. Emissions from deforestation were generated from multiplying activity data from REDDAF and OSFT land cover change maps as with biomass data derived from a combination of five pantropical spatially explicit carbon maps. Emissions from degradation on the other hand (which were not included in the previous version of the ERPIN) were derived from computing logging production estimates from the forest concessions (mainly Forest Management Units) located within the ERP area and the same pantropical carbon estimates used foe deforestation. The analysis of historical trends is for the period 2000-2010, although the ERP is not projected to start until 2018.

The ER-PIN positions Cameroon to qualify for the high forest low deforestation (HFLD) designation (at least 50% forest cover, deforestation rate below .22%/year), which allows for an upward adjustment to the reference level under FCPF rules. While, this designation sounds plausible for the ERP area with 89% forest cover and observed deforestation at .11%/year, the justification for adjustment for the country seems problematic since forests cover 70% of the national territory but the deforestation rate is currently be around 1% which is far beyond the maximum .22%to qualify for HFLD. This raises concerns about whether Cameroon really falls within the HFLD definition.

The ER-PIN expects that the jurisdiction will experience higher rates of deforestation in the future due to pressure from international investments in mining, agro-industrial development, and population dynamics. As evidence it refers to the Government's Plan Cameroon Vision 2035, which seeks to aggressively expand mining and agro-industrial plantations. While making adjustments for future policies is allowable under both the UNFCCC and FCPF CF rules, it creates some additional risks, namely that an inflated reference level allows a country to continue business as usual deforestation and still receive payments for REDD+. The baseline for benchmarking performance is less transparent, objective and justifiable, a potential issue in the international rules both under the FCPF and the UNFCCC. Basing a reference level adjustment on policy decisions, as opposed to an observed trend in historical deforestation is problematic, as it is difficult to forecast the impacts of future policy decisions.

It also increases the possibility that the country will produce "hot air"—ERs which are not based on actual verifiable decreases in carbon emissions, and thus have no environmental credibility. This is especially important if, as with the FCPF CF, ERs are being produced as potentially tradable assets, including as carbon offsets for emissions in another country, should an international emission trading scheme eventually be established under the UNFCCC, as now seems likely since the 2015 Paris Agreement.

The government established the forest definition as consisting of any area with a minimum of one half a hectare with over 10% forest crown cover and a 3m minimum height, which is within UNFCCC recommendations but at the very low end of what is allowable, likely overestimating the amount of forest cover in the country.

The emission factors presented in the ER-PIN are derived from five global and pantropical

studies which are acknowledged to have high uncertainty even though they are existing studies that have estimated biomass in places located within the ERP area. Those studies, such as Zapfack (2013) were used by the Republic of Congo for their ERP in Northern Congo which share similar forest ecosystems with the South-Eastern Cameroon. The average carbon estimates from pantropical studies were applied for the entire departments irrespective of the fact that each department cannot be entirely forested. Also the ERPIN itself recognizes serious limitations when using emission factors from these studies. The ERPIN states that they "represent the biomass stock at some point in the period 2000 to 2010 but are not fully consistent with the 2000-2010 reference period or the 2018-2028 project period". Moreover estimates from these studies "show large differences in terms of carbon stock in the ER program area". The REL from historic deforestation for the ERP is estimated to be 75,423, 336 million tons over a 10 years (2000-2010) period. This represent 7.54 million tons per year of carbon emissions from historic deforestation. The difference with the annual 6.8 millions per year provided in the previous version of the ERPIN can be explained since degradation was not included in the previous calculations. Future emissions generated through the partial equilibrium economic model, GLOBIOM for the period 2018-2028 is nearly three times historical emissions over the period 2000-2010. It seems obvious that GLOBIOM model has too much overestimated future deforestation rates and subsequent emissions. The ERPIN itself recognizes that the model has overestimated deforestation by 32% for the period 2000-2010. The results from this overestimation were divided by 1.32 to match the reality, but no detailed evidence is provided in the document to demonstrate that.

The adjustment of the REL which is .015%, thus above the 0.1% cap required by the MF, poses an additional problem.

The ER-PIN notes several potential sources of leakage or displacement from the program, these include: forest fires, agriculture, and illegal logging, as well as "rampant" timber smuggling across Cameroon's international borders. A system for assessing, estimating, prioritizing and monitoring displacement risk is yet to be developed.

Measures to address these risks include: community based fire monitoring and control, "rethinking forest policy with a particular focus on redressing the rights of access and secure tenure" to address illegal logging; scaling up agricultural intensification across the country; and strengthen the rule of law, including through community based law enforcement.[167] With respect to the international, cross-border leakage, better cross border management is proposed, building on the current efforts around the Tri-National de la Sangha and Tri-National Dja-Odzala-Minkebe landscapes.

The ER-PIN identifies two possible sources of reversal risk, these are: catastrophic fire and illegal logging and unsustainable harvesting. It discounts the first risk as unlikely because fires are uncommon due to moisture levels and forest type. The latter risk can be dealt with through a variety of measures including improved forest law enforcement, strong local ownership of forestry management and the woodlot and silvi-cultural interventions that will increase carbon stocks. It states that illegal logging and unsustainable harvesting could also result from a failure of the program to generate sufficient employment or the inability to market forest products at a reasonable price, but only suggests that development of the program in consultation with stakeholders will reduce this risk. A study is planned to assess permanence risk and propose reversal management measures.[168]

At the time of ER-PIN submission, work on a national REDD+ registry had not yet begun, but consultations with experts had been carried out and a registry with a long list of functions, including the avoidance of double counting, is planned using open source technology to create a web based platform.[169]

ADVANCING GOVERNANCE REFORMS

The Cameroon ER-PIN provides a general overview of the tenure situation in the ERP area: approximately 63% is in the permanent forest domain (and thus owned by the state), of which 15% are Council Forest, 15% are protected areas and 34% are logging concessions. About 8% is in the non-permanent forest domain including about 5% of the area which are community forests (a little over 500,000 ha). Mining exploration permits cover more than half this area, overlapping with both designations.[170] A land use map, drawn from the WRI Forest Atlas, shows the significant overlap of land use designations. There is mention of indigenous peoples present in the area, including Bakola, Bagyeli and Baka peoples, but no population figures, nor identification of communities or camps in the ERP area.[171]

The land tenure description in the ER-PIN is weak, providing only a very high level summary of the situation, with no spatially explicit discussion of the number of communities, community forests, council forests, etc. in the ER program area. This is despite extensive work on mapping tenure arrangements carried out in recent years by a number of international organizations, including the World Wide Fund for Nature (WWF) the Rainforest Foundation UK, and the Forest Peoples Programme (FPP) and the Centre for Environment and Development (CED). While noting that most small holders lack secure rights to land, the ER-PIN suggests that issues relating the role of large agricultural enterprises and access issues for indigenous people's and women will be explored by the strategic environmental and social assessment (SESA). It does not mention overlapping conflicts between mining concessions, protected areas, infrastructure development, or logging concessions. The ER-PIN states, "The government of Cameroon supports implementation of a more modernized system of property rights (i.e., with surveys of GPS coordinates supporting registration processes), but the implementation of this policy is slow."[172]

The ER-PIN goes on to state that it is "not expected that any significant change in the national land law will be passed through this ER program" but that "[t]he program will improve and strengthen the traditional ownership and management of forests through participatory land use mapping, but will also encourage the use of modern land use systems to ensure transfer of land ownership from state to communities for the implementation of the ER-Program activities such as intensive agriculture and re/afforestation by households." The ER-PIN suggests that this can be done through state purchase of land for communities, through temporary land leases, or through establishment of community forests, although noting that current practice for community forests is also based on fixed period leases.[173]

In the section on cross cutting initiatives that would be part of the ER program, the ER-PIN commits to participatory cartography and zoning in "priority zones" to define areas for limiting deforestation and degradation, adding that "This action has the additional benefit of clarifying use and tenure rights over forests and forest resources and is an initial step towards recognition of these rights by the National and Regional administrations."[174] Priority zones and specific measures are not defined, nor how those initial steps would actually be followed up on, by whom, and at what cost.

In a 2013 study of forest users and tenure issues in three sites in Cameroon, Ngendakumana and colleagues note: "Local communities may not benefit from REDD funds as they will be misdirected by those with political and economic powers. In this way, drivers of deforestation and forest degradation will be enforced, thereby jeopardizing carbon sequestration and the climate change mitigation effort. Undertaking prior forest tenure reforms is important to ensure that forest benefits under REDD+ schemes will not go only to facilitators or intermediaries and the members of legal entities."[175]

The ER-PIN section on land use planning describes the need to more effectively plan for the extensive road, port, energy and mining infrastructure being planned for the region, but does not describe the regulatory framework for such planning or how the inter-sectoral coordination would be accomplished. It states part of this land use planning effort would involve participatory mapping and zoning, which could enhance community land tenure security, but does not specify how tenure would be formalized on these basis of locally generated maps or plans. The very short section on law enforcement is equally vague, saying only that local authorities would be supported and the possibility of the using community rangers. The proposed financing plan provides no further information, as only a general category "implementation costs" is specified, and the only resources from the Government that are committed amount to $200,000 during program design.

A 2012 study documented significant overlap in land use authorizations–with thirty-three mining and oil permits granted for exploration and exploitation within sixteen different protected areas.[176] The study concludes that these concessions were granted without following the procedures required by law, and that the ensuing conflicts are likely to undermine both the attempts to attract international investment in line with the Vision 2035 and ongoing conservation efforts.

Because of the extensive remaining forests in Cameroon and the important advances in community forestry and pilot projects involving payments for environmental services, REDD+ could play an important role in conserving forests and improving livelihoods.

CONCLUSION

Cameroon is still not well positioned to design a program for results based payments for REDD+, and there is not yet enough progress on REDD+ readiness and high-level political engagement to allow for the realistic planning of such a program. Further efforts to study and spatially document drivers of deforestation and forest degradation, develop a national REDD+ strategy, build inter-sectoral policy coherence and undertake governance reforms around land use planning and land and forest tenure security are required to create a conducive policy framework for REDD+. At present, the risks of launching a large scale REDD+ program are significant, and there does not appear to be sufficient demonstrated political will to manage those risks adequately.

Cameroon also still has a long way to go to develop a credible reference level and system for monitoring reporting and verification, as well as systems for dealing with leakage and reversals, and for tracking credits through a registry.

Lastly, Cameroon's national development strategy and Vision 2035 is predicated on an expansion of the drivers of deforestation, and it is not yet clear whether there is political will to make the hard choices in terms of postponing investments in mining and agro-industry until efforts to enhance environmental governance are in place. This includes substantial work needed to advance the land and forest tenure security of Cameroons forest communities and indigenous peoples. Because of the extensive remaining forests in Cameroon and the important advances in community forestry and pilot projects involving payments for environmental services, REDD+ could play an important role in conserving forests and improving livelihoods, but only if there is political will to undertake readiness activities, strengthen governance, and recognize the rights to land and forest by communities and indigenous peoples.

RECOMMENDATIONS:

As Cameroon is behind in promised readiness activities and additional readiness activities are planned through 2017, it could benefit from performance-based payments for taking specific actions to improve its readiness and its forest management including the following:

1. Cameroon needs to conduct participatory land and forest tenure and social assessments in the ER Project Area to inform time bound action plans for the legal recognition of indigenous and community customary lands. This should include the identification of community forests, the role of large agricultural enterprises and access issues for indigenous peoples and women, but also conflicts around mining concessions, protected areas, infrastructure development, and logging concessions.
2. The Government of Cameroon needs to carry out regional land use planning that builds the existing micro-zoning and multiple community participatory maps developed in the ERP area, in order to inform plans for the extensive railroad, port, energy, mining and transboundary road infrastructure being planned for the region. An inter-sectoral dialogue and coordination group could be set up in order to balance the needs and resolve conflicts between proposed ER Program and other projects being planned in the ER Program Area.
3. Prior to submitting a revised ERPIN, Cameroon should provide a thorough and comprehensive qualitative and spatially explicit identification of the drivers of deforestation and forest degradation that the ERP is trying to address.
4. The benefit-sharing agreement must be developed that implements lessons from existing benefit sharing schemes in Cameroon, such as the (largely dysfunctional) Annual Forest Royalty (AFR) to ensure that the income generated benefits communities within the ER program area. Strong safeguards will be needed to ensure that funds cannot be, as it has been the case with the AFR.
5. More detail is needed on how to increase effort and investment in strengthening forest governance, including monitoring of legal compliance and RIL requirements in forest concessions, monitoring social agreements in forest concessions, strengthening law enforcement actions around above, strengthening judicial capacity to address issues above, timber legality assurance system.
6. An investigation of the thirty-three mining and oil permits granted for exploration and exploitation within sixteen different protected areas that were found in 2012 by Schwartz, Hoyle, and Nguiffo to have been granted without following the procedures required by law needs to be undertaken. In addition, all other concessions within the ER Program Area should also be reviewed, in order to ensure they were allocated in accordance with the laws of Cameroon.
7. Prior to submitting a revised ER-PIN, the studies planned to assess, leakage, trans-boundary leakage, permanence risk and propose reversal management measures must be completed and the recommendations either implemented or made part of the ER Program.
8. The next ERPIN proposal needs to provide clearer approaches and strategies for risk assessment and mitigation.
9. A REL based on real deforestation rates that distinguishes between the amount of carbon in different types of forests and which is based on historic deforestation rates should be prepared and all of the underlying data released so that it can be independently verified.

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1 The CF currently has US$702 million in contributions from donors, but has begun planning for possible scenarios with $800 million, see: https://www.forestcarbonpartnership.org/sites/fcp/files/2015/October/CF13%202a.%20Setting%20the%20stage%20for%20ER-PIN%20reviews_1.pdf
2 See IEG Evaluation of FCPF, August 2012
3 The CF currently has US$702 million in contributions from donors, but has begun planning for possible scenarios with $800 million, see: https://www.forestcarbonpartnership.org/sites/fcp/files/2015/October/CF13%202a.%20Setting%20the%20stage%20for%20ER-PIN%20reviews_1.pdf
4 See for example the IEG external review of the FCPF, p.xix and Kissenger 2012, p.12
5 See Manang, et.al 2014
6 As evidenced by the drivers analysis and data for the REL in the ER-PINs and ER-PDs
7 Global Witness, The Art of Logging Industrially in the Congo, 2012, p.3
8 Lawson, S., Illegal Logging in the Republic of Congo, Chatham House, 2014, p.2
9 See IEG Review of the WB Forest Strategy Managing Forest Resources for Sustainable Development 2013
10 See Chatham House 2014 Reviews on Illegal Logging in DRC and RoC
11 In the DRC ER-PD, it is proposed that the WWC REDD project receive 15% of benefits from sales of ER credits, logging concessions receive 7% and "nested communities receive 8%, p. 181; in the Draft RoC ER-PD, logging, mining and oil palm companies are all proposed to receive payments from the sale of credits directly, while indigenous communities and local communities would not, they would receive benefits through traditional social contracts via logging companies, ER-PD, p.207-208.
12 See for example Miller et al., PNAS 2011, Reduced impact logging minimally alters tropical rainforest carbon and energy exchange, http://www.pnas.org/content/108/48/19431.full
13 FERN 2014, p.5
14 See governance sections of EIA Country Briefing Notes on DRC, RoC, Cameroon and Madagascar
15 See governance sections of EIA Country Briefing Notes on DRC, RoC, Cameroon and Madagascar
16 The CF MF rule relating to this is Criterion 13, MF p.13
17 The RoC draft ER-PD (P.135) for example, says: "The adjustment exceeds the 0.10% of carbon stock limit in the Methodological Framework. However, capping the limit at 0.10% is arbitrary and unilaterally limiting the establishment of Congo's ER Program REL to this amount over historical emissions inherently sets the program up for failure."
18 The "willingness to pay" announcement was not well received by REDD+ countries, see letters from DRC, Ghana, Mexico, Nepal and Costa Rica here: https://www.forestcarbonpartnership.org/CF10
19 See FAO 2015
20 See WWF Comments on DRC ER-PD: https://www.forestcarbonpartnership.org/sites/fcp/files/2016/Mar/DOC%20WWF%20ERPD0001.pdf or EIA Comments on DRC ER-PD at: https://www.forestcarbonpartnership.org/sites/fcp/files/2016/Mar/EIA%20Comments%20DRC%20ER-PD.pdf or FERN/FPP Briefing 2014
21 For a detailed discussion of this, see case EIA studies on DRC and RoC
22 The RoC ER-PD was drafted by Terra Global Capital; much of the accounting work for the DRC ER-PD has been done by Wildlife Works Carbon; the Cameroon ER-PIN relies on spatial analysis by the company Planet Labs, while the Madagascar ER-PIN builds on carbon accounting work developed by the Wildlife Conservation Society and Conservation International.
23 See Ochieng (2015), p.50
24 CF MF, p.13-14
25 See CF Buffer Reserve Guideline, p.2
26 See EIA Country Briefing Notes on DRC, RoC Cameroon, and Madagascar
27 The carbon funds at the WB have grown from about US$160 million in 2000, to over US$3 billion today, the Bio-CF was founded in 2004 and was the first to focus on LULUCF, see: https://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/Sep2010/Pioneering%20Carbon%20Asset%20Creation.pdf
28 Dooley 2014; Watts undated
29 See Munden Report
30 See Norton Rose (2010), Pesket and Brodnig (2011), Karsenty (2012), Loft et. al. (2015), among others.
31 R-PP Template, pp. 33-34
32 Ibid, pp.50-60
33 See: Global Witness The Art of Logging Industrially in the Congo (2012), Global Witness, Exporting Impunity, June 2015, Greenpeace, Artisanal Logging=Industrial Logging in Disguise (2012); Greenpeace, Illegal Logging in the DRC (2013), Greenpeace Africa, Trading in Chaos, Johannesburg, May 2015
34 See for example Sam Lawson: Illegal Logging in the Democratic Republic of Congo, and Illegal Logging in the Republic of Congo, Chatham House 2014
35 See Food First Institute The World Bank Group's 2013-15 Agriculture for Action Plan: A Lesson in Privatization, Lack of Oversight and Tired Development Paradigms
36 See governance sections, EIA Country Briefing Notes on DRC, RoC and Cameroon
37 Some recent evidence of this includes the Forest and Environmental Conservation Project in DRC, the Forest and Economic Diversification Project in RoC, and the Forest and Environmental Development Program in Cameroon, see the WB Implementation Completion Reports cited in the EIA Country Briefing Notes.
38 See for example the CIFOR Global Comparative Studies on REDD+: http://www.cifor.org/gcs/
39 This was particularly true for the DRC R-Package self-assessment, which scored almost all indicators with "green" indicating significant progress.
40 All bi-annual country reports can be found here: https://www.forestcarbonpartnership.org/redd-countries-1
41 See for example Cotula and Mayers 2009, Sunderlin 2013
42 TAP Review of DRC ER-PD, dated 7 February 2016, pp.40-42
43 CF MF, p.21
44 Frameworks provide rules and guidance as to the process that needs to take place when the specific locations and interventions are known, at which time the specific action plans for avoidance or mitigation of negative impacts are to be developed and implemented.
45 See for example Implementation of World Bank's Indigenous Peoples Policy Learning Review (FY06-08) and Involuntary Resettlement Portfolio Review, Phase II Resettlement Implementation, June 2014
46 Section 10.02 of the ERPA Commercial Terms, which override the General Conditions, have a presumption of confidentiality.
47 The DRC is a good example of this, where separate indicators and monitoring systems are being developed under the national safeguard system and for the World Bank ESMF.
48 For example, FCPF readiness analytical work in Congo Basin countries has not supported SIS design. Despite inclusion of references to UNFCCC decisions in FCPF guidance documents, WB staff in the regions and country offices may have little familiarity with UN processes and reporting requirements.
49 This is reflected in both the systematic operational risk tool (SORT) and in the R-PP Assessment Notes prepared by the World Bank.
50 FCPF Carbon Fund ER-PIN selection criteria, see: https://www.forestcarbonpartnership.org/sites/forestcarbonpartnership.org/files/Documents/PDF/June2012/FMT%20Note%20CF%202012-2%20ER-PIN%20Selection%20Criteria%20rev.pdf
51 CF MF, Criterion 13, p.11
52 In the Draft RoC ER-PD, logging, mining and oil palm companies are all proposed to receive payments from the sale of credits directly, while indigenous communities and local communities would not, they would receive benefits through traditional social contracts via logging companies, ER-PD, p.207-208; Global Witness, The Art of Logging Industrially in the Congo, 2012, p.3.
53 FMT Note 2012-8, p. 6
54 The DRC Readiness Package documents are available here: https://www.forestcarbonpartnership.org/democratic-republic-congo-r-package-reference-documents
55 Letters of Intent do not commit the WB to purchase ER's, or the producing country to sell them, they create an exclusivity period while the country is preparing their ER-PD. The Emission Reduction Purchase Agreement (ERPA) is the purchase/sale agreement for ERs.
56 See CIFOR (2015) for a summary of recent studies
57 ER-PD, p.16
58 The ER PD states that during the reference period (2004-2014) unplanned deforestation and degradation activities including slash and burn agriculture has caused a loss of 154,175 hectares annually whereas planned degradation activities including based on the concession data from industrial logging has impacted an area of 229,126 ha over the same period.
59 See for example: Global Witness The Art of Logging Industrially in the Congo (2012); Global Witness, Exporting Impunity (2015), Greenpeace, Artisanal Logging=Industrial Logging in Disguise (2012); Greenpeace, Illegal Logging in the DRC (2013), Greenpeace, Trading in Chaos (2015).
60 World Bank Implementation Completion Report on Forest and Nature Conservation Project, P.23
61 See CSO letter at http://loggingoff.info/sites/loggingoff.info/files/NGO%20letter%20on%20DRC%20Arrete%20050_5.10.15_final.pdf for a full discussion.
62 See Global Witness: Exporting Impunity (2015)
63 See Greenpeace complaint to FSC
64 Chatham House 2014, p2; p.14
65 http://www.africanews.com/2016/05/07/dr-congo-proposes-22-percent-budget-cut-in-2016/
66 Griscom, B., et.al., Carbon emissions performance of commercial logging in East Kalimantan, Indonesia, Global Change Biology (2014) and Martin, P.A., et al. Impacts of tropical selective logging on carbon storage and tree species richness: A meta-analysis. Forest Ecol. Manage. (2015)
67 Greenpeace 2015, p.6
68 ER-PD, p.61
69 Lawson, S., Illegal Logging in the DRC, Chatham House 2014, p2; p.14
70 Ibid, p.57
71 World Bank Implementation Completion Report on Forest and Nature Conservation Project, P.23, the ICR

also reports that a number of other objectives were not met, and indicators designed to monitor them were dropped at midterm through a restructuring, with no monitoring carried out, these include an increase in field supervision missions, preparation of monitoring reports, prosecutions of violators for illegal logging infractions, extension of illegal logging roads, areas of participatory zoning, percentages of forest users aware of their rights, number of people trained in safeguard measures, number of mitigation measures implemented, and the list goes on.

72 World Bank Implementation Completion Report, Forest and Nature Conservation Project, p. 23
73 Lawson, S. Illegal Logging in the Democratic Republic of the Congo, Chatham House, April 2014
74 Ibid, p.2
75 PwC, Implementing REDD+ in DRC – How to manage the risk of corruption, 2011
76 Ibid, p.20
77 Assombe, S. National-level corruption risks and mitigation strategies in the implementation of REDD+ in the Democratic Republic of the Congo: An overview of the current situation, U4 Anti Corruption Resource Centre, Issue 2015-9
78 BioCF Mai Ndombe Investment Plan 2015, p.36
79 Ibid, p.46
80 DRC National REDD+ SESA report, p. 57
81 ER-PD, p.35
82 The BIO CF Feasibility Study contains the most information of any of the documents, and is specific to the ER program area. It states that there are 1,371 villages and 1,110 farm tracks in Mai Ndombe (p.59). It however treats the issues of rights to land and forest as a question of access to property, concluding that it is only problematic on the outskirts of cities where demand for land is high. It provides an overview of the legal situation, noting state ownership, considerable informality, and itemizes nine different types of land conflicts that can ensue, although does not attempt to provide any indication of how widespread or prevalent any of these conflicts are, nor propose any means to mitigate.
83 While there might be a (weak) rationale for allowing the concessions that are not currently operating to get underway, the Annex 26 shows historic emissions from all but three concessions, indicating the logging is happening whether or not the required management plan is in place. The historical average annual emissions (for years of exploitation) is 1,011,701, the adjusted annual emissions is 3,148,942. Looking at the individual concession numbers, for example the largest of SODEFOR's concessions (contract #030/03), the historical emissions are noted as 84,196 while the adjusted emissions are 379,993, more than a four-fold increase.
84 ER-PD, p.128
85 See draft ER-PD, p.17; FCPF Project Paper for Additional Readiness Grant October 2015, p.6
86 See UNREDD 2015 Semi Annual Progress Update, p.8;
87 Lawson, p. 2
88 Draft ER-PD, p.18
89 Lawson, p.2-5
90 Draft ER-PD, p.34, note: page numbers are those on the bottom left of page, not PDF page numbers
91 Ibid, p.6
92 See Brandt, et. al. (2016), although Karsenty, et. al. have disputed these findings.
93 CIA World Fact Book, page updated June 30, 2015 available at: https://www.cia.gov/library/publications/the-world-factbook/fields/2002.html
94 ER-PD, p.38
95 Ibid, p.20
96 Miaro III, L, Feintrenie, L., De Wachter, P., (2014) Compte-rendu de mission de la délégation WWF-CIRAD en République du Congo du 27 février 2014 au 11 mars 2014
97 OI-APV FLEGT (2014) apport N°01/CAGDF. Mission du 06 au 23 avril 2014
98 Karsenty, A., Vogel, A., & Castell, F. (2014). "Carbon rights", REDD+ and payments for environmental services. Environmental Science & Policy, 35, 20-29.
99 Draft ER-PD, p.38
100 Seeds of Destruction, pp. 24-29
101 Draft ER-PD, p.40, see maps of mining permits pages 29-30
102 Ibid, pp.40-41
103 Draft ER-PD, pp.53-57
104 See, Seeds of Destruction, RFUK 2013, for a summary of impacts
105 Draft ER-PD, p. 41
106 See http://infocongo.org/i-lost-the-redd-debate-in-cabinet-to-palm-oil-congolese-minister/
107 Draft ER-PD, p.52
108 Ibid, p. 93
109 Ibid, p.154
110 Ibid, p.140
111 Ibid, p.166
112 ER-PIN, p.57
113 See Plateforme Congolaise pour la Gestion durable des forêts, letter on R-PP February 2011
114 See WB Restructuring Paper, Forest and Economic Diversification Project, September 22, 2015
115 WB ICR Transparency and Governance Project, p. 22
116 Ibid, p.25
117 Ibid, p.20
118 A Letter of Intent between the CF and REDD country governments is a commitment to develop a full ERP, it is not a commitment to sign an ERPA. Madagascar's LoI can be found here: https://www.forestcarbonpartnership.org/sites/fcp/files/2015/November/Signed%20MG%20LoI.pdf
119 Madagascar ER-PIN, p.12
120 See WB Waves Report (2012)
121 See for example: WB Country Environmental Analysis 2013; Aquino 2014
122 McConnell and Kull, 2014, p.95
123 WB REDD Readiness Assessment Note, p.3
124 See Gorenflo, et. al. 2011; McConnell and Kull 2014
125 See EIA 2014
126 See Hockley (2007); Birmont (2015); Poudyal (2016)
127 ER-PIN, p.49
128 ER-PIN, p. 49
129 Aquino 2014, p.10, The case of precious wood is another example of elite capture, corruption, lack of transparency and illegality, see EIA 2010 & 2014
130 ER-PIN, p.35
131 WB 2015, Analysis of CFM in Madagascar, p.11
132 EP3 ISR23. P.21 December 2015
133 Poudyal et al, 2016
134 Aquino 2014, p.6
135 WB CEA, p.30
136 Ibid, p.30
137 WB CEA, p. 41, CIRAD 2014, p. 5
138 Aquino, p.8
139 WCS Comments on ER-PIN, p.3
140 ER-PIN, p.32
141 EIA Briefing for CITES 2014
142 WCS Comments on ER-PIN
143 ER-PIN, p.87
144 See: http://www.perr-fh-mada.net
145 ER-PIN, p.41
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147 ER-PIN, p.56
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150 See Procurement Plan, Annex IV, World Bank Assessment Note for Cameroon R-PP
151 World Bank Grant Reporting and Monitoring Report, 6/14, p.2
152 RAPPORT DE PROGRESSION ANNUEL REDD+, P.23
153 ER-PIN, p.12
154 Ibid, pp. 15-16
155 Ibid, p.27, USDA is the United States Department of Agriculture, WWF is the World Wildlife Federation, SNV is the Netherlands International Cooperation Agency, IUCN is the International Union for the Conservation of Nature
156 Ibid, p.35
157 Ibid, p.30
158 Ongolo, S., Badoux, M., Sonwa,D., Aux frontieres du reformisme environnemental: l'Etat et la gouvernance forestiere au Cameroun, p.18
159 ER-PIN, p.23
160 Ibid pp.20-1
161 Ibid, p.35
162 WB IEG ICR Review of Cameroon Environment and Social Capacity Building for the Energy Sector Project, p.5
163 WB IEG ICR Review of Cameroon Forest and Environment Development Program, p. 3
164 Ongolo and Karsenty, p. 204
165 WB ICR Forest Environment Development Program
166 Dkamela, et. al 2014
167 Ibid, p.65
168 Ibid, p. 64
169 Ibid, pp.76-7
170 ER-PIN, p.16
171 Ibid, p.17
172 Ibid, p.70, This is based on Decree n°2005/481 of 16 December 2005 which calls for the transcription of all land titles.
173 Ibid, p.71
174 Ibid, p.26
175 Ngendakumana et al. p.12
176 Schwartz, et.al 2012

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