

Published by:

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Zusammenarbeit (GIZ) GmbH

Rewarding REDD+ Action and Supporting Low-deforestation Development in the Colombian Amazon

REDD for *Early Movers* Programme (REM) provides results-based finance
for reduced deforestation

Colombia: An *Early Mover* for forest protection

Colombia is highly committed to reduce deforestation in the Amazon, harboring one of the world's most precious rainforests. Recently deforestation in the region has started to decline. The government has set an ambitious goal of zero net deforestation by 2020. To achieve this goal, Colombia significantly expanded the area of forest under protection and adopted a comprehensive set of policies and incentives to support forest protection and sustainable land use. As a core policy the Government launched the Amazon Vision Programme, a progressive low deforestation vision with the aim to promote sustainable development in the region.

Colombia has anchored this ambitious objective, the National Strategy for REDD+ (Reducing Emissions from Deforestation and forest Degradation), and the Amazon Vision Programme in its new National Development Plan. Moreover, peace accords explicitly state environmental sustainability goals and that post-conflict development should not come at the cost of an expansion of the agricultural frontier.

Partnership with Germany, Norway and the UK

Recognizing these promising developments and the recent decline in deforestation, the Governments of Colombia, Germany, Norway and the UK have formed a new partnership to support the goal of zero net deforestation. As a key component of this partnership, the four Governments have agreed on an initiative for results-based REDD+, providing funding based on verified emission reductions as a result of reduced gross deforestation in the Amazon Biome.

Together, the three donor countries have committed more than 100 Mio. USD (subject to exchange rate and parliamentary approvals) in results-based finance to be implemented through the German REM Programme.



REDD for *Early Movers* Programme

Launched at the Rio+20 Conference in June 2012, REM is an innovative initiative of German Official Development Assistance (ODA) that rewards pioneers of forest and climate protection. It targets countries or regions that have already taken initiative to protect forests, and provides payments conditional upon verified emission reductions from deforestation.

The Programme is implemented jointly by KfW Development Bank and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), and commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ). The Brazilian State of Acre was first to receive results-based finance for verified emission reductions. REM does not engage in the trading or offsetting of greenhouse gas emissions. It welcomes partnerships with other donors.

This brief summarizes the main features of the REM Programme in Colombia, setting the framework for results-based finance and for how funds are managed and invested.



Emission reductions are calculated from changes in forest cover in the reference region, the Amazon Biome (see map on page 3). This area contains more than 40 million hectares of forest, roughly equivalent to two thirds of Colombian forest.

As a benchmark, forest cover changes are measured against a reference level, estimated based on historical average deforestation rates. To ensure consistency REM operates within the reference level submitted to the UNFCCC. As a basis for payments REM only considers emission reductions below the historical average.

To qualify for payment, emission reductions need to be:

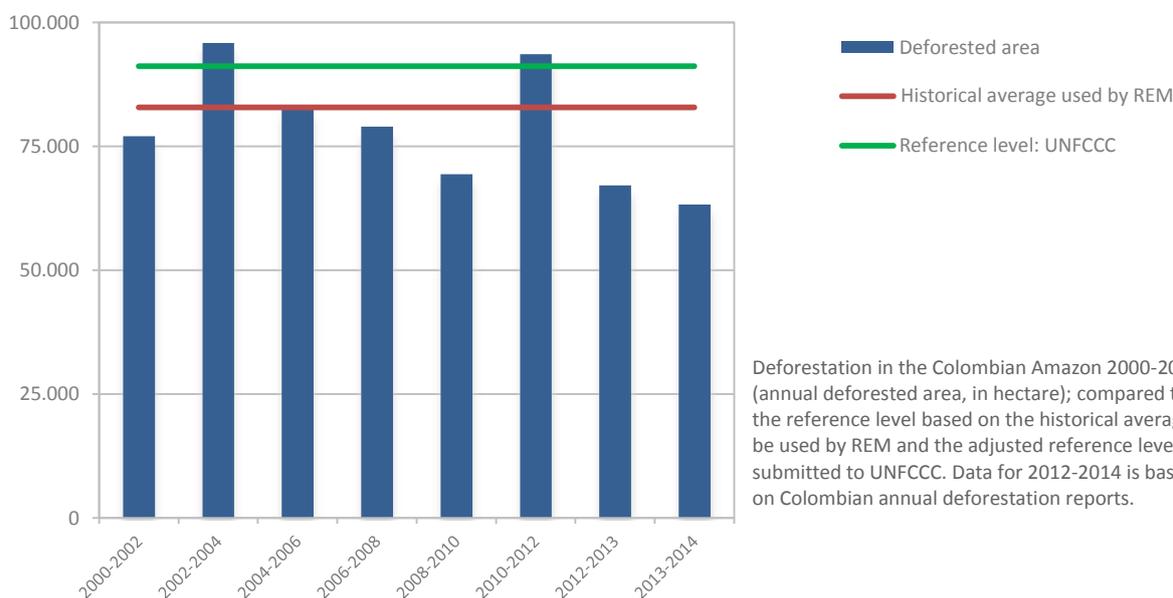
- **Measured** based on forest area and area change (“activity data”) against the reference level in the reference region (the Amazon Biome), determined by satellite imagery and data on carbon stocks (“emissions factors”)
- **Reported**, i.e. the information is compiled in a complete and transparent manner
- **Verified** by an independent third party, following a mutually agreed protocol
- **Registered** in a registry system for tracking and avoiding double-counting
- **Retired**, meaning that emission reductions cannot be used as carbon offsets for trading or compliance. Colombia may report them to UNFCCC as a voluntary national effort for climate change mitigation.

Objective

The objective of REM is to support the reduction of emissions from deforestation in the Colombian Amazon Biome, in alignment with the provisions agreed under the United Nations Framework Convention on Climate Change (UNFCCC). By rewarding results, REDD+ funding will incentivize policies for reducing deforestation, support the Colombian Government in reaching its goal of zero-net deforestation by 2020 and contribute to the well-being of local communities in Amazonia.

What is rewarded?

The Programme rewards emission reductions as a result of reduced *gross* deforestation at a value of five US Dollars per ton of carbon dioxide equivalent. Payments under this agreement will be based on emission reductions for the period 2013 – 2017. Funds will be invested to further contribute to low-deforestation development in the Amazon.

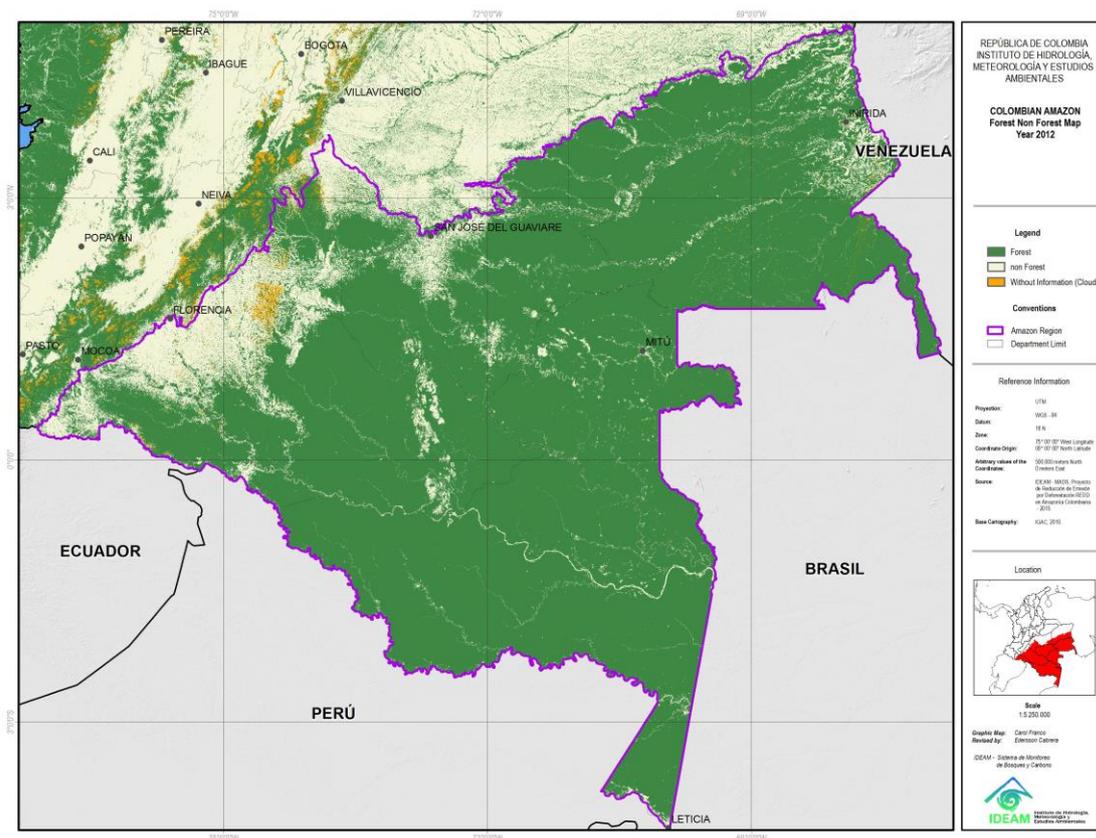




The Colombian Amazon – Key facts

- Over 45 million hectares of rainforest – roughly the size of Germany and England combined
- Constitutes 6.8% of the Amazon, the world’s largest rainforest hosts a quarter of the world’s terrestrial species, carries out 15% of terrestrial photosynthesis and contains an enormous carbon stock – all of which contribute immense global social and economic benefits
- These humid tropical forests are habitat for 1158 bird species, 175 amphibians, 186 reptiles, 212 mammals and 753 fish species.
- Includes an extensive system of protected areas: 11 National Parks and Natural Reserves encompassing 8.94 million hectares, including the recent expansion of Chiribiquete National Park, the largest park in Colombia, almost the size of Belgium
- Home to a diverse population of 1.2 million
- Includes 169 indigenous reservations, covering 25.5 million hectares (56% of the region)
- Deforestation is driven mainly by local agents responding to social pressures and underlying economic realities. Such agents have a small but catalyzing effect for large-scale expansion by cattle ranchers, agribusiness and settlements.
- Poverty rates are higher and social development indicators are lower than in the rest of the country.

Map of the Amazon Biome in Colombia



Benefit sharing and investments: How are REM funds used?

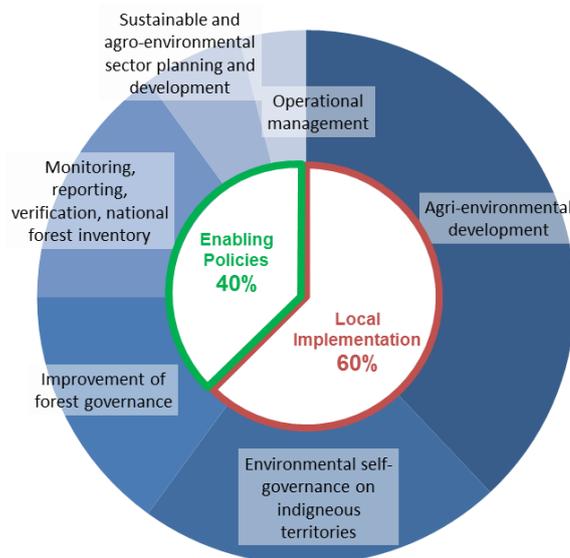
Results-based payments in the REM Programme are invested according to a “benefit-sharing and investment distribution scheme” that was jointly agreed between the partners.

The basis for REM benefit sharing is the investment portfolio developed by the Government of Colombia for the Amazon Vision Programme. This Programme aims for sustainable development and zero net deforestation in the Colombian Amazon by 2020. At the core of the vision is Colombia’s goal to embed environmental sustainability within the new landscape of development choices created by the new peace agreement. The five pillars of the Amazon Vision are:

- **Improvement of forest governance** focuses on national and subnational institutions, on improved coordination, enforcement, forest zoning and planning, and on management, supervision and control instruments.
- **Sustainable sector development and planning** focuses on improved environmental zoning and land-use planning instruments to promote productive development while preventing deforestation. It also foresees to incentivize better productive practices and standards for extractive and infrastructure sectors.
- **Agri-environmental development** seeks to address agricultural drivers by improving the wellbeing of producers, and to promote sustainable practices in productive systems through improved collaboration and incentive instruments. Activities will be targeted at beef, dairy, cocoa, rubber and non-timber sectors. The pillar will also promote alternative livelihoods, value addition across productive chains as well as market access.
- **Environmental self-governance on indigenous territories** seeks to improve territorial governance by indigenous groups, strengthen their ability to maintain forest preservation and support sustainable production in indigenous territories. This pillar is currently established in a participative manner working closely with indigenous representatives.
- **Enabling activities** focus on the institutional strengthening and Programme development, including support to the MRV system, the national forest inventory, a registry for emission reductions, as well as the Programme operation.

Funds are divided between enabling policies and operational management on the one hand and local implementation on the other, and then further distributed between the intervention pillars of the Amazon Vision (see figure).

The scheme sets a broad and flexible framework, while operational details for the investment of funds are the responsibility of the Colombian Government. The scheme follows a programmatic approach and is open to existing and newly developed initiatives that support REDD+ at the national, regional and local level.



Scheme for benefit sharing and investment distribution between pillars of the Amazon Vision and operational management

Across the Programme, funds are distributed based on the following principles:

- **At least 60% of funds will benefit local actors.** This share will go primarily towards benefiting smallholder farmers, forest-dependent communities and indigenous communities in the Agri-environmental development, Forest Governance and Indigenous Peoples pillars. The remaining funds will be invested in enabling activities and operational management, e.g. for strengthening forest governance at institutional level and the operational framework of the Programme.
- **A “stock-and-flow” approach** that channels incentives to activities contributing to conservation (maintaining or enhancing carbon “stock”) on the one hand, and to activities that directly address deforestation (i.e. the “flow” of emissions) on the other. While incentives for flow activities are essential to reduce pressure on forests, this approach also recognizes the need for incentives for those that protect and enhance forests where they are not currently under threat. Benefits to stock activities are particularly important, as they reach small farmers, local communities and indigenous groups and institutions that generally play an essential role for the protection of forests. Moreover, this approach recognizes conservation efforts that indigenous peoples have been practicing for years.
- **Investments further contribute to the reduction of deforestation and forest conservation.**
- **Investments promote positive social and environmental impacts,** including from a gender perspective, and follow the “do no harm” principle. They will contribute to improving the socio-economic conditions of the Amazon population, acknowledging the diverse traditional cultures and communities, and seek to support the on-going peace building process.
- **Investments are compatible with ODA procedures** and will not replace national budgets or committed ODA funds.
- **Investment efficiency** considering resource use and advancement in operational implementation.

Safeguarding social and environmental effects and promoting co-benefits

To achieve social and environmental goals, by avoiding negative impacts and promoting co-benefits, the Colombian Government is implanting the Programme in line with international REDD+ Safeguards. These safeguards were agreed under the UNFCCC at the Climate Change Conference in Cancún and provide seven broad principles for the implementation of REDD+ addressing transparency, participation of stakeholders, protection of biodiversity and ecosystem services, respect of rights of indigenous and local communities, and leakage as well as other risks of environmental integrity (see below).

The Government of Colombia has developed a Consultation Plan and is currently establishing an Information System on how safeguards are respected and addressed. The partners specifically emphasize the relevance of gender aspects for the success of REM. The Programme will apply the following systems:

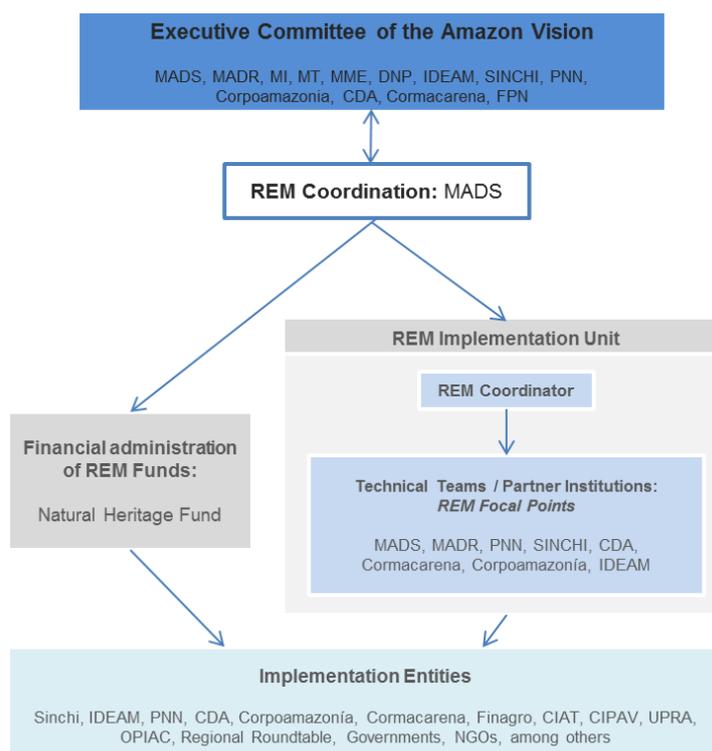
- **A Grievance Redress Mechanism.** Until a permanent mechanism is fully operational under the REDD+ national Strategy, temporarily, the Programme will rely on the mechanism of the Heart of the Amazon Project that also contributes to the Amazon Vision (Email: pqrvisionamazonia@minambiente.gov.co).
- **The Dialogue Forum of the Amazon Vision** for the purpose of discussion, participation and monitoring by civil society until the national REDD+ roundtable is formed. The Forum will take place periodically at the national level and priority regions. Participatory fora will also discuss progress and how safeguards are respected and addressed.
- **Safeguards reporting.** The Government of Colombia submits annual summary reports on how safeguards are respected and addressed before receiving results-based payments. These reports will be publicly available and aligned with UNFCCC requirements.
- **Consultation and participation.** The programmes and investments supported by REM will be subject to discussions and participation by civil society. Processes will be implemented in accordance with principles of good governance such as transparency, effective participation and prior consultation, as applicable. They will also follow the Roadmap for Consultation and Participation. The principle of “Free, Prior and Informed Consultation” is applied in accordance with national law.
- **Participative construction of Pillar 4 “Environmental self-governance in indigenous territories.** This process is co-led by the Colombian Government and Amazon Indigenous Peoples representatives and based on the following principles: participatory, intercultural, recognizing cultural difference, clear definition of decision-making processes, gender approach, and special precautions towards vulnerabilities.

Managing risks and uncertainties

The partners agreed on a mechanism to manage risks and uncertainties: For each ton of rewarded emission reduction, an additional ton is retired. This seeks to address risks of shifting deforestation to areas outside of the accounting area (‘leakage’); the reversal of emission reductions (‘permanence’); and uncertainties associated to the estimation of emission reductions, e.g. with respect to activity data, emissions factors and reference levels. Partners agreed on the step-wise and continuous improvement of monitoring systems to mitigate these risks and to review the mechanism. Annual reports by the Government will provide information on risks, including on their management and monitoring.

Implementation arrangements

Results-based finance is operationalized by KfW Development Bank. GIZ provides technical assistance targeted towards pending issues related to MRV, registry development, safeguards, and risk monitoring and participatory processes. In Colombia, REM is implemented by the Ministry of Environment and Sustainable Development, representing the Republic of Colombia, in partnership with the Ministry of Agriculture and Rural Development. For day-to-day coordination the Ministry of Environment establishes a REM Implementation Unit under the technical supervision of the Vice Minister of Environment and Sustainable Development. The Natural Heritage Fund (‘Fondo Patrimonio Natural’) is contracted for the financial and procurement administration of the Programme. The Amazon Vision including REM is implemented through comprehensive and cross-sectoral institutional arrangements that integrate key partners from civil society, summarized below.





Contact person

Dr. Christiane Ehringhaus
 Coordinator, REDD for Early Movers Programme, KfW
 Email: Christiane.Ehringhaus@kfw.de

Information related to the Amazon Vision Programme
 Email: visionamazonia@minambiente.gov.co

Significance and outlook

Colombia, Germany, Norway, and the UK have been working closely since 2013 and have teamed up for an ambitious programme that supports the goal of zero net deforestation in the Colombian Amazon. In the pioneering context of REDD+, this is the first initiative of its kind and scale, with three donors and a large tropical forest country joining forces for REDD+ in an effort to provide more streamlined and comprehensive support. This partnership contributes to delivering on the commitments made in the New York Declaration on Forests, the Lima Challenge, as well as the Declaration by Germany, Norway and UK (GNU) regarding financial support by the three countries towards results-based REDD+ programs, announced at the United Nations Climate Summit in New York in 2014.

The challenge henceforth will be to operationalize the Programme and to promote sustainable, low-deforestation development on the ground. This will need a very significant effort, especially in the Amazon region where institutional governance and existing implementation structures are still limited.

In the coming years, Colombia's Peace Process can open up new opportunities for migrants to return to their homes, former combatants to be reintegrated into civil life, and new investments to become possible as peace takes root.

The Government of Colombia is determined to balance the need for jobs, growth and social healing in the Amazon Region with the need to maintain the vital climate and other ecosystem services that the forest provides Colombia and the world. Reducing deforestation, while supporting livelihoods and local development, is of central importance to this balance, and not just for Colombia but also for its partners.

Stopping deforestation will be key to slowing climate change – and to protect the essential roles of forests for our environmental, social and economic wellbeing.

REDD+ payments are made on the basis of verified emission reductions, but have substantial potential for incentivizing sustainable development, by alleviating poverty, protecting biodiversity, improving governance and strengthening the rights of forest communities.

In Colombia, REDD+ can play a central role for peace building and shifting the development paradigm for the Amazon region.

Published by

KfW Development Bank
 Palmengartenstraße 5–9
 60325 Frankfurt am Main, Germany
 T +49 69 74310
www.kfw.de

Deutsche Gesellschaft für
 Internationale Zusammenarbeit (GIZ) GmbH
 Dag-Hammarskjöld-Weg 1–5
 65760 Eschborn, Germany
 T +49 6196 790
www.giz.de

As at

December 2015

On behalf of

Federal Ministry for Economic
 Cooperation and Development (BMZ)

Addresses of the BMZ offices

BMZ Bonn Dahlmannstraße 4 53113 Bonn, Germany T +49 228 99535-0 F +49 228 99535-3500	BMZ Berlin Stresemannstraße 94 10963 Berlin, Germany T +49 30 18535-0 F +49 30 18535-2501
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poststelle@bmz.bund.de
www.bmz.de