

# Online workshop Transforming REDD+ in Indonesia

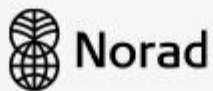
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## Results-based payment (RBP): who should be paid, and for what?

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# What is RBP?

## Many names

PES, Performance-/Output-based Payment, COD, etc.

**but essentially the same idea**

## Three main criteria (Perrin, 2013)

1. Payment based on **predefined** results
2. Recipient **discretion** to decide how to achieve results
3. Independent **verification** of results

Does current “RBP” funding meet these criteria? Only partially!

# Challenge 1: What to pay for?

Two dimensions:

## 1. Where to pay along the impact chain



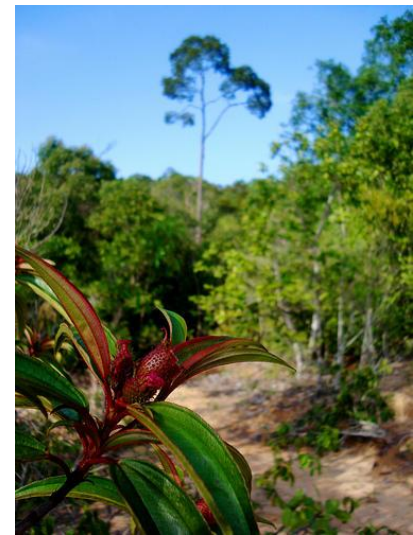
- Corresponds roughly to the 3 REDD+ phases.
- Strong arguments to pay for what matters (= impacts or results),
- but measurement, risk-spreading and ref. levels are more tricky as we move to the right

## 2. Which outcomes: C vs. NCBs (non-carbon benefits)

- How to include NCBs?
  1. Constraints (e.g. safeguards)
  2. Extra payments:
    - VCS price USD **2.3** per tCO<sub>2</sub> (2016)
    - VCS + CCB: USD **3.9** (+ 70%)

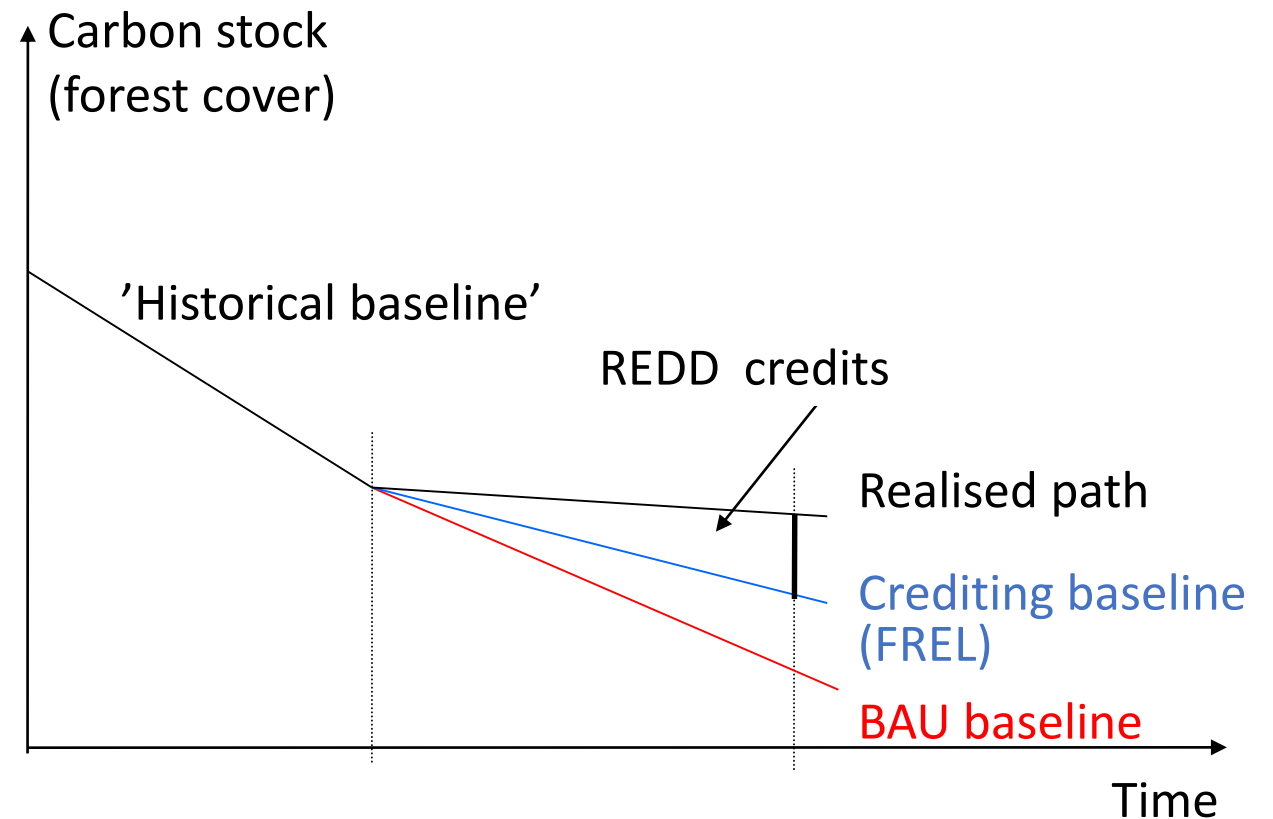
# Ways forward (C1)

- Incentives for all REDD+ phases
  - Important steps towards the ultimate goal (payment for results)
  - Fair as countries and provinces are at different stages
- Focus on carbon, with safeguards and NCB as additional incentives
  - Carbon (climate change) sufficiently important to be main focus
  - Conserving largely compatible with other objectives (biodiversity, livelihoods), particularly if use PES (Duchelle et al. 2018)



# Challenge 2: Setting FRELs = Defining ER

- Emission reduction (ER) = actual emission – **ref.level** (baseline)
- Two meanings
  - BAU baseline
    - basis for assessing impact
    - the counterfactual
  - Crediting baseline
    - basis for pay
- FREL = BAU?



# Two issues (UNFCCC submissions): Time period (Brazil) & trends (Peru)

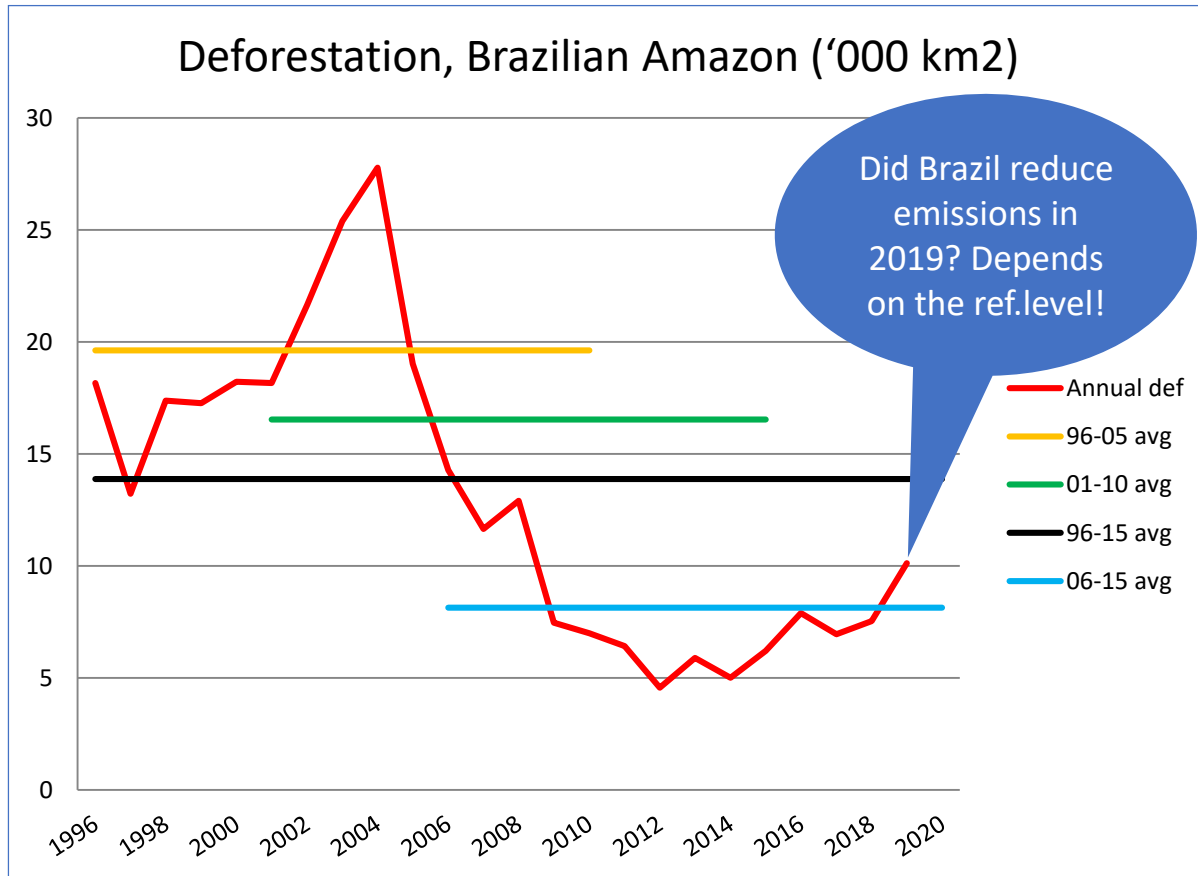
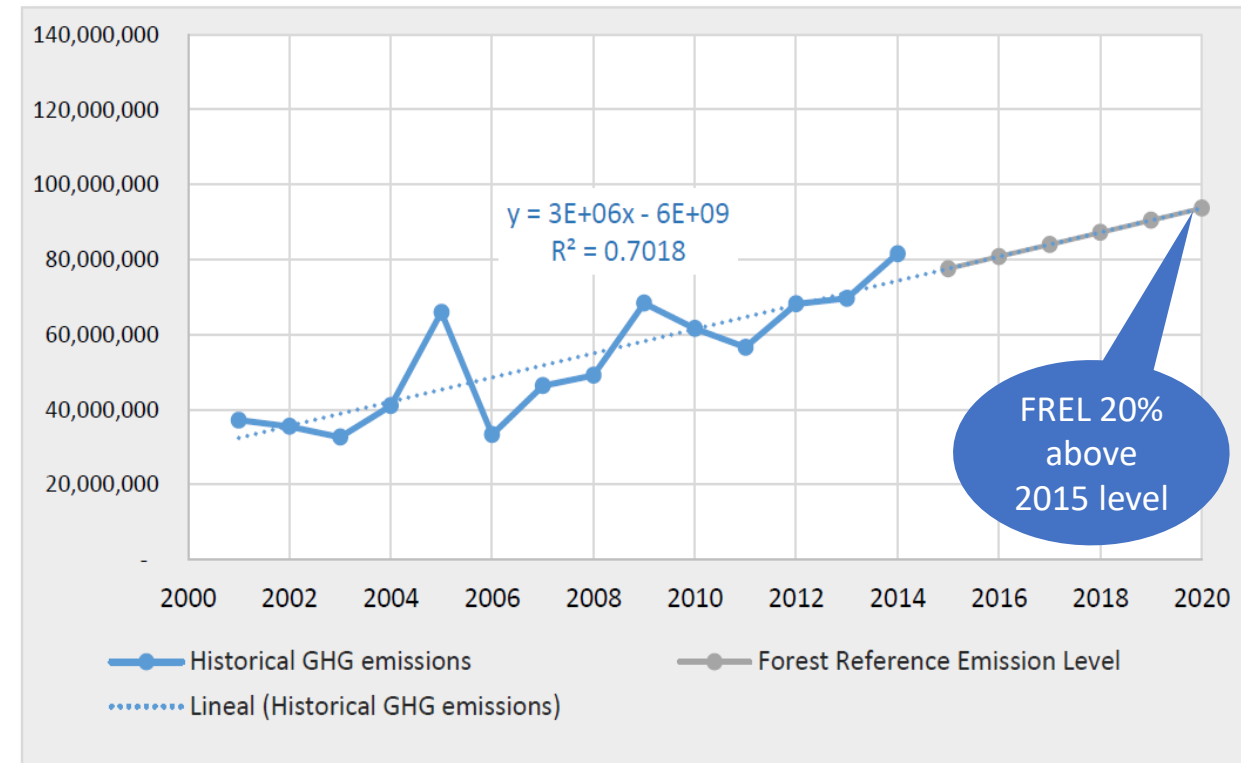
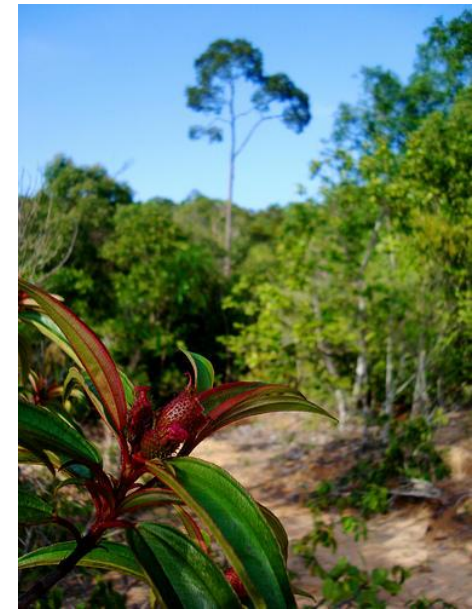


Figure 8. Historical emissions from anthropogenic gross deforestation and proposed forest reference emission level for the Peruvian Amazon (in tCO<sub>2</sub>-e).



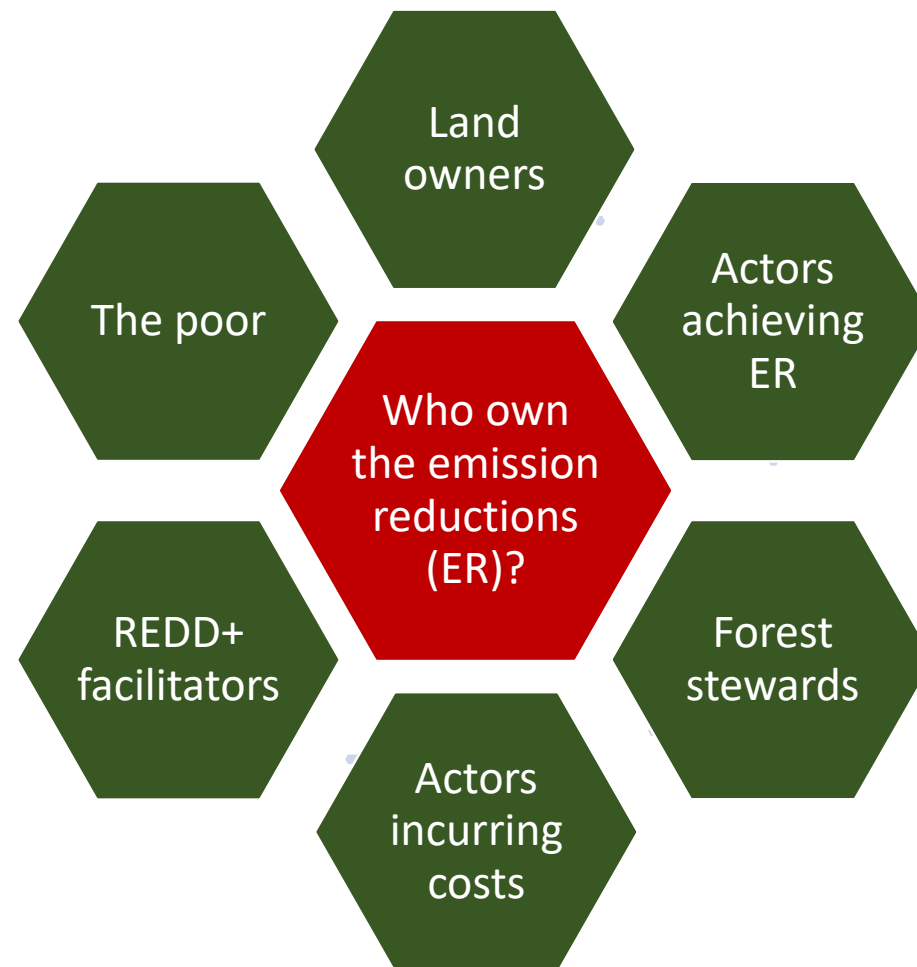
# Ways forward (C2)

- Need to clarify key aspects
  - Standardize the period for historical emissions
  - Eligible “national (or regional) circumstances”
- Independent, third party review
  - The provider of funding should “outsource” some tasks



## Challenge 3: whom to pay?

- Who owns (is entitled to) the emission reductions (ER)?
- 6 potential recipients (Luttrell *et al.* (2013))
- But tricky:
  - Was the deforestation and forest degradation (semi)illegal?
  - Who owns the ER from a palm oil concession NOT granted?





# Ways forward (C3)

- Balancing effectiveness, efficiency and equity (3E)
- Main principles: **incurred costs & attribution of results**
  - Opportunity costs of forest conservation
    - The foregone benefits of forest conversion, normally agricultural and timber profit
    - May include the loss of tax revenue for local governments
  - Transaction costs
  - Who did change behaviour compared to BAU?

