

The Politics of German Finance for REDD+

Till Pistorius and Laura Kiff

Abstract

The concept of Reducing Emissions from Deforestation and Forest Degradation (REDD+) and its framing of forest protection as a climate mitigation approach mark a clear paradigm shift – after decades of up-front financing of traditional ODA projects REDD+ follows the logic of ex-post payments for measured and verified performance within much larger jurisdictions. Germany has been among the major donor countries supporting forest protection for a long time: during the last three decades it has continuously supported developing countries in their efforts to cope with unsustainable use and conversion of forests through direct programming and activities within its bilateral development cooperation. Convinced of the urgency to facilitate an effective transformative change in the global land sector, Germany continues its support and is also among those countries that promoted REDD+ early on. It considers the concept as a major chance to slow down and eventually reverse the overuse and conversion of forests, especially in recognition that traditional development assistance has not succeeded in stopping the detrimental uses of forest lands. REDD+ is seen as a way to break new ground in order to increase the efficiency and effectiveness of international support.

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The Politics of German Finance for REDD+

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Foreword

This paper is one of more than 20 analyses being produced under CGD's Initiative on Tropical Forests for Climate and Development. The purpose of the Initiative is to help mobilize substantial additional finance from high-income countries to conserve tropical forests as a means of reducing carbon emissions, and thus slowing climate change.

The analyses will feed into a book entitled *Why Forests? Why Now? The Science, Economics, and Politics of Tropical Forests and Climate Change*. Co-authored by senior fellow Frances Seymour and research fellow Jonah Busch, the book will show that tropical forests are essential for both climate stability and sustainable development, that now is the time for action on tropical forests, and that payment-for-performance finance for reducing emissions from deforestation and forest degradation (REDD+) represents a course of action with great potential for success.

Commissioned background papers also support the activities of a working group convened by CGD and co-chaired by Nancy Birdsall and Pedro Pablo Kuczynski to identify practical ways to accelerate performance-based finance for tropical forests in the lead up to UNFCCC COP21 in Paris in 2015.

This paper, "The German Politics of REDD+ Finance" by Till Pistorius and Laura Kiff of UNIQUE forestry and land use GmbH, was commissioned by CGD as one of several case studies to illuminate the politics in rich countries surrounding the provision of results-based finance to developing countries to reduce deforestation. The paper is intended to provide an analysis of how various interests and constituencies in Germany have influenced the pledging and programming of funding for forest conservation as a climate mitigation strategy. The paper explains how and why the long-standing German commitment to "hands on" forestry sector aid is expanding to include experimentation with new performance-based finance mechanisms.

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Executive Summary

The concept of Reducing Emissions from Deforestation and Forest Degradation (REDD+) and its framing of forest protection as a climate mitigation approach mark a clear paradigm shift – after decades of up-front financing of traditional ODA projects REDD+ follows the logic of ex-post payments for measured and verified performance within much larger jurisdictions. Germany has been among the major donor countries supporting forest protection for a long time: during the last three decades it has continuously supported developing countries in their efforts to cope with unsustainable use and conversion of forests through direct programming and activities within its bilateral development cooperation. Convinced of the urgency to facilitate an effective transformative change in the global land sector, Germany continues its support and is also among those countries that promoted REDD+ early on. It considers the concept as a major chance to slow down and eventually reverse the overuse and conversion of forests, especially in recognition that traditional development assistance has not succeeded in stopping the detrimental uses of forest lands. REDD+ is seen as to break new ground in order to increase the efficiency and effectiveness of international support.

Albeit there are many overlaps and synergies to the existing ODA activities such as the introduction of sustainable management practices, forest sector reforms and policies, it soon became clear that implementing REDD+ requires specific capacity building and well targeted forms of support. In recognition of these needs, Germany supports the implementation of REDD+ at and across all policy levels through four different pillars:

- Increased traditional bilateral development cooperation in the land sector.
- The German International Climate Initiative (ICI).
- Multilateral support of the World Bank's Forest Carbon Partnership (FCPF).
- The REDD+ Early Movers Program (REM).

A quantification of Germany's total expenditures for REDD+ remains challenging; according to Norman and Nakhouda (2014) it amounts to approximately US\$ 870 million since 2008. The German support for REDD+ is mainly discussed among experts and that has never been intensively discussed in the German media or the parliament. It is seen as part of Germany's traditional development cooperation and as an element of the efforts related to climate change – compared to other countries both relatively uncontroversial topics. In order to capture the German discourse on this topic we conducted a series of

exploratory interviews with German experts involved in setting priorities and channeling the support for REDD+ to different recipients. The main results, subsumed below, reconfirm the German commitment, express prevailing concerns and help explain why and how Germany intends to contribute to making the described paradigm shift a reality.

While Germany favored the concept of REDD+ and its implicit shift towards results-based payments from its beginning, many German experts are skeptical regarding the actual progress of developing countries' readiness efforts and policy reforms. This skepticism is nourished by the experiences gained from three decades of active 'hands-on' support in the land use sectors of many developing countries, and these lessons learned are reinforced by the current German engagement: most countries are still far from being able to request results-based finance. They are still in different stages of readiness and building respective capacities, the processes are lengthy and difficult, and inevitably the countries will continue to require targeted support. Despite this reality-check, another important lesson of the German engagement is that the concept of results-based finance for reduced emissions from deforestation is feasible.

Among German experts, the belief dominates that the concept REDD+ can be successfully implemented and that result-based payments will generally work. This persuasion has not faltered since the concept was introduced a decade ago. However, the different paces by which developing countries advance creates a dilemma for donor countries like Germany: REDD+ is designed to compensate successful performance. If potential beneficiary countries do not succeed in taking the technical and political hurdles and implement effective reforms, they will hardly benefit from the mechanism; and if they will not benefit, land use change and forest degradation are likely to continue. Furthermore, if only a few countries benefit from the mechanism, the risk of international leakage – the displacement and shifting of deforestation to other locations – increases and dilutes the net impact of the mechanism. The enormous governance challenges of some countries, in particular in Africa, raises concerns about whether a rapid and successful implementation of REDD+ is feasible in a reasonable time span, e.g. in fragile states where the governmental authorities have lost control over large regions or where corruption and poor governance pave the way for the unsustainable exploitation of natural resources.

The “German approach to REDD+” can be summarized as follows: REDD+ and its inherent logic are promising concepts and should be implemented. However, the political and (presumably) technical challenges are underestimated, and the readiness process of most

countries takes more time than expected. The aspired pace, driven also by a desire to keep the momentum that the climate debate has created, is hard to maintain; despite the concerted bi- and multilateral efforts to develop the needed capacities, there are still only a few success stories and countries ready to enter a phase where they can receive results-based payments. Results-based payments for forest protection are effective but initially they require a great deal of flexibility and pragmatism, and there are fewer early movers than expected. This especially relates to the few advanced countries which should not be overburdened with requirements at the beginning so they eventually have a chance to perform and to receive respective payments.

Against this background, German experts recognize the need to continue and significantly increase readiness efforts. Yet they also see the necessity to maintain the momentum and demonstrate that REDD+ is real by implementing results-based programs in a critical mass of jurisdictions. A major concern voiced in this regard is that the enthusiasm about the conclusion of the Warsaw Framework for REDD+ will lead to a shift of pledges to results-based funding, although it is difficult to find candidates which are “ready”. Germany will continue with its engagement and the experts believe funding will remain at least at current levels. Levers are seen in enhancing coordination in order to make better use of the limited public funding. In conclusion, REDD+ is perceived as a major chance to trigger transformational change in global forest governance but not as a one-size-fits-all solution. Therefore German experts share the view that other initiatives such as the European Union’s Forest Law Enforcement, Governance and Trade Facility (FLEGT) should not be replaced through REDD+ but considered as complementary actions in the transition toward sustainable management of forests. A successful outcome of COP21 in Paris would help maintain or even increase German support for REDD+, while a failure as in Copenhagen could have negative impacts for the willingness of donors to further increase their funding and support.

1. Introduction

Germany has a long history of supporting developing countries in their efforts to protect their forest resources and to promote the adoption of sustainable management practices. In addition to the “hands-on” support provided through numerous bilateral development cooperation activities, Germany has also been a major donor and active shaper of various multilateral efforts aiming at preventing further forest depletion in developing countries. Examples of the financial and active engagement include the Tropical Forestry Action Plan (TFAP) of 1985, the Pilot Program to Conserve the Brazilian Rain Forest (PPG7) launched in 1992, the continued contributions to the Global Environment Facility (GEF) as the main financing mechanism of the three Rio conventions, and the G8 Action Program on Forests of 1998.

Since 2005, the efforts to address deforestation and its negative environmental impacts gained new momentum when the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) decided to negotiate under the acronym REDD+¹ a financial mechanism as part of a future global climate agreement. It frames deforestation as a climate mitigation issue as forests are not only the largest terrestrial pools for greenhouse gases (GHG) but also sequester significant amounts of CO₂ from the atmosphere (Pistorius 2012). For these reasons they provide an ecosystem service (ES) of global importance which is crucial to mitigate climate change and to gain more time for adaptation. Net emissions from the forest sector during the last two decades accounted for approximately 10% of all GHG emissions, mostly in developing countries (Achard et al. 2014). This figure includes partial compensation through regrowth and sequestration – the emissions from gross deforestation in developing countries are significantly higher (Houghton 2012, Le Quéré et al. 2013) and do not even include emissions from forest degradation.

Countries that are in the early stages of development tend to heavily overuse their forest resources (Bhattarai and Hammig 2001, Köthke et al. 2013). Land use change and forest degradation vary according to the national circumstances and are the result of various drivers and underlying causes (Geist and Lambin 2002) but the patterns and consequences are similar across the globe: impaired ecosystem functionality, irreversible loss of biodiversity and ES vital for the well-being of humans (Morris 2010, Laurance et al. 2014).

¹The acronym REDD+ stands for “reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries”.

The idea of the REDD+ mechanism is that developed countries shall compensate developing countries financially for effectively reducing their forest sector emissions, respectively for enhancing both carbon sequestration and stocks in their forests (Angelsen 2009). A large component of organized international climate finance is expected to mobilize large sums of international performance-based finance for developing countries. With this the REDD+ mechanism pays heed to the UNFCCC principles of *common-but-differentiated-responsibilities and respective capacities* and *national sovereignty*: how a country achieves the reduction of its national deforestation rates and respective emissions, in which regions and through which activities are all determined by national policy processes and preferences (Pistorius 2012). This includes questions regarding if there is funding available and if so how much, and in what capacity the international funding will be channeled to specific projects and actors at the subnational level.

The REDD+ mechanism is an economic instrument and the underlying rationales are in line with a trend labeled *liberal environmentalism* (Bernstein 2001): the economic losses resulting from the destruction of natural resources with their common-good character serve as the basic justification for the introduction of incentive-based instruments and payment schemes. Such instruments have been strongly promoted throughout the last decade, especially in the context of economic initiatives that attribute market values to ES (MA 2005, TEEB 2010). Some prominent examples include planned and implemented cap and trade mechanisms, the compliance markets for carbon at different policy levels or their voluntary counterparts. However, these carbon trading schemes as one group of economic instruments have not evolved as originally expected. This is mainly due to the lack of demand and oversupply as visible in the European Emission Trading Scheme (EU ETS). Furthermore, for technical and political reasons, forest and land use activities have played only a very subordinate role in most of these complex mechanisms. The EU and its member states have focused since the Kyoto Protocol on reducing fossil fuel emissions and have feared that the inclusion of forestry credits would dilute the emission reduction targets. Furthermore, unresolved challenges related to permanence, additionality and leakage have prevented a stronger role of REDD+ in European climate policies and corresponding instruments.

In contrast to cap and trade schemes, other economic policy instruments have been introduced successfully – especially different payment schemes for ecosystem services (PES) at the local and national level (Emerton et al. 2006). Particularly, the conservation community has been promoting PES up-scaling at the international level (Gómez-Baggethun

et al. 2010). The specific and well-defined ES of carbon sequestration is suitable for the PES logic as the performance can be quantified and is of global relevance. The PES discourse remarkably shaped the design of the REDD+ mechanism (Mahanty et al. 2013), and the REDD+ described inherent logic marks a true paradigm change from classical development cooperation and up-front payments for clearly defined activities within demarcated project boundaries to performance-based payments that are generally delivered ex-post. The degree of success determines the amount of support, and generally it will be transferred after a verification of the performance. In a nutshell: without a verified performance, the beneficiary will not receive the payments.

Establishing the REDD+ mechanism and its parallel implementation in approximately one hundred very heterogeneous developing countries comes along with considerable technical and political challenges. On the one side, most potential beneficiary countries still lack the necessary technical capacities for forest monitoring as well as measuring, reporting and verification (MRV). In addition to the technical challenges, they have to develop national strategies on how to effectively address the drivers of deforestation. The strategies will require difficult political reforms and the improvement of cross-sectoral coordination and forest governance in order to ensure that these efforts result in verifiable emission reductions and corresponding future payments (Corbera and Schröder 2009). Governments of donor countries, on the other side, are accountable to taxpayers in regards to their spending. With the envisaged automatic payments for performance, they lose much of their influence over the location, the characteristics and the activities that they fund. In addition, there is little-to-no influence on potential negative side effects. As we will explain in more detail, this aspect becomes especially relevant since REDD+ only uses one forest ES of mitigation of GHG as the vehicle for the payments. Forests are multifunctional ecosystems, and severe concerns arose regarding the sustainability of REDD+ activities due to the considerable social and environmental risks resulting from this mono-functional approach of REDD+ (Miles and Dickson 2010).

In order to address these concerns, the Parties to the UNFCCC have agreed on a set of minimum social and environmental requirements. These safeguards and safeguard information systems (SIS) request that countries receiving performance-based REDD+ funding report on how the safeguards have been addressed and respected (McDermott et al. 2012). While the safeguards were perceived by some REDD+ countries as an additional burden placed on them by donor countries, the latter consider them as a crucial element,

also for the legitimacy of making such payments (Lawlor et al. 2010, Chhatre et al. 2012, Visseren-Hamakers et al. 2012, Arhin 2014, Krause and Nielsen 2014).

In summary, the international discourse on REDD+ and the framing of deforestation and forest degradation as a climate mitigation approach has triggered remarkable changes in donor and beneficiary countries. In this study, we seek to illustrate these changes from the German perspective as a major donor that supports this transition process. Germany has already been a major actor in previous international initiatives and processes related to forest protection and sustainable land use. In line with this previous engagement, it is among those countries committed to making the REDD+ a reality – by providing continued support to developing countries through its traditional and well-established bilateral development cooperation, through specific institutions inclined to the inherent logic of REDD+, as well as relevant multilateral initiatives and institutions.

The objective of this paper is to assess the reasons *why* Germany has traditionally provided strong support for forest conservation in developing countries, and, more specifically, to analyze *how* this support relates to its diverse recent engagements in the context of REDD+. To address these questions we have developed an explorative research design. Taking a discourse perspective, this paper will illustrate the development of German financial support for REDD+ since 2008 and highlight the main arguments and concepts that have influenced the size, nature, and evolution of German-supported institutions that have supported REDD+. The discursive perspective allows for capturing the rationales and conceptualizations behind existing and new institutions and policies aimed at facilitating this major transition. Transitions can be conceptualized as a response to persistent problems that cannot be effectively addressed by (only) optimizing existing structures and practices within existing societal systems (Loorbach and Rotmans 2010). For our perspective on the German politics of REDD+ finance we follow a conceptualization of discourses as “specific ensembles of ideas, concepts, and categorizations that are produced, reproduced, and transformed to give meaning to physical and social relations” (Hajer 1995: 4). In addition to desk work and an internet-based literature analysis, our analysis includes personal anonymous interviews with eight experts familiar with and / or responsible for the German support for REDD+².

² Interviews were carried out with representatives of the Federal Ministries for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) and for Economic Development and Cooperation (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Kreditanstalt für Wiederaufbau (KfW),

This study puts a particular focus on the different vehicles for REDD+ funding and the challenges and issues related to the REDD+ inherent paradigm shift from classical development aid to payments-for-results. After this introduction, we present a brief overview of Germany's own forest history and transition, as well as background information on the evolution of REDD+ under the UNFCCC, in order to link these developments to a description of Germany's bi- and multilateral engagement (section 3). In section 4 we present and discuss the empirical results of the interviews with key actors focusing on the German politics of REDD+ and the underlying rationales. Finally, section 5 will conclude with our main findings and provide a brief outlook.

2. Background

2.1 Germany's own forest transition

In order to understand the rationale of the German support, one has to take into account the domestic forest history. The protection of forest functionality and maintaining the provision of their ES are aspects of a long-lasting discourse which can be traced back to the time before the industrial revolution. A commonly accepted starting point of modern German forest history is the publication of the book "sylvicultura economica" by the royal chief officer for mining in Saxonian Ore Mountains, Hans Carl von Carlowitz (Carlowitz 1713). Carlowitz wrote his book when central Europe had recovered from the devastating consequences of the 30-year-war (1618 until 1648). A major consequence of the rapid economic and demographic recovery during this period was the heavy depletion of forest resources in Germany which resulted in a veritable energy crisis for the emerging industries and the local population (Parker 2010).

The Ore Mountains in the East of Germany were at the time one of Europe's most important mining areas and unsurprisingly a deforestation hotspot. However, the mines and smelters with their growing demand for construction and fuel wood were not only the main driver for the clear-cutting of forests in the region. Leakage occurred and shifted deforestation to those forested areas where national borders, tolls and costs for transport failed in preventing the large-scale export of timber. While in Saxony the forest resources were heavily exploited by the state-owned mining industry, further pressures on the natural resources resulted from its steadily growing population. They depended on wood as a timber and energy source, and used slash-and-burn practices to ensure food security. In

the Program Office of the International Climate Initiative (ICI) and the World Wide Fund for Nature (WWF Germany).

combination with other factors, the trend towards urbanization led to the emergence of the so-called “Holznot” (transl.: wood shortage). This shortage resulted in fierce stakeholder conflicts over the rights to extract wood and use the land. Being responsible for the prosperity of the thriving mining industry, Carlowitz was concerned about future wood supplies and he realized that the natural resources were being severely degraded and overused. Since much of the existing silvicultural knowledge had been lost during the war, Carlowitz collected the available information and formulated the principle of a continuous wood supply through corresponding planned forest management. With this milestone publication, he is considered in Germany to be one of the first promoters of modern sustainable forest management.

The development of German forest history of the last 300 years shows remarkable similarities to the deforestation and forest degradation trends of the last three decades in tropical and subtropical countries. The patterns of drivers and underlying causes which determine land use developments are often very similar and follow the forest transition theory where forest covers decrease in countries with early stages of economic development. In the forest frontier phase countries use their “unproductive” forests, extract the resources and convert the land into “productive” land uses – mainly unplanned and often incentivized through subsidies – into agricultural areas (Rudel 1998, Geist and Lambin 2002). Growing populations and the need to sustain livelihoods accelerate land use changes along the forest frontier and forest degradation until the forest cover stabilizes. Eventually, when the pressures on land diminish, reforestation may take place in landscapes consisting of different land use mosaics (Mather and Needle 1998).

In Germany, the stabilization of forest cover loss was not achieved before the economic dependency and pressure on natural forest resources decreased in the 19th century, in particular due to the wide introduction of coal as the main energy source. Until then, the discourse on forest management and sustainability focused on the economic aspects, and specifically the provision of a sole ES: sufficient production of wood for energy and timber. Much later, at the beginning of the 20th century, the discourse broadened and increasingly included environmental aspects and other non-timber forest functions. At the same time, the exhausted forest soils began to recover from the unsustainable historical forest (over)uses and their extent increases steadily until today.

The aforementioned history and Germany’s dense population with limited forest resources have resulted in strong emotional ties between Germans and their forests. These ties are

reflected and expressed in many different sources of literature, fairy tales, music and art. Accordingly, the many different ES forests provide beyond timber production are acknowledged and valued by the German population. This became apparent when in the 1980s large forest areas were affected by acid rains, leading to the so-called *Waldsterben* (transl.: the dying of forests). As a response to a widely alerted and concerned public, a large number of effective measures were taken to eliminate the causes and to save the German forests. Forestry and wood-processing activities are still economically important activities, especially in rural areas, but environmental and social aspects of forest management are deemed as important. Today Germans widely perceive their forests to be managed sustainably. Detailed laws strictly regulate the permitted activities (e.g. clear-cutting of areas larger than one ha is strictly prohibited). Controversial discussions regarding domestic forests primarily take place between experts and stakeholders, and in particular, they often focus on how forests should be managed, what is an appropriate balance between forests dedicated for sustainable use versus protected forests, and specific considerations linked to the designation of an area as a national park.

In contrast to the ongoing and widespread documentation of the destruction of tropical forests, the general public and the media in Germany seldom focus on German forests. However, forest destruction in the tropics and its contribution to climate change is a topic of great concern for many Germans (EC 2008). Accordingly, there is a high and further increasing degree of awareness in the general public regarding its impact and the link to the consumption of goods from tropical forests (agricultural commodities and timber). Evidence of this awareness are the successful establishment of forest certification standards as the Forest Stewardship Council, the increasing demand for sustainably produced commodities and the support for the European Forest Law Enforcement, Governance and Trade (FLEGT) regulation that aims at preventing the import of illegally cut timber which in many countries accounts for more than half of the total wood produced. Furthermore, the awareness in Germany regarding the impacts and risks resulting from anthropogenic interference with the balance of the atmosphere is high. Mitigating climate change has been high on the political agenda – internationally in the context of the UNFCCC as well as domestically, where Germany has undertaken considerable efforts to implement its energy transition towards renewable energy sources.

While the synergies between effective forest protection and climate mitigation are well understood, the concept of REDD+ has not been publically discussed as in other countries.

One exception occurred between 2007 and 2010 where NGOs acted as ‘watchdogs’ and tried to bring elements of the discourse related to safeguards to a wider audience. They tried to generate awareness about the impacts of offsetting industrial GHG emissions in developed countries with cheap emission reductions generated from forest production, while advocating for the need for social and environmental safeguards. These discussions vanished quickly for three reasons. First, there was a high degree of consensus on these issues between NGO and the responsible actors of the government (REDD+ should not be used for offsets, and there is a need for effective safeguards). Secondly, the Parties to the UNFCCC agreed on safeguards and offsetting was not a main topic of the discourse since the failure of the Copenhagen conference in 2009. And thirdly, the complexity of the concept of REDD+ and its implications made it unsuitable for a broader debate – in contrast to other climate-related topics as the energy transition and the phasing out of nuclear energy. There have been very few newspaper articles on REDD+, and it has also been subject to small inquiries by the opposition in the German Parliament, but neither the media coverage nor the brief legislative attention have led to follow up reporting or at least debates on the topic.

In summary, the combination of different experiences and beliefs have shaped Germany’s long-lasting commitments for international forest conservation and sustainable management: first, the historical land use change experience of a densely populated country; secondly, the achievement of reversing detrimental land use practices; and thirdly, the degree of awareness of the importance of forests – locally as well as globally. The framing of deforestation as a climate mitigation issue further helps legitimize Germany’s support for forests because their protection is perceived by the public and the media as an important contribution to combatting climate change, seen as a major environmental problem for which Germany has its share of responsibility.

2.2 Evolution of REDD+ under the UNFCCC

REDD+ is widely considered a paradigm change – from classical Official Development Assistance (ODA) up-front payments toward results-based finance. Long before REDD+ entered the agenda of international politics, Germany already supported forest protection and the introduction of sustainable management through its extensive bilateral development cooperation. However, making the mechanism a reality is taking much longer than initially expected – due to the often erratic course of the climate negotiations to which the REDD+ mechanism is intricately linked, as well as the largely underestimated dimension of needed

technical and political support. In this context, the experience and relationships established in decades of bilateral development cooperation in the forest sector have played out to be advantageous.

Generally, the impact of the REDD+ discourses at and across different policy levels, as well as the support for a concept that is less than ten years old are unprecedented. Originating in the much older discourse on ES for the human well-being and on economic approaches to overcome unsustainable exploitation of natural resources, the concept of the mechanism in its simplest form was first presented at a scientific side event at the margins of COP9 in 2003. From there the early idea of a simple performance-based compensation mechanism for developing countries rapidly gained momentum. When the concept was brought on the agenda of the negotiations on a post-2012 agreement under the UNFCCC, the emerging debate was marked by much enthusiasm and few concerns. It seemed to be a win-win option that reconciled the interests of developing and developed countries in the protracted climate negotiations, and at the same time had the potential to simultaneously address the rapidly progressing depletion of global forest resources and its negative consequences.

Once the potential REDD+ countries understood the implications for their specific circumstances and after including input from science and other civil society stakeholders, the scope of eligible activities was broadened until it eventually encompassed all forest sector activities. In consequence, the originally simple approach became very complex, as the technical requirements for MRV increased significantly and awareness of social and environmental risks emerged. Despite these developments, however, REDD+ was seen as the “lubricating grease” for the climate negotiations, and until COP15 in Copenhagen, the Parties had no interest in further complicating the efforts to agree on a global climate treaty, especially since REDD+ was the most advanced agenda item.

In the meantime, the donor countries and other institutions had already realized the dimensions of the technical and political challenges, especially countries such as Germany that have actively promoted the addressing of deforestation prior to REDD+. The Bali Action Plan, agreed upon in late 2007, had raised high expectations for a successful agreement on a future climate treaty two years later and encouraged the implementation of pilot activities and called for technical assistance and capacity development to advance REDD+ activities. Aware of the lacking capacities in beneficiary countries, two new multilaterally funded institutions were rapidly established after Bali, with the common purpose to make countries *ready for REDD* through capacity building and institutional

support: the World Bank's (WB) Forest Carbon Partnership Facility (FCPF) and UNREDD program by the Food and Agriculture Organization, United Nations Environment Program and the United Nations Development Program. Germany actively supported the FCPF from the very beginning. In addition to the continued development cooperation and the multilateral support, Germany established in 2008 its International Climate Initiative (ICI) in which REDD+ became one of the four categories for project-based funding (figure 1).

When the negotiations focusing on the scope of REDD+ were resolved, the overall climate negotiations stalled in 2009, and the REDD+ mechanism and the promised funding seemed out of reach. Realizing the dependency on other UNFCCC agenda items, the slow pace of the negotiations allowed for a discursive shift and the initial enthusiasm for REDD+ transformed into a more critical debate on the social and environmental integrity of the mechanism. Many scientists and other civil society stakeholders pointed at different social and environmental risks and unintended consequences resulting from the automatism of performance-based ex-post payments and the mono-functional focus of REDD+. Concerning social aspects, the main topics of this sub-discourse were how to ensure the principle of free, prior and informed consent (FPIC), how land-grabbing can be prevented and how the customary rights of indigenous peoples and local communities can be effectively ensured.

At COP16 in Cancun (2010), the Parties agreed on rather unspecific social and environmental safeguards that should prevent performance-based payments from creating perverse incentives. The Cancun decision also reflects that the capacities of REDD+ countries vary greatly and that they will proceed in their efforts to get ready for REDD+ at different paces. Given these considerations, it was agreed that REDD+ implementation in each country should follow three consecutive phases: i) readiness and capacity building, ii) implementation of national strategies, and when all requirements are fulfilled the transition to iii) performance-based payments. One year later, at COP17 in Durban, it was officially decided that safeguard information systems (SIS), through which developing countries receiving performance-based REDD+ payments, ought to provide information regarding how they addressed and respected these safeguards. As pointed out before, safeguards are a crucial issue in development cooperation. They contribute to the legitimacy of the support. Accordingly bi- and multilateral development organizations have developed their own safeguard approaches to ensure the integrity of their interventions. Thus, there is a strong emphasis on developing high-quality and robust safeguards. However, implementing

safeguards within project boundaries is less difficult than in jurisdictional approaches, thus posing notable challenges for the implementation of REDD+. In order to demonstrate that the underlying concept works, despite the technical and political challenges, Germany has initiated its REDD Early Movers (REM) program.

The following rounds of negotiations covered different topics, and decisions were reached for reference levels, MRV and other relevant aspects to REDD+. With the Warsaw framework for REDD+ concluded at COP20 in 2013, REDD+ is ready for implementation. The question how the financing for performance-based finance will be raised and distributed has been transferred to the ongoing negotiations and efforts of shaping the Green Climate Fund (GCF). Fig. 1 depicts the described evolution of REDD+ during the last decade, as well as important institutions for readiness and bridge finance for results-based REDD+ finance.

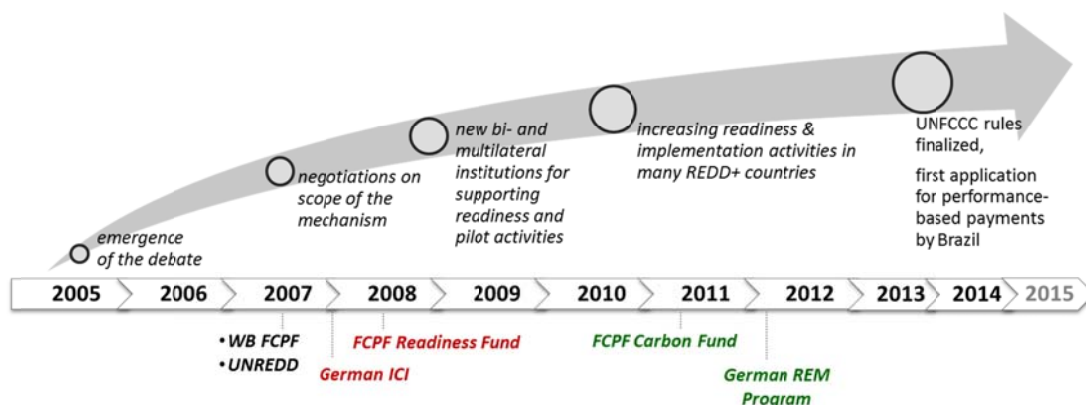


Fig. 1: Evolution of REDD+, support for readiness and bridge finance for results-based REDD+ finance.

Currently, most REDD+ countries are still in phase I or II and advance at very different paces. Past experiences have shown that the main factors determining the individual progress is less a matter of available funding, since countries can draw from different bi- and multilateral funding sources and more importantly related to the demonstration of political will and the initialization of national processes aimed at facilitating the domestic implementation of crucial REDD+ components. This includes the establishing of a national reference level as well as appropriate monitoring and MRV systems, a participatory stakeholder process and the operationalization of social and environmental safeguards, cross-sectoral land use planning and access-and-benefit sharing agreements. So far only

Brazil has demonstrated through the submission of the reference level for the biome of the Amazon in June 2014 that it is ready for complying with the requirements of phase III.

3. German institutions supporting the implementation of REDD+

In line with its long traditional ODA support for forest protection and the introduction of sustainable management practices, Germany has been among the front-runners in supporting countries which strive for national implementation of REDD+. This section provides an overview of the relevant German institutions and the types and amounts of financial support. Generating a comprehensive and up-to-date compilation remains challenging as the experience with the Voluntary REDD+ Database (VRD) of the Interim REDD+ Partnership has shown: it is very difficult for both donor and developing countries to distinguish between specific funding for REDD+ and other relevant financial support, between pledges and disbursed funding. In addition, the many arrangements require a permanent updating which has turned out to be rather the exception. Finally, the currency fluctuation between Euros and US\$ result in significantly different figures – German³ commitments are made in Euros, but are expressed in the international context in US\$.

According to the VRD of the Interim REDD+ Partnership, the total German support for REDD+ amounts to approximately US\$ 675 million since 2008 (REDD+ Partnership 2014, Fig. 2). From a German perspective, however, this figure is conservative and underestimates the factual support relevant for REDD+ (cf. Norman and Nakhooda 2014), as it only includes the funding for ODA which is directly related to REDD+. Indirect relevant funding by the German Federal Ministry for Economic Development and Cooperation (BMZ) or the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) is excluded, e.g. support for forest sector reforms or the establishment and management of effective forest protected areas labeled as “biodiversity funding”. In addition, recently secured funding pledges and granted projects for the year 2014 have not yet been added.

³ Unless quoted otherwise, the used figures result from personal communication with BMZ and BMUB. Figures only available in Euro were converted to US\$ using an exchange rate of 1.325.

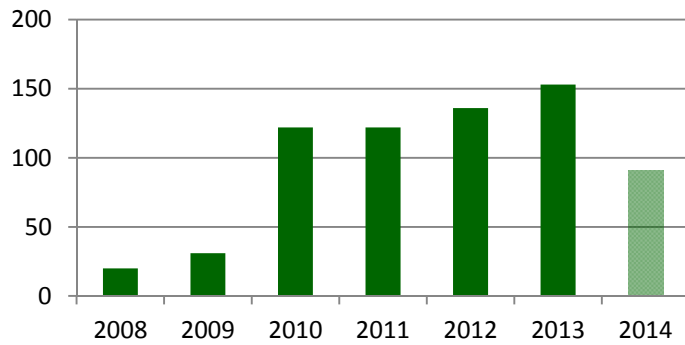


Fig. 2: German support for REDD+ in million US\$, as extracted from the VRD (REDD+ Partnership 2014)

This narrow perspective restricted to the REDD+-specific funding streams significantly underestimates the German engagement. Especially, traditional ODA related to forests accounts for a very large portion of the overall German assistance for REDD+ and has steadily increased, next to the new and additional specific support. Germany's support for REDD+ rests on four main pillars (Fig. 3):

- Bilateral ODA within the thematic clusters 'natural resources management' and 'mitigation of climate change': since 2008 the amount of annually mandated projects increased from 15 to 30 and since 2003 the BMZ's forest portfolio grew on average by 18% per year.
- The ICI which provides since 2008 project-based support in four thematic areas, REDD+ being one of them. Most projects funded in this area serve the purpose of increasing national readiness and capacity development (phase I and II).
- The REDD+ Early Movers Program that was established in 2012 as an interim mechanism to test the concept of results-based payments for reduced deforestation in advanced jurisdictions (phase III).
- The multilateral support for the World Bank's FCPF. Germany supports both the FCPF's Readiness Fund as well as the Carbon Fund.

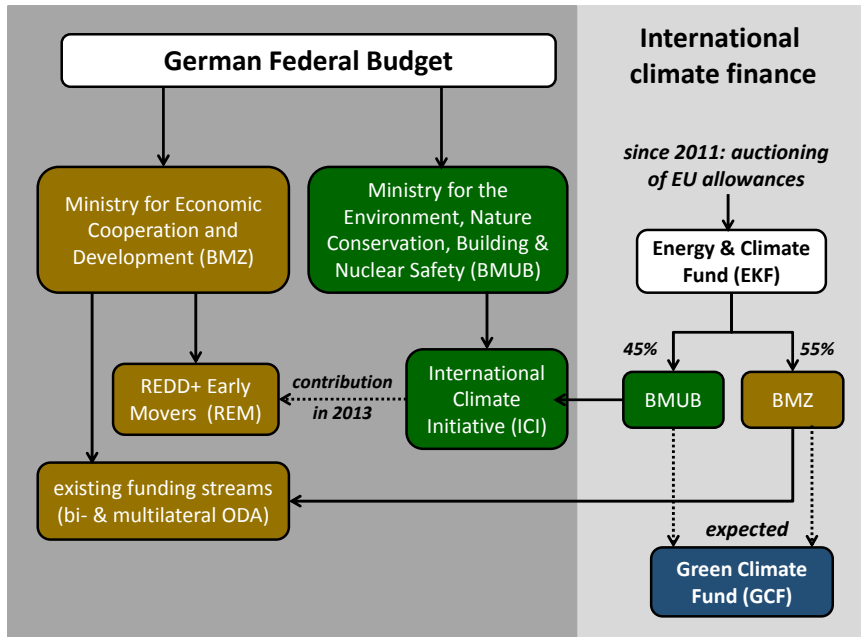


Fig. 3: German institutions supporting REDD+, modified from Germanwatch (2012) and Vieweg et al. (2012)

A subject of recurring discussions in German development cooperation is the ratio between bilateral and multilateral support. A main objective of its development policy is increasing the efficiency and effectiveness of the German development cooperation by “better linking the specific comparative advantages of bi and multilateral cooperation” (BMZ 2012). Bilateral support on the one hand is more flexible, oriented to the specific partner needs that allow for the transfer of German know-how. It is based on shared values, contributes to good long-term relationships, establishes trust, and provides high visibility of engagement. Last but not least, due to the accountability for the spending, the legitimacy of the engagement is seldom questioned. Multilateral organizations on the other hand have other levers: they are powerful global agenda setters for development policies, with growing influence as a result of their increasingly important roles in international environmental governance. In 2012 a fixed ratio was agreed: to two thirds of the overall budget will be spent bilaterally, and one third is dedicated for multilateral support (ibid.). As further elaborated in section 4, the German support for the different funding streams and purposes is expected to continue at current levels in the near future.

The International Climate Initiative

The ICI was established in 2008 by the BMUB as a separate program to support climate action in developing countries. Key criteria for its projects include a wide array of activities, e.g. the development of mechanisms which mobilize climate finance, MRV systems, the promotion of transparency and good governance, and the effective transfer of knowledge for participating actors (ICI 2014). It should be possible to up-scale projects and transfer the results to other regions and countries in order to create larger impacts, e.g. in jurisdictional settings. While in its initial form the ICI did not separate between REDD+ or biodiversity projects, today it provides funding for projects within four distinct areas (ICI 2014, Fig. 4):

- i. mitigating GHG emissions,
- ii. adapting to the impacts of climate change,
- iii. conserving natural carbon sinks with a focus on REDD+, and
- iv. conservation of biological diversity.

With this wide funding scope, it comes as no surprise that the ICI has a very broad and diverse project portfolio.

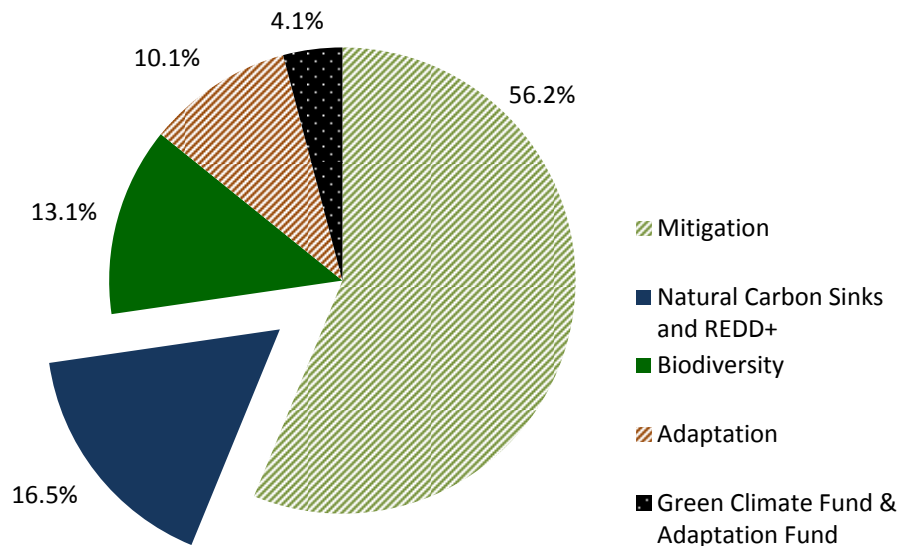


Fig. 4: Portion of the ICI funds for different funding purposes

Originally, the ICI was financed through the sale of allowances of the EU emission trading scheme. In 2008 and 2009 this source provided annual revenues of around US\$ 159 million

(BMUB 2009). However, in light of the erratic developments in this market scheme, it turned out that this source is unreliable and did not generate as many funds as had been initially expected. To cope with this deficiency, BMUB decided in 2011 to dedicate a minimum of US\$ 159 million from its budget to secure the longevity and sustainability of the initiative. Currently, additional funds from the sale of EU allowances still contribute to the budget. These funds, however, are channeled through the Energy and Climate Fund to various initiatives from the German Government (Vieweg et al. 2012).

After six years, the ICI is globally recognized as an innovative and influential funding mechanism which has notably influenced the arena of international climate funding. As of January 2014, the ICI is present in over 97 countries (Fig. 5) and has provided a total of US\$ 1.92 billion in funding to more than four hundred climate-related projects (ICI 2014). When considering the mobilization of additional sources of funding, at least US\$ 5.15 billion have been dedicated to financing ICI projects in cooperation with numerous partners and organizations (ICI 2014). When focusing specifically on REDD+ and natural carbon sinks, over US\$ 270 million have been allocated to these types of projects through the ICI.

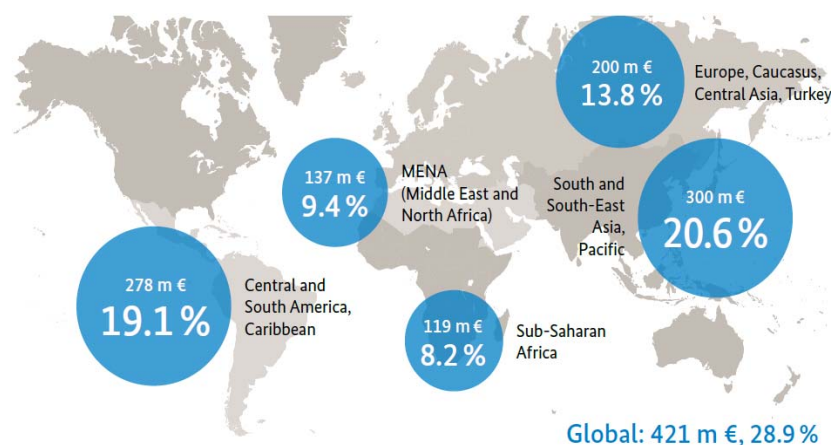


Fig. 5: Regional distribution of the ICI project portfolio from 2008-2013 (ICI Homepage, 2014)

In contrast to traditional ODA, the ICI explicitly funds the development of policies and activities framed as approaches to address climate change. A link to development cooperation is ensured as the GIZ is the BMUB's implementing agency of the initiative.

The REDD Early Movers Program

The REDD Early Movers Program (REM) was initiated in 2012 by the BMZ to support countries that have become front-runners in the development of REDD programs, or countries that have made significant progress in their own efforts towards enhancing forest protection. REM is targeted to *early movers* in order to generate important lessons, to demonstrate the feasibility of results-based payments and to reward proactive countries for prioritizing and advancing their mitigation activities in the forest sector. While different options exist to assist countries during the preparation and pilot phase, there are still only few funding opportunities available for the full implementation of REDD+. The REM program aims to reduce this gap between the preparation and payments for verified emissions reductions in phase III. A decisive feature are robust yet flexible approaches for results-based financing of reduced emissions from deforestation – the first “D” of REDD+ – to ensure that countries or jurisdictions are not overburdened and their specific circumstances are taken into account.

Early movers have been defined as countries or jurisdictions that have already made significant strides in the preparation phase with the development of necessary technical conditions (e.g. MRV systems), and by promoting enabling policy and institutional environments (BMZ 2012). Early movers also include countries where there are large-scale pre-existing forest conservation initiatives with potential to be adapted to the REM program.

BMZ is the responsible ministry for the REM program, and the GIZ and KfW are jointly responsible for its implementation. The KfW is the responsible financial institution for implementing the REM Program. REM also offers technical readiness support to its candidates by also providing targeted technical support via the GIZ, e.g. the strengthening of institutions and policies, the establishment of important technical components such as reference levels and a MRV system, and promoting an inclusive REDD process that ensures that comprehensive and high-quality safeguards are in place (BMZ 2012). The REM program works with both incentive and results-based payments, meaning that depending on the approach agreed upon by the country and the REM program, payments could be on the basis of a payment per hectare of forest conserved or a payment based on verified emissions reductions.

The funding for this program is primarily allocated within the BMZ’s annual budget. Its initial financing comes through special funds within the German Energy and Climate Fund

(EKF), which allows for more flexibility in the implementation of the REM Program. In 2013, REM received additional funding from the ICI, although this BMUB contribution is not a permanent financing stream. By September 2014, the BMZ had committed US\$ 74.2 million towards the REM program, while the ICI contributed additional finance amounting to US\$ 12 million. A total of US\$ 74 million of the German funding for REM was dedicated to carbon financing within REM. An additional US\$ 11.2 million have been reserved for REDD readiness activities including the strengthening of policies, tools and institutions. The first participant to be selected for the REM program was the State of Acre in Brazil in 2012. In 2013, Ecuador and Colombia were selected as potential future participants within the REM program (Wolf 2013). An agreement with Ecuador is at the verge of being signed with the first payments expected by the end of 2014. Negotiations in Colombia remain at an early stage, and plans for further expansion are being discussed with potential beneficiary countries and donors. For Ecuador and Colombia, Germany is jointly implementing the REM Program together with Norway, and it continues to explore options for future cooperation with other donors.

REM has emerged as an important funding approach to close the gap in REDD+ funding between the preparatory phases and the payments phase. It is an institutionalized program to deliver such payments and since it is designed as an approach open to other donors, it is attractive for countries which want to contribute but need to rely on experienced implementing structures. Through the REM, Germany has found an innovative way to test result-based funding in the forest sector.

Multilateral Support for the FCPF

The FCPF was established in 2007 as the World Bank's response to REDD+. It administers the Readiness Fund which became operational in 2008 and focuses on preparing countries in the early phases of REDD+. Funded activities include the preparation of national REDD+ strategies and action plans, as well as building institutional and technical capacities, e.g. the establishment of reference [emission] levels and MRV systems as a basis for the subsequent performance payments. The Carbon Fund was established in 2011, and aims at providing payments for monitored and verified carbon reductions from REDD+ participant countries.

The FCPF is supported by 17 donor entities, including national and regional governments, NGOs and the private enterprises, and has received in total approximately US\$ 825 million in funding (US\$ 360 million for the Readiness Fund, and US\$ 465 million for the Carbon

Fund) (FCPF 2014). Norway and Germany are the largest donors with pledges totaling US\$ 287.51 million and US\$ 182.26 million respectively (Climate Funds Update 2014). The German FCPF funding is part of the BMZ budget; US\$ 52.98 million was deposited in the Readiness Fund and a pledge of US\$ 129.28 million was made for results-based payments to be channeled through the Carbon Fund.

The Readiness Fund of the FCPF supports 47 participant countries, including 18 African countries, 18 in Latin America, and 11 in the Asia-Pacific region (FCPF 2014). In total, 36 of these countries have already commenced their participation with the FCPF's Readiness Fund, while the remaining countries are still in the process of developing their participation agreements (FCPF 2014). There are 11 countries with projects in the FCPF Carbon Fund pipeline.

As evident through the sizeable contribution of Germany to the FCPF, Germany is, after Norway, the strongest supporter of this multilateral initiative. In contrast to its many different bilateral engagements, within the FCPF approaches need to be agreed upon by the various donor countries and within its framework. While the FCPF may allow for less flexibility or innovation, especially in comparison to ICI or REM, it provides an important approach to climate funding since this multilateral network also serves as an important forum for donor and participant countries.

4. The German Donor Discourse on REDD+

In this section we present the empirical evidence we gained through the semi-structured interviews conducted in August 2014 with eight experts from the main government institutions involved in developing and furthering support for REDD+ and one NGO. In order to be concise, we select representative statements of the interviewees that illustrate the discursive elements and discuss the main findings in light of the presented background.⁴ In order to ensure reader-friendliness, the quotations of the non-native English speakers were also subject to a grammar and language check and slightly modified where necessary.

Throughout all interviews, the perception was confirmed that the discourse on the German support for REDD+ is an expert discourse. Understanding REDD+ requires a high level of background knowledge, and media coverage uses the framing of deforestation as a measure to mitigate climate change. Climate change, deforestation and biodiversity loss are widely

⁴ In line with the explorative research design, anonymity was granted to the respondents in advance; thus the statements are not attributed to the institutional context of the interviewees.

seen as major problems that require concerted efforts and countermeasures. Thus REDD+ and its specific features have neither raised a broader discourse nor triggered public criticism. Generally, so far the German engagement in this context has resulted in very few repercussions. In contrast to other climate-relevant topics as for example the German energy transition or the role of nuclear energy, it has never been subject to extensive debates in the German parliament, in the media or academia.

So far REDD+ has not attracted the curiosity of industry as it has in other countries – e.g. in the USA where a debate was started and REDD+ emission reductions promoted as a cheap option for offsetting emissions. A reason for the reluctance in Germany towards this aspect of the debate may be that the concept of offsetting industrial emissions with land sector credits has raised much criticism and concerns by NGOs and European governments. In addition, currently there is no demand in the different compliance carbon markets which could fuel the discussing of such options.⁵ As a consequence of the broad consensus regarding the need to combat climate change and protect forests, and the recognition of the synergies between these objectives, only few experts from public administrations and civil society organizations (NGOs or science) are aware of the concept of REDD+. A representative statement by one interviewee describes it as follows:

“In general, the German public knows very little – if anything – about REDD”

The fact that the German public is widely aware of the deforestation problem in developing countries as well as of the negative impacts on biodiversity and various ES may explain why the debate is restricted to those public and private institutions working in the respective field: REDD+ is seen as part of the German development support for the protection and sustainable management of forests in developing countries which has been established long before REDD+ evolved:

“Germany has one thing that distinguishes it from a lot of other countries – it has both financial and technical [development] cooperation in so many different countries. Therefore they have the required expertise, local knowledge and close relationships to the relevant ministries that are already working on forests, biodiversity, and other issues that are relevant to REDD.”

⁵ In the EU most large emitters are covered through the EU’s emission trading scheme marked by the persisting problem of massive oversupply and very low prices.

Asked for the reasons for the long and extensive technical and financial support of the past decades two aspects were mentioned in most interviews. Firstly, Germany's own long forest history:

“Germany has a long history related to sustainable forest management, a strong forest tradition and a long history in forestry science and silviculture, and this has thus shaped forestry in Germany, in Europe and across the world.”

And secondly, related to its own forest history, a high degree of awareness regarding deforestation and the impacts on biodiversity and ES:

“Germans have a very special relationship to forests, and because of that it's very easy to attract the issue to the general public; [...] we understand very clearly that forests play an important role in maintaining our climate, and that protecting forests is very important for securing livelihoods and for assuring social benefits.”

Generally, Germans are very sensitive to issues related to the depletion and conversion of forests. Therefore, the long history of development cooperation and engagement in the land use sector are not subject of critical disputes, neither in the media nor among actors from civil society. In addition, human induced climate change is considered as a major problem that needs to be tackled. Starting with the German role in agreeing on the Kyoto Protocol – with the German chancellor Dr. Angela Merkel who was minister of the environment during the Kyoto negotiations in 1997 – the need to reduce anthropogenic GHG emissions has been high on the political agenda since this time. As a major economy (and emitter) the domestic focus has been on shifting towards clean and renewable energies:

“Germany is doing a lot of things domestically. However, we also believe that other countries need to be supported in reducing emissions. When linking forests with climate protection or when working with tropical forests the opportunities for reducing emissions from deforestation are particularly substantial.”

This statement links the awareness regarding forests and their role in climate change. It also explains why in sum the technical and financial support for forests in development cooperation has been relatively stable over decades, despite frequent changes of government constellations between the major four political parties in Germany. However, in recognition that previous initiatives and support attempting to stop deforestation have not been successful, one respondent expressed a wide-spread expectation of REDD+ for the future of development cooperation:

“German cooperation has supported sustainable forest use and development for 30 years, and its success has been limited. Now there is a hope that there is a shifting paradigm with REDD+ because of its performance-based payments. I think this is one of the most attractive elements, as it is a new dimension of international cooperation where the partner country is more responsible. In this sense it’s based on performance and not just development aid without any conditions.”

In contrast to the wide consensus about the need to effectively address deforestation and climate change, with regards to REDD+ the experts of the involved institutions naturally pursue slightly different objectives. Before REDD+ became prominent, BMZ had the sole responsibility for development cooperation. Through the framing of deforestation as a climate mitigation approach, and after Copenhagen 2009 also as a biodiversity and climate adaptation issue (Pistorius 2012), the BMUB as the ministry in charge of the UNFCCC negotiations became involved. Since 2008 the BMUB began to actively support REDD+ related capacity building projects in developing countries through the newly established ICI. Asked for the rationales related to the different types of support for REDD+, many interviewees emphasized the broader agenda of the BMZ which includes other aspects of development such as poverty reduction and other topics which may have a more holistic and long-term perspective. On the other hand, it was discussed by some interviewees that the BMUB tends to have a more narrow perspective with a strong emphasis on mitigation and thus there is a tendency to prefer projects with short-term results. One interviewee confirms the different rationales but also points at their convergence in recent years:

“Today they [BMUB and BMZ] probably align the support a little bit more. The BMZ objective is more focused on long-term development objectives where REDD is very welcome as it has generated increased attention to put forests, climate change and development into focus. For the BMUB, it’s the climate aspect: mitigation is their focus, and when they support projects they want to see clearer and short-term results, for example in CO₂ reduction and so on.”

Of course, the different agendas of the two ministries have resulted in discussions over competencies, especially with regards to the ICI. Despite the usual competition between ministries concerning cross-cutting issues, the collaboration between the two ministries is widely considered as good and marked by mutual support.

4.1 Impact of the REDD+ Negotiations on the German Support

The REDD+ debate in the climate context has strongly influenced the amount, the type and the institutions involved in support for avoiding deforestation and introducing sustainable

land management practices. Though never questioned in general, the ongoing loss of forests has revealed the very limited success of previous initiatives and bilateral cooperation. In light of the unabated deforestation problem a discussion arose among German politicians about the best lever of the development cooperation in the forest sector, due to concerns about the overall effectiveness and efficiency of traditional German support. With a prior emphasis on sustainable forest management, the forest discussion was losing importance and fading into the background, and it was not until the integration of forests into the climate discussion and the emergence of REDD+ when this began to change.

This inherent paradigm change towards performance-based payments generated new enthusiasm and support by many key actors in Germany, and this continued when it remained on the agenda of the negotiations on a post-2012 agreement and the Bali decision encouraged pilot activities and capacity building in 2007. One expert stated:

“Since REDD+ became an important topic in the climate negotiations, it has helped the German government in mobilizing more funds. In this sense, and this might be kind of ironic, the fact that the negotiations are so complicated and challenging also helped to sustain the German support for REDD+ at this level.”

However, while the slow overall progress on a post-2012 agreement gave time for resolving problems and agreeing on important elements for REDD+, the stalling of the process also poses significant challenges – one being the dysfunctional compliance markets for carbon emissions as one option for generating the funds for paying for the performance:

“The expectation we all had a few years ago was that the carbon market would deliver the huge amount of finance required for phase III. However, now this is not very likely to happen. I have an uncomfortable feeling about the availability of funding for phase III, and I foresee already that REDD+ countries may become very impatient and frustrated if they see that the funding we promised a few years ago for phase III is not yet available.”

In the UNFCCC negotiations the funding issue of REDD+ was seen as intricately linked to the funding of other agenda items. As their agreement is a lengthy process the REDD+ negotiations focused on other topics and eventually agreed that financing REDD+, especially payments for verified emission reductions in phase III should be facilitated through the GCF as the backbone of the global architecture for climate related finance in a future climate agreement – with funding from a variety of public and private sources.

An important debate within the UNFCCC negotiations was the Subsidiary Body for Scientific and Technological Advice (SBSTA) agenda item on drivers of deforestation in the years 2012 and 2013. The decision text reveals the helpless character of the debate on this complex topic as it basically acknowledges the consensus regarding the need to address them. However, this sub-discourse and the recognized need to include the private sector have notably influenced the German and the multilateral support institutions, for example one interviewee emphasized that within the ICI there needs to be a stronger emphasis on the drivers of deforestation and ultimately a greater involvement of the private sector. Thus the drivers, underlying causes and agents of deforestation were highlighted as being of great importance for developing a high-quality REDD+ program. However they remain a challenge in becoming incorporated in REDD+ programs, projects and policies.

The Warsaw framework for REDD+ in December 2013 marked the last important milestone within the UNFCCC negotiations, as it is now up to the countries to conclude their readiness activities and submit reference levels. After eight years of negotiations, this milestone was necessary to maintain the confidence that REDD+ will ever become a reality. One expert said in this context:

“I have perceived an increase of REDD support in the international community with the Warsaw framework because it provides some sort of a road map, especially by providing a link between REDD+ finance and safeguards. [...] So I guess this has sent a very positive message, not only to Germany, but to all of the international donors that are financing REDD+.”

Except for Brazil, which has submitted a reference level for the Amazon biome, so far no other country is ready for phase III yet. With regards to the conclusion of the framework and Brazil’s early action, other donors have raised concerns about the availability of sufficient funding:

“In Warsaw we closed REDD+ negotiations on the REDD+ rule book, so the rules are there now, and they can be implemented. Like in Brazil – they did it. However, if more countries follow their example they will put us, the donors, in a very uncomfortable situation. They will say, so we are here now, where is the predictable stable finance you promised for result- based payments?”

This statement illustrates how the Warsaw decisions marked a decisive milestone for the REDD+ discourse: the technical elements are concluded, but the issue of mobilizing sufficient and predictable finance is just about to begin.

4.2 Issues and Concerns among German Experts

The strong promotion of a new and untested concept as REDD+ has triggered different concerns and resulted in different sub-discourses that can be linked to the respective debates and agenda items discussed in the international arena. However, several interviewees repeated the often voiced general concern about the increasing complexity and the risk of repeating the same mistakes as under the Clean Development Mechanism (CDM). One expert stated for example:

“As we have seen, REDD+ has become increasingly complex since it was established in 2007. Everything moved much more slowly than people initially expected. We aim to reduce the technical complexity and ultimately to avoid falling into the CDM trap.”

A critical issue among German experts in the early phase of the debate (between the COPs in Bali and Copenhagen) was the question of how the REDD+ finance will be generated and disbursed – in particular the discussion whether REDD+ would be linked to an international carbon market mechanism and whether potential REDD+ credits could be used for off-setting other GHG emissions:

“The [offsetting] discussion has been very critical. Civil society organizations such as Greenpeace are very critical of buying cheap REDD+ or tropical rainforest credits, and to avoid doing your homework at home. I also believe that the German approach to REDD – which can be summarized as ‘okay, lets support results-based finance but not as an offset mechanism’ stems from that discussion. [After Copenhagen] this discussion has shifted, so this polarity is no longer a major issue anymore.”

With the logjam of the negotiations after the Copenhagen COP, this sub-discourse was replaced by other issues that were more focused on the environmental and social integrity, as well as on the immediate needs related to capacity building and readiness. Thus the discussion shifted to safeguards, and many concerns shared by key actors were also shared by German institutions. While this topic is an element of any form of development cooperation, the unprecedented implementation of safeguards at a jurisdictional or national level – beyond a clearly demarcated project boundary – poses tremendous challenges:

“The huge issue of finding or developing implementation structures in those countries that actually can deliver some change in the long term and [...] the whole safeguards discussion – by working on those issues [...] people can increasingly realize how deeply these challenges are rooted and what they require.”

The concerns about capacities and readiness have decisively influenced the nature of the German support. A main lesson learned from decades of development cooperation in the sector is that there needs to be a combination of financial and technical approaches. One expert stated:

“Just providing a chunk of money will not resolve anything. REDD+ from a financing perspective is new, but all the underlying issues have been linked with the objectives of development assistance and bilateral cooperation [...]; yet they still remain important issues, and you need all of these components to put together a workable solution.”

In line with the responses of the other experts the same interviewee provided this statement:

“The whole readiness process demonstrates the main challenges associated with REDD+ – the lack of institutional capacities, and the lack of institutional coordination in the countries – we have it to a lesser extent in Germany as well, but its improving [...]; in most countries the ministry of environment leads the process but doesn’t have sufficient influence on the other sectors that directly influence deforestation, like agriculture.”

Some interviewees emphasized the substantial time that the readiness processes are taking. Furthermore, they emphasized that there are some countries and regions where there are stronger challenges to achieving readiness or where there are greater risks (e.g. deforestation is more profitable, greater governance deficits, etc.). Therefore, the main issue and concerns of the German donor discourse are related to implementing and realizing REDD+ under real conditions in REDD+ countries, while simultaneously considering options for those countries where REDD+ may not be as feasible as anticipated.

4.3 Expert Opinions on the Types of Support and Institutions

The specific and differing needs for support are reflected in the different German institutions supporting readiness and a full implementation of REDD+. In the following we present how the interviewed experts view the ICI, the REM Program and the multi-lateral support, in addition to how the different forms of engagement for REDD+ relate to each other as well as to traditional ODA.

The German International Climate Initiative

In the context of REDD+, the current German understanding of the ICI is more specific than and complementary to bilateral cooperation in the forest sector (forest policies and sustainable management of forests):

“Forest policy as such is not avoiding deforestation, it’s just managing forests and that is the traditional background of Germany’s bilateral cooperation. From that background, the next step might be to look at what else can be done [...] to reduce deforestation. [...] The [ICI] approach is not that we go to Peru because they would like to work with Peru on REDD+ [...]. We are only willing to work with you on climate related issues – if you come with other priorities you have to go elsewhere.”

This distinction between the ICI and bilateral ODA is not always apparent. In ODA the starting point is sustainable development, while the ICI is entirely focused on climate policy and action. While the work of the ICI is mostly seen positive, one aspect has also evolved to a major issue in the context of the efforts of the REDD+ Partnership to capture all relevant donor arrangements:

“I mean can you really make a difference between the two [ICI and traditional ODA]? At times I try to track the REDD+ initiatives and the REDD+ projects by the German ICI and if you go through the list you can’t really tell what is separate from Germany’s ODA commitments, [...] biodiversity commitments, [...] the REDD+ commitments [...]; so for me it’s a bit of a blurry subject and it lacks transparency.”

While externally the differences to the bilateral ODA are not always clear, the ICI had evolved over the years of its existence, or as one interviewee put it:

“It’s not a secret that the environmental ministry initially didn’t have experience with this type of work. So I would say when they started they were rather naive in saying ‘we will give you a few million dollars and after one or two years we want to have results’. Now the ICI is shifting to include more long-term projects with more realistic objectives.”

Other critiques centered on the lack of focus of the ICI, and whether or not it should focus on specific geographical regions or themes. However, generally all respondents agreed that the ICI is an accepted and important initiative for furthering the implementation of REDD+. For the German government, it is an important tool to also promote the German views on how REDD+ should be implemented:

“[The ICI] is welcomed by numerous actors: by politicians, by countries, and by NGOs. It is based on various components including ensuring safeguards, integrating local communities, securing land tenure rights, and restoring degraded or lost forested lands [...]. This is a great instrument for us to implement our policy views of how REDD+ should be implemented. We can finance specific projects that we perceive as relevant, important to REDD+ implementation in developing countries, and projects that would fill existing gaps.”

The described challenges for REDD+ governance at all policy levels is deeply reflected in the German discourse and have also significantly influenced the decisions and the German institutions aiming at making REDD+ a reality. The ICI for instance, with its focus on climate, realized after the initial years that REDD+ is a very specific area which requires other support than biodiversity, technical mitigation or adaptation. Regarding REDD+ and in line with the general observation that time is a crucial success factor, one interviewee described the dynamic of the ICI as follows:

“The ICI thought they can just establish a program short term, three years in a country and then have nice results [...] they had to learn that 3-year programs are far too short. Now it is becoming more common for them to approve second phases [for their projects] – so that finally you have at least 6-year programs.”

Other respondents supported this observation, and further stated that the ICI is now beginning to evolve to support longer-term projects with more realistic objectives. While the perception of the ICI remains generally very positive, it was still highlighted that there is a need for it to remain flexible and dynamic. The ICI generates an enormous amount of information through its projects and diverse experiences, and it is proving to be a challenge to utilize and build on these experiences. And while the lacking experience of the BMUB in such work has inevitably resulted in learning and modifications of the approach, an important advantage can be found in its flexibility:

“We can open new avenues, we can bring in new experts, new actors, and we can test new ideas. We think it’s necessary to put specific and clearly determined attention to REDD+ compared to other areas of mitigation.”

The REDD+ Early Mover Program

The REM program was established by the BMZ and is managed jointly by its implementing agencies – the GIZ for technical cooperation and the KfW for financial cooperation. One reason for establishing this program was the slow progress of the international efforts to agree on the mechanism under the roof of the UNFCCC and the GCF. While it may still

take years for the GCF to deliver, some countries profit from their efforts and the support they have received in the past and advance in their policy development and implementation, e.g. Brazil which has received significant amounts bi- and multilateral support for decades:

“Some countries and some jurisdictions had already invested in forest protection and forest policies, and were either ready or at the brink of delivering emissions reductions [...]. REM comes in with this opportunity, and aims to provide results-based finance, and bridge finance – to pilot and show that results-based finance is possible, and to pilot it in a less complex way than for instance FCPF. The idea is to provide something faster, less complex, but that still provides a robust approach and creates confidence and shows that REDD+ can work – without trying to cover every dimension of REDD+ and its complexity. Thus, the idea of REM is also to counter some of the frustration of the countries that have already invested into forest conservation.”

Other respondents observed the same rationales behind establishing REM, but in addition, emphasized the risk of actors having a loss of confidence along the timely process of implementing this paradigm shift to results-based payments. They stressed that advanced countries that have taken the initiative to adopt REDD+ would likely become frustrated with the slow pace of negotiations, the lack of funding to bridge the preparation phase and the verified emission reductions phase, and the challenges posed by the slow-moving nature of multilateral initiatives. Furthermore, some interviewees emphasized that the REM program also allowed more flexibility than the Carbon Fund:

“The program [REM] was designed to provide countries with more flexibility, and not rely on long-term process to agree on very specific criteria that have to fit all countries. Thus this flexibility allows for projects to adapt a bit more to the [...] country circumstances, and to be deliberately selective – not having an open tender process but instead a process based on political considerations and technical considerations.”

Another reason for establishing REM that was mentioned was to test the concept of result-based payments for avoided deforestation and to demonstrate the overall feasibility. Thus it provides a bridging phase which allows for taking into account governance considerations while also piloting results-based finance. However, the implementation of effective safeguards is perceived as a major challenge that requires a certain degree of pragmatism, as well as transparent and working benefit-sharing mechanisms:

“It’s more complicated to implement safeguard systems which attempt to integrate all of the necessary aspects for the UNFCCC. So far, they have not found a way to implement them from the beginning – they are using a step by step approach in order to improve existing safeguards systems. [...] So the robust carbon

accounting, and the benefit sharing programs for REM – these two components need to be clear. At least initial benefit sharing programs should be developed in an operational way and not just in an abstract format.”

When the REM program was established for encouraging ‘early movers’ to continue in their efforts of implementing a forest transition, there was a wide expectation that a fair amount of suitable candidates would meet the prerequisites for result-based payments.

“When KfW started to develop the program by that time I think it believed that there are numerous early movers that already exist. Then the reality sunk in and they discovered that it is not so easy to encounter early movers. [...] REDD itself is a paradigm shift – REM is sort of the German instrument to try and see if there is already a critical mass that can fulfil those criteria and give REDD+ an additional push.”

The search for suitable REM candidates has revealed the difficulties to find partners that are ready for performance-based payments:

“In the implementation of REM it proved that there were fewer success stories than anticipated, and the successes were, apart from a few exceptions, probably less significant than anticipated. [...] There are only very few countries that really can and will be able to prove that they have successfully reduced emissions.”

At the moment, it seems difficult to find success stories beyond Acre which already had far developed implementing structures when REM started. Nonetheless, the views are shared that the demonstration of the feasibility is necessary to maintain the momentum and the confidence in the concept. In this sense, respondents emphasized that results-based payments are complementary to “on the ground” work including technical assistance and capacity building and other upfront financing to assist with the first and second phases of REDD.

German Multilateral Support of the FCPF

For a long time, Germany has followed a dual strategy of a strong bilateral “hands-on” cooperation and, parallel, substantive support of multilateral institutions – in the context of REDD+ and the FCPF. Depending on the respective government, the ratio between and emphasis on bi- versus multilateral ODA shifted in the past, but it is undisputed that each approach has important advantages over the other. Interviewees mentioned in particular the scale and the opportunities for larger impact, which is needed for organizing simultaneous action in so many countries:

“FCPF is a good platform where you can get lots of donors together to make a bigger impact towards implementing REDD+ on the ground.”

One interviewee also emphasized the gaps and lack of specific guidance provided by the UNFCCC, and how these deficits are partly compensated through the FCPF:

“The Carbon Fund and the Readiness Fund, they both establish sort of a framework for REDD+ [...]. So whatever the UNFCCC couldn't decide upon, or couldn't advance has been taken up by the FCPF – either by the readiness or by the carbon fund initiative. In this sense, there is a good participatory approach to establishing the framework and the standards and principles for REDD+, in order to also drive the policy agenda forward.”

Nonetheless, the interviewees also pointed at the disadvantages, specifically at the lack of flexibility due to the rigid organizational structure and the conditions agreed upon by a number of donor countries. Therefore, in bilateral approaches there is greater freedom in determining the conditions, adapting to new conditions and incorporating new concepts. Accountability for funding and competition between the different fields of development cooperation is another aspect that was mentioned by one respondent. This argument has to be seen in the context of the flexibility advantage of bilateral support, and was brought forward in the context of the difficulty to find candidates ready for phase III funding:

“The FCPF doesn't deliver as quickly as they all expected because they are asked what happens with the 150 or more million that they have allocated for forests. So far nothing has happened, while at the same time people working in education, health, etc. could use this money and do something good with it.”

Last but not least, countries have a rational interest to visibly demonstrate their engagement. Bilateral activities provide notably more options to demonstrate how the funds are being used and what activities they are financing. Despite the challenges and advantages associated with both bilateral and multilateral approaches, it was emphasized that it is not simply one or the other, but that they both have their strengths and their role in the overall scheme of REDD+ finance and German support.

4.4 Germany's Main Lessons Learned

One of the main German lessons learnt is that the paradigm shift inherent to REDD+ takes more time than originally anticipated. Both the enthusiasm by donor and recipient countries

and the underestimation of the technical and political challenges have been replaced by more realistic views.

“Countries are presenting early ideas, and we are commenting on these ideas and trying to get more ideas for new projects, and then they come back and they present again and so on and so on. But what we are discussing about are things on paper. It’s just paper. In most cases these papers have not been developed by the countries themselves, but by international consultants whose job is to develop nice programs.”

The pressure for rapid and visible success from donors though is seen by several interviewees as problematic. This could be described as a dilemma which is linked to the pace of the UNFCCC and the country’s own ambition related to the implementation of the presumably simple concept of REDD+. On the one hand donor countries are accountable for the money they spend and need success stories to legitimize maintaining and increasing support, and on the other hand, the pace at which developing countries go through the phases does not meet the expectations:

“We actually need to pay twice at the moment: we need to pay for the investment and then we need to pay for the actual results. So that actually shows that REDD+ has not really advanced as far as people have hoped for [...]. It takes time to identify activities and strategies to address the drivers of deforestation.”

An important aspect mentioned by one interviewee was that capacity development should not focus only on REDD+ but also extend to broader topics such as training and education to ensure a long-lasting impact. Another important lesson learned is that despite the complexity, the concept of REDD+ can work, as the REM experience in Brazil has shown. The “German approach” in the state of Acre – to start a relatively simple scheme and learn-by-doing – has demonstrated the feasibility, generated important lessons learned, and, last but not least, has created confidence that donor countries are serious about implementing REDD+ and shift to the logic of results-based payments. However, some respondents have stated with regards to the general state of readiness in most countries – the wish of many donor countries and the FCPF to rapidly implement more jurisdictional REDD+ schemes - fails due to the lack of suitable candidates:

“Another important lesson would be that there are not as many early movers out there as we would like. And two other things: in the FCPF initiative, there is decreed readiness or advancement in the readiness process in terms of grant allocation and spending the money and having all of the consultants work. The other is: to what extent is a country really at the brink of reducing deforestation or not. These are completely different ball

games which are not discussed enough in terms of [...] 'without performance there are not going to be any performance-based payments'."

Most interviewees see the need to also better link and coordinate these institutions. This includes both among the REM, ICI and FCPF, with the bilateral German development cooperation support for forests and also to ensure coherence and coordination with related sectors. Respondents highlighted the possibility for countries working with REM where potential project gaps could be filled with ICI projects. However, there is a need for closer collaboration and cooperation between these institutions. Furthermore, many respondents highlighted the need for a holistic approach to REDD+ which allows for REDD+ institutions to also be backed by more traditional approaches which may support change in other sectors such as agriculture, or tackle broader issues such as forest governance. One respondent also stressed the need for better coordination within the FLEGT and REDD+ processes stating that after REDD+ emerged as a major topic, there was a notably reduced interest by many countries in the FLEGT process – which German experts consider an important and complementary process to REDD+.

The further the implementation of REDD+ advances, the more aware the different actors become that coordination needs to be enhanced significantly to make efficient use of the available funding. This concerns donor and recipient countries alike, but with the different forms of support this holds particularly true for Germany. Coordination among donor countries has been a fiercely debated issue under the UNFCCC with extensions of the debate to the REDD+ Partnership and its efforts to increase transparency of REDD+ funding through its Voluntary REDD+ Database (VRD). With regards to internal coordination, one respondent stated:

"There have been significant problems in coordinating the ICI activities and other development corporation initiatives. This is not only limited to Germany, but sometimes we hear that a new ICI project is starting – and then you are thinking 'wait, but isn't there already somebody doing something similar?' [...] It has to be coordinated better, and while my impression is that it is improving there is still a fair way to go when it comes back to coordination between the BMUB and BMZ."

Another respondent confirmed this statement, and added the need to also increase the focus of German support:

“They learned that we need to consolidate and focus the work they are doing with some of our key partner countries.[...] It may be better to put additional funding to an already ongoing program or projects than just start a new one with a new agency etc.”

Regarding external coordination with other donors, the respondents all emphasize the recent efforts in this context, starting with the discussions in Warsaw on coordination of support and the finalization of the rule book for REDD+ – in particular, the coordination with Norway and UK. The establishing of REM is also attributed an important role:

“REM played an important role in that respect; it was a real catalyzer for improving cooperation between different donor countries, and especially it aligned the activities of Norway and Germany in both the actual technical work, but also in aligning their political communication with other countries.”

As the interviews have shown, this is well recognized but there is potential to increase the current efforts in this regard:

“The REM program will reach much more countries in the future and more donors will also buy into this initiative, and contribute to this initiative. I have the impression that the Germans are reaching out to these donors in a very German and cautious way, but at least I see some progress towards that direction.”

However, it is also frequently mentioned that the initiative for coordination is more driven by other countries – as expressed by one expert:

“Other countries that probably don’t have these implementing institutions probably are much more eager to coordinate with other countries and initiatives than Germany which has its own implementation agents and probably feels that additional coordination is not very important.”

In any case, it is seen as a positive development, associated with hopes that other donors will join this informal effort to enhance coordination for REDD+. One interviewee made a very interesting observation and pointed at different interpretations by donors regarding the concept of results-based payments as an obstacle for closer coordination in this phase of REDD+:

“Germany is very close with Norway, because I think our conception of what REDD+ is in this stage – in this piloting phase and where it’s going – is very similar. For example, the kind of pragmatism in terms of being willing to support early action even though we cannot prove additionality in that sense. We are also working quite closely with the UK. The UK is trickier because of the transition from traditional ODA finance to results-based finance – they have much more stringent prescriptions for additionality in terms of

what they call 'value for money'. We do ex-post results-based finance which means emissions reductions need to already have happened – [...] the UK would like to do it differently, with upfront investments and thus they would receive credited results in the future, because that follows much more their investment logic.”

Other respondents emphasized the promoting of the REDD+ Partnership and found that Germany’s role within this forum was a visible attempt to strengthen coordination between donor and recipient countries. Germany’s support of the FCPF was also perceived to be an important coordinating mechanism, and several experts mentioned that the communication channels of this institution are useful for coordinating among donors and REDD countries. The permanent exchange in this context also reveals the differences in positions, and allows a space for finding common ground amongst the important donors – a prerequisite for more effective coordination:

“In the Carbon Fund or in other REDD discussions the donors have pretty clear and established [...] positions. I think we have less clear boundaries. The German approach to REDD+ has been more characterized by diffusion through technical exchange.”

4.5 Expectations for Germany’s Future Support for REDD+

All respondents share the view that Germany is a key supporter of REDD+ and express their hopes that the mechanism will become a reality. It is in line with the recognition that many previous attempts to counter unsustainable land use practices in developing countries with different forms of support have been limited, and that there is a need for a more effective approach that makes the best use of limited public funding, as expressed in the following statement:

“The concept of results/ based payments is very attractive. Even in traditional ODA we probably need to head in this direction, so that it will require more ownership and responsibility from the countries. [...]It may be a painful process for some of countries, but I don’t see many alternatives because with the traditional ODA, what we did for 30 years, the success was limited. I think it would not be wise to go back to the old system.”

Another interviewee is more skeptical due to the specific characteristics of the sector:

“There is a whole discussion going on that ODA should change to become based on result-based finance, and that in some sectors, for example the health sector, people say that it is quite successful already. But I am sure, in sectors such as forests, biodiversity, and natural resource management in general – where your

engagement only pays off in the long run and not in three or four years – you will also need upfront payments and support, and the overall willingness to give support for protection in general.

However, their expectations are marked by the concerns that it will take longer than expected and require much additional readiness support. The experience of the different bi- and multilateral forms of German support for REDD+ have shown that the challenges are considerable and require a certain degree of pragmatism:

“The key question is how reduced deforestation and how emissions reductions can be achieved. I think one answer would be that we need more support for readiness activities. In my view, there are too many discussions about how to set up a complicated MRV system, how to set up a safeguards information system, and not enough discussions about what political decisions and what hard measures need to be implemented – there needs to be more questions about the stick that might enable the country to get the carrot.”

In line with the existing support there will be a parallel emphasis on readiness, but also on working with like-minded donor countries on implementing more results-based payment schemes through the REM program. An interesting question in this regard is how much public funding will be available for REDD+. All respondents see the need to continue the support and to continue to be very visible with REDD+ activities. They also expressed their optimism that funding will remain, at least, at current levels or increase. However, more actors expressed their concern over the longevity and availability of funding given budget restrictions. One respondent stated:

“I am optimistic that it [funding for REDD+] will remain at least at the present level, but it would be necessary to increase funding and this will be a challenge with the given budget restrictions. Of course the expectation in the international arena is that it should increase dramatically, just looking at the GCF and its expectations.”

Regarding the transition towards more result-based payments the experts pointed out the need for more success stories. Such proof of concept is seen as vital for continuing the pioneer role Germany has assumed with REM, but also for the Carbon Fund of the FCPF:

“It is clear that the FCPF and REM need to deliver. I think it would be good if we could have some real success stories within the next 2-3 years, and then I think the German engagement will continue to be strong.”

Nonetheless, an important concern is that the global funding available for REDD+ will not be sufficient. REDD+ is competing with other topics for the available public climate finance, so there will be continued efforts to also explore options beyond carbon markets and offsetting to tap private sources for REDD+ and address the drivers of deforestation through complementary activities. One expert summarized their future expectations for REDD+ as follows:

“I think Germany will continue to have high commitments to issues like biodiversity as well as climate protection. I mean there is quite a lot of commitment or upfront commitments to the GCF or to international climate financing initiatives. We hope that REDD+ gets a good share of that. We also hope that there is going to be a continued diversity of instruments, which means continued engagement in the FCPF. Of course we hope that REM, once there are more countries in the portfolio, can be an interesting model of how to do it especially in the interim years before a full-blown REDD+ regime is in action. It will be interesting within the next few years to see how architectures develop in terms of the different mechanisms, and to what extent so that we don't over-burden countries – for instance with differential safeguards requirements.”

5. Conclusion and Outlook

In contrast to other countries and other topics related to climate change, the German discourse on REDD+ and the inherent paradigm change towards results-based payments has been restricted during the last years to a very small circle of experts. When REDD+ is discussed in the media or in the public it is framed as forest protection or as a contribution to the mitigation of climate change – two topics that are considered as important due to a generally high awareness of environmental issues. Among the German population there is broad support for forest protection. Germany's own forest transition during the last 300 years and the lessons learned from it, e.g. the importance of forest functions and ecosystem services for the well-being of mankind, have a notable influence on the sensitivity to this issue. The same holds true for the need to mitigate climate change. Germany, as a main emitter, is aware of its responsibility and has been among the proactive countries in the UNFCCC from the beginning.

The fact that there is public support in Germany for REDD+ finance without a larger public debate has important advantages for the institutions involved in designing and implementing the concept of result-based payments at different policy levels. It legitimizes the proactive work of the ministries (BMZ and BMUB) and their implementing agencies (GIZ and KfW) and the funding for which they are accountable. Germany's parallel domestic efforts to

implement the energy transition – simultaneously increasing the share of renewable energies while phasing out of nuclear energy – has shown that a broad public debate can result in policy twists and turns, and eventually result in a fatigue of the topic and the necessary efforts. This may eventually hamper the commitment to successfully conclude a transition. The fact that REDD+ and results-based payments is not subject of a broader discourse does not mean that this may not change in the future, especially when large amounts need to be raised for keeping the promise of paying for effective mitigation in developing countries' forest sectors.

The interviews with the main actors of discourse on Germany's engagement in REDD+ have revealed an astonishingly clear common story line and a wide consensus about the needs, the issues and the risks associated to the global efforts of making this transition a reality. The story line is notably influenced by the long history of German development cooperation and the experiences gained during the last three decades on the technical and financial cooperation. While this cooperation has resulted in trustful relations and profound knowledge on the particular national circumstances of many developing countries, a need is seen to shift responsibility and ownership to the countries. It is widely recognized that the past efforts have had limited success, and that there is a need to shift to a results- or incentive-based logic for the support.

The “German approach to REDD+” can be summarized as follows: REDD+ and its inherent logic are promising concepts and should be implemented. However, the political and technical challenges are still largely underestimated, and the readiness process of most countries takes more time than expected. The aspired pace, also to keep the momentum the climate debate has created, is hard to maintain; despite the concerted bi- and multilateral efforts to develop the needed capacities, there are still only few success stories and countries ready for entering a phase where they can receive first results-based payments. As a consequence, there is a need for a reduction of complexity and pragmatic approaches which allow for learning-by-doing. This means especially those countries at the verge of entering phase III should not be overburdened with requirements at the beginning so they eventually have a chance to perform and to receive payments. Results-based payments for forest protection work but require initially a great deal of flexibility and pragmatism, and there are fewer early movers than expected.

The German multilateral engagement for the support of the FCPF has not been questioned, despite the many bilateral activities related to REDD+. The FCPF is a forum that enables

the common development of norms and standards that specify the often vague decisions agreed in the UN negotiations. In this light, its Readiness Fund is seen as an important means for a coordinated development of capacities in a large number of countries, especially in the absence of specific guidance by the UNFCCC on the elements of REDD+. The Carbon Fund is viewed as an important instrument to gain scale and to simultaneously implement in a coordinated manner phase III in several jurisdictions. REM is not seen as a competitive but much more as a complementary institution: whereas the Carbon Fund is better endowed, German actors note the difficulties to agree on a common perception of what results-based payments mean and a pragmatic approach for implementation. Both are seen as ‘bridging institutions’, to maintain the trust in the concept and to demonstrate feasibility. Both face the same difficulties, e.g. the implementation of safeguards, the relation between up-front and ex-post payments and a functional MRV system, and the search for suitable candidates.

The many different bi- and multilateral readiness activities, and the bridge institutions for results-based finance (REM and the Carbon Fund) also reveal the need to enhance coordination in this stage, and to consolidate the many ongoing activities. The need for better and new means of coordination concerns donor and beneficiary countries alike, at the international as well as at the national level. Recent Carbon Fund discussions for example have revealed that among donors there are different views about the character of results-based finance, and regarding the evolution of the REDD+ discourse, this discussion is likely to continue in the future, especially when more lessons can be drawn from the first attempts to implement the concept. REM and the FCPF offer different opportunities in this context. The FCPF provides a well-established forum for discussions between donors and recipient countries, and REM is also open to other donor countries which seek for a robust yet pragmatic implementing structure for results-based payments and agree with the German approach.

Among German experts, the belief that the transition to REDD+ is possible and that results-based payments will work has not suffered along the long way since the concept was introduced a decade ago. For them, it comes as no surprise that the process will need more time, and some share the concern that the window of opportunity for REDD+ may close. The different paces at which developing countries advance creates a dilemma for donor countries like Germany. REDD+ is clearly designed to compensate successful performance. If the countries are not ready they will hardly benefit from the mechanism, and if they

cannot benefit, land use change and deforestation are likely to continue. If only few countries benefit from the mechanism, the risk of international leakage – the displacement and shifting of deforestation to other locations – increases and dilutes the net impact of the approach.

In particular, the enormous governance challenges African countries are confronted with raise skepticism whether the REDD+ approach and ex-post payments are generally suitable for them, e.g., in fragile states where the governmental authorities have no control over large regions or where corruption and poor governance pave the way for the unsustainable exploitation of natural resources. Therefore, the German approach to REDD+ is doing both – massive support for readiness, as well as paying for results. REDD+ is not perceived as a one-size-fits-all solution. Therefore other initiatives such as FLEGT should not be replaced through REDD+ but considered as complementary actions in the transition towards sustainable management of forests.

Germany will continue to be a major supporter for REDD+, also in context of the GCF, but public funds are and will remain limited. In addition, they compete with other funding areas relevant in the climate context. Thus it is crucial to increase the efforts to tap private funding sources, e.g., in the context of forest restoration and the Bonn Challenge. Eventually new issues are likely to enter the discourse in the future. One question will concern potential alternatives for those countries where REDD+ does not result in performance (and payments). Another unanswered question is how long a country should receive results-based payments to stabilize its forest cover; in other words, how can results-based payments be adapted in relation to the changed national circumstances? However, before such questions can be discussed, it is crucial for REDD+ that the global community agrees next year on a future climate agreement under the UNFCCC. A successful outcome of COP21 in Paris would help maintaining or even increasing the German support for REDD+, while a failure as in Copenhagen could have severe negative impacts for funding activities related to avoiding deforestation.

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Annex: Interview guideline

1. What are the general reasons for Germany's long and different forms of engagement for forest and climate protection?
2. Steady increase of support for REDD+, despite changing governments: has this support ever been a disputed / controversial policy issue in German politics?
3. Among the German institutions supporting REDD+ is there a common understanding or do they pursue different objectives? Which?
4. How is the support for REDD+ being perceived, and by whom (public, media, NGOs, science)? Any criticism regarding the funding for REDD+, and if yes – by whom and about what?
5. What were / are the main issues among the involved German institutions regarding the support for REDD+? Are there any expressed concerns (e.g. safeguards, corruption ...)?

The Bali Summit marked a decisive milestone in the evolution of REDD+; it was followed by the inauguration of the FCPF and UNREDD and a number of other institutions.

Germany was very supportive early on for the FCPF and in addition it established the ICI in 2008, and in 2012 the REM program.

6. What were the main objectives Germany tried to achieve through the parallel support through traditional aid and the more specific bilateral support through the ICI?
7. How would you characterize the support of the ICI? How far does it relate to / differ from Germany's development aid for forest protection?
8. Why does Germany also support the multilateral FCPF initiative of the World Bank?
9. What were the main lessons learnt from the ICI during the last years?
10. What are the main reasons for establishing the REM program?
11. How does REM relate to traditional bilateral support and the ICI?
12. Is REM a beginning paradigm shift (towards ex-post funding) or a complementing program?
13. What are the main challenges for introducing performance-based mechanisms in the REDD+ context?

REDD+ under the UNFCCC developed slower than originally expected but still faster than other agenda items.

14. How have the negotiations (since Bali) influenced Germany's financial support for REDD+?
15. How do you perceive the coordination for support between Germany and other donors?
16. What are your expectations for the future commitment of Germany regarding amount and types of support?
17. Any important issues you feel we have not addressed sufficiently?