Forest Policy and Economics xxx (2013) xxx–xxx

Contents lists available at SciVerse ScienceDirect

Forest Policy and Economics

journal homepage: www.elsevier.com/locate/forpol

Implementing REDD+ in the Democratic Republic of Congo: An analysis of the emerging national REDD+ governance structure☆

André Aquino [a,*], Bruno Guay [b]

[a] Forest Carbon Partnership Facility Management Team, World Bank, 1818 H Street, Washington, DC 20038, USA
[b] National REDD Coordination of the Democratic Republic of Congo, United Nations Development Program (UNDP), Immeuble Losonia, Boulevard 30 juin, Commune de Gombé, Kinshasa, République démocratique du Congo

ARTICLE INFO

Available online xxxx

Keywords:
REDD+
Climate change
Governance
Forest policy
Congo Basin

ABSTRACT

The national governance structure for REDD+ refers to the institutions, processes, decision-making mechanisms that enable the country to channel resources from the international level to measures on the ground that address the drivers of deforestation. The emerging national governance structure for REDD+ in DRC has a hybrid nature, combining the establishment of a national REDD+ fund and independent REDD+ projects at the local level. The authors argue that, in the DRC context, the legitimacy and effectiveness of this emerging governance structure is higher than that of other options. This hybrid structure would experience a fairly high level of legitimacy from government entities, civil society organizations and private sector given its participatory design and broad accessibility to funding for different stakeholders. This structure would be more effective in that it allows the country to target both underlying causes of deforestation through international payments conditioned to policy reforms through the National REDD+ Fund; and direct drivers of deforestation through REDD+ projects. The efficiency of the system is difficult to assess at present, as it is not yet known what type of activities would be supported by the National REDD+ Fund or what REDD+ projects would be implemented. However, this governance structure is likely to attract more financing to REDD, both from donors and private sector. The authors suggest that institutional and policy indicators should be used to measure and reward REDD+ "performance" at a national level in lieu of emissions reductions in the REDD+ investment phase, paving the way for DRC to capture payments for verified emissions reduction in the long term. Informing policy reforms through project interventions is a key element of this governance structure, and particularly important in a country where deforestation rates may increase dramatically in the future given new emerging pressures. The authors recognize, however, that structural policy changes will face vigorous opposition from vested interests, and implementation challenges typical of a fragile state.

1. Introduction

Reducing emissions from deforestation and forest degradation (REDD+) has rapidly become one of the major topics in forestry and climate change discussions. Realizing that climate change cannot be mitigated to acceptable levels without substantially reducing deforestation and forest degradation,[1] industrialized and developing countries have been discussing the contours of an international mechanism to provide 'positive incentives' to tropical countries able to demonstrate reductions in emissions from deforestation and forest degradation measured against an agreed baseline (reference emission level).

Many countries are actively building technical and institutional capacities (REDD+ Readiness) to benefit from a future REDD+ mechanism. Along with significant bilateral initiatives, two multilateral initiatives, the Forest Carbon Partnership Facility (FCPF) led by the World Bank, and the UN-REDD Program implemented by the FAO, UNDP and UNEP, support developing countries in their readiness efforts. At the same time, other initiatives such as the Congo Basin Forest Fund (CBFF) and the Forest Investment Program (FIP) are providing financing to projects on the ground.

REDD+ is likely to be an important component of the 'regime complex' around forests, as it develops norms, rules and procedures to be followed by States in order to benefit from a system of 'positive incentives' for reducing emissions from the land use sector. The extent to which the REDD+ regime will achieve its goal depends on its capacity to influence national policies in developing countries through various channels such as multilateral treaties or organizations, international norms and discourse, market channels and direct influence through

☆ This article belongs to the Special Issue: *Forest and conservation policy in a changing climate.*

* Corresponding author: Tel.: +1 202 473 1000; fax: +1 202 477 6391.
E-mail address: adeaquino@worldbank.org (A. Aquino).

[1] According to the IPCC's Fourth Assessment Report, deforestation and forest degradation are estimated to account for 17% of total global greenhouse gas emissions (IPCC, 2007). The IPCC also notes that reducing and/or preventing deforestation is the mitigation option with the largest and most immediate carbon stock impact in the short term per hectare and per year globally as the release of carbon as emissions into the atmosphere is prevented.

1389-9341/$ – see front matter
http://dx.doi.org/10.1016/j.forpol.2013.04.003

technical assistance. In turn, the likelihood of achieving REDD+ goals at the national level depends on the ability of the specific national governance structures adopted for REDD+ to deliver proper incentives to the agents of deforestation. This ability is influenced by (i) the national policy-making process as well as (ii) the drivers of deforestation and the policies required to curb them. This paper evaluates the emerging REDD+ governance structure in DRC against an ideal governance structure using three key assessment criteria: legitimacy, effectiveness, and efficiency.

2. Methodology

This paper is based on a literature review, analysis of official documents and interviews with stakeholders. This paper assesses an ongoing national policy-making process. As such, it analyzes policies currently under consideration, rather than policies under implementation. The authors believe that this type of prospective assessment can directly influence decision-making and contribute to the emergence of more legitimate, effective, efficient governance structures for REDD+. The authors also believe that their institutional affiliation to institutions involved in this process give them a perspective of the issue from different points of view, and does not compromise their capacity to critically analyze the subject.

3. The emerging REDD+ international regime and its influence on domestic policies

3.1. The state of REDD+ discussions at the international level

At the COP 16 in Cancun (December, 2010) the Parties to the UNFCCC reached an agreement on three key issues, namely: i) the scope of REDD+; ii) a phased-approach to REDD+ implementation ("Readiness phase", "Investment phase" and "Results-based payment phase"); and iii) the core elements of the so-called "Readiness phase".

Even though some progress has been made, major issues remain to be agreed upon before a full-fledged REDD+ mechanism can be implemented. Among these are: i) clear definition of each activity eligible for REDD+ financing; ii) clear guidance on how to set reference emissions levels; iii) the link between REDD+ and Nationally Appropriate Mitigation Activities (NAMAs); iv) how safeguards will be applied and reported on, and; v) the source of finance for REDD+ (funds or carbon markets).

3.2. The international REDD+ regime and the channels through which it can influence domestic policies

In political sciences, the term regime is often used to denote a set of governance arrangements, while governance is a broader concept that encapsulates any effort to coordinate human action towards goals (IUFRO, 2011). More specifically, an international regime is defined as a "set of implicit or explicit principles, norms, rules and decision making procedures around which actors' expectations converge in a given area of international relations" (Krasner, 1982: 186). These regimes are built through formal and informal international negotiations and various forms of exchanges across sovereign entities and actors within these sovereign entities, including (and increasingly) non-governmental actors (e.g. civil society, private sector, and international organizations).

The international regime around forests is more accurately described as a 'regime complex', made up of various specialized regimes and governance arrangements loosely linked together, sometimes reinforcing each other, while at other times overlapping and conflicting (Keohane and Victor, 2010). The Convention on Biological Diversity (CBD), the United Nations Framework Conference on Climate Change (UNFCCC), the Conference to Combat Desertification (UNCCD), regional cooperation bodies (Central African Forest Commission, the Amazon Basin Cooperation Treaty, etc), all make up the patchwork of an international forest regime. This regime encompasses norms, rules and decision making procedures on issues ranging from forest management and conservation, timber trade, forest products certification, governance in the forest sector and the role of forests in climate change mitigation. This 'regime complex' includes actors other than sovereign States, including international NGOs and voluntary arrangements (such as FSC certification and Congo Basin Forest Partnership). The 'regime complex' contributes to the setting of global goals that define key problems in the forest arena worthy of attention, creates procedures and venues for learning about the appropriate choice of policy instruments to solve them, and identifies the means (financial and technical) to address these issues. Hence, these regimes can have a direct influence on domestic policy making.

International regimes often seek to influence domestic policymaking processes as a way of achieving their overall goals. This is certainly the case with the international forest 'regime complex', as forest resources lie within State territories, whereas their use and management have global implications. There are four main channels through which international regimes can influence domestic policies (Eba'a Atyi, Richard et al., in IUFRO, 2011):

* *Multilateral treaties* (such as the Kyoto Protocol) with binding rules can create a 'pull towards compliance' within national States. REDD+ is likely to encompass a series of rules relating to reporting, policy (design of national REDD+ strategy) and social and environmental safeguards agreed upon by the Parties to the UNFCCC (informed by the IPCC, and SBSTA) which ought to be voluntarily applied by countries willing to participate in the REDD+ mechanism.
* *International norms and discourse* embodied in institutions or informed by broader practices of global governance can affect domestic policies or lead to policy change. Negotiations surrounding the design of the REDD+ regime (and the ensuing rules) are strongly influenced by global governance principles from the forest sector including principles of inclusiveness in forest management, transparency and accountability, as well as equity in sharing benefits. These norms, in turn, will influence the way REDD+ structures are designed domestically, including how international REDD+ funds are managed and benefits are shared.
* *Market channels* encompass processes or tactics that attempt to manipulate, work with or leverage markets to create domestic policy change. In the case of REDD+, if the option of funding through carbon markets is adopted, these markets would be highly regulated, and actors willing to trade would need comply with a series of norms (as it can already be seen in the case of the Clean Development Mechanism) including methodological and policy rules (such as respect for benefit sharing rules and safeguards).
* Finally, *direct funding, technical assistance and capacity building* can directly influence domestic policies. Existing REDD+ capacity building and investment programs are already an important source of support for forest administrations and civil society organizations (CSOs) in some countries.

The extent to which the international REDD+ regime will influence domestic policy will depend on the responsiveness of national policy making processes to the channels used by the international regime.

4. National governance structures for REDD+

The REDD+ mechanism can only achieve its objectives through concrete policies and institutions led by sovereign States that hold forests. The national governance structure for REDD+ entails the institutions, processes, decision-making mechanisms to enable the country to channel resources from the international level (funds or markets) to measures on the ground that address the drivers of deforestation (Vatn and Angelsen, 2009), while ensuring that social and environmental safeguards are respected. Whereas the international REDD+ regime will define broad rules and norms, sovereign States will have the

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responsibility of translating these into national policies and a legal and institutional framework.

In this paper, we adopt the four ideal types of national governance structures for REDD+ described by Vatn and Angelsen (2009). The elements of this governance structure include the way REDD+ funds will flow from international sources (markets or funds) and be managed domestically, with key implications for the types of actors and structures facilitating the interaction among actors. The four ideal types of governance structures for REDD+ are summarized in Fig. 1 and explained below.

A *project-based structure* where actors, predominantly private firms, with emission reduction responsibilities buy reductions from local REDD+ projects. Domestically, various actors (governments at different levels, private sector and civil society) would be eligible for implementing projects and seeking buyers for the credits in international markets. This is a similar system to the existing CDM.

A structure comprising a *national REDD+ funds outside existing national administration systems*. This structure would finance activities aimed to achieve REDD+ selected by a decision-making body generally composed of government, civil society members and other actors.

A structure comprising a *national REDD+ fund organized within the national administration* using the existing capacities and competencies of the administration to fund activities selected by a decision-making body (which can be more or less open to actors outside the administration).

Conditional budget support where funds are allocated directly to the state administration and form part of the ordinary budget process. These funds are then allocated to sectoral policies.

In the context of its Global Comparative Study of REDD+, CIFOR has developed four key assessment criteria to analyze emerging national governance structures for REDD+ in a few selected countries. These criteria include:

– *Overall political legitimacy*: how acceptable the structure is for national authorities, civil society, local communities, donors and other international organizations engaged in REDD+. Legitimacy also concerns transparency and accountability, distribution of power and wealth of REDD+ financial flows.
– *Effectiveness*: Capacity to raise funds and deliver on reduced emissions, that is, address the drivers of deforestation and forest degradation thus avoiding leakage and ensuring permanence.
– *Efficiency*: Ability to deliver cost-efficient REDD+ results. This involves all costs of REDD, including implementation, transaction and opportunity costs (Pagiola and Bosquet, 2009).
– *Capacity to deliver co-benefits*: Effects on poverty reduction and biodiversity preservation.

Three of these criteria are used in this paper to assess DRC's emerging REDD+ structure. The authors have chosen not to assess the *capacity to deliver co-benefits* because of the wide scope of this criterion and therefore complex assessment required which deserves specific attention.

5. REDD+ in DRC: the policy-making process, drivers of deforestation and forest degradation and the emerging governance structure for REDD+

5.1. The national policy making process in a fragile state

The Democratic Republic of Congo (DRC) features in all lists of fragile states (OECD, CIA, DFID, and World Bank) and has been described by some as the archetype of the fragile state (Karsenty and Ongolo, 2011). OECD DAC recently characterized fragile states as those with a “lack of political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations”.

The decision-making processes in DRC are characterized primarily by fragmentation of power and pursuit of private interests rather than the public good. Agreement among elites has been historically weak in DRC partly due to a history of violence, foreign intervention, and the sheer size of the country. Agreements are regularly broken, including agreements around the disbursement of the national budget. There is little incentive for local elites to protect the public interest, and it is difficult for these elites to forge lasting agreements. This situation is exacerbated by the weakness of civil society and the private sector, neither of which has been capable of creating accountability networks capable of leveraging their influence collectively to encourage service delivery (World Bank, 2011).

The current Constitution (2006) envisions a strongly devolved system of government, with autonomous provinces and elected authorities with broad authority and responsibility at the local level (chiefdom, communes and town). However, the effective implementation of this decentralization process remains an unresolved issue. Local elections have been repeatedly postponed and the absence of functioning local governments hinders the implementation of decentralized initiatives.

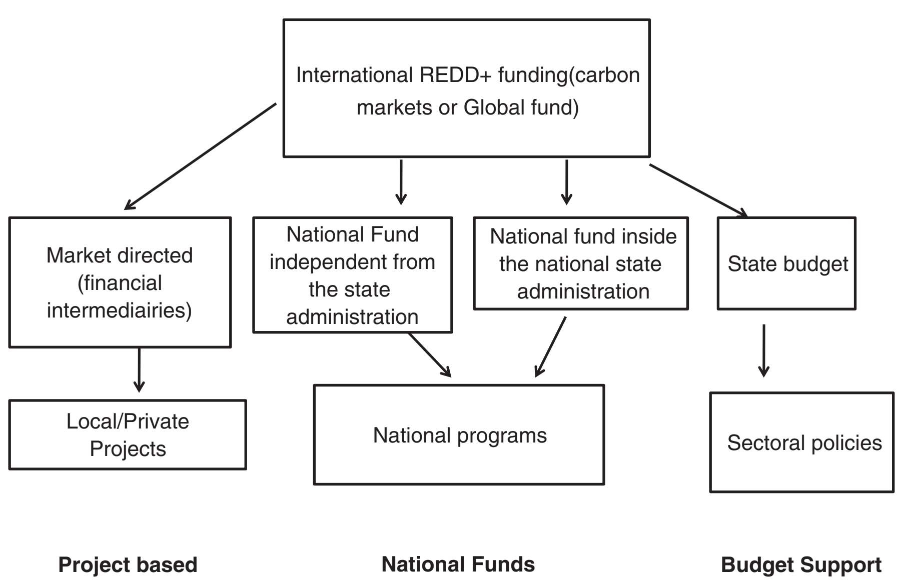

Fig. 1. Ideal types of national governance structures for REDD.
From Vatn and Angelsen, 2009.

Conflicts have also arisen between central and local governments over the sharing of revenue from the exploitation of natural resources, with conflicting legal texts and interpretations. The 2002 Forestry Code specifies a pay-back of 40% of forest revenues to the provinces, the 2006 Constitution states that the provinces can collect the taxes and eventually surrender its share to the Central Government, while the 2008 Law on the Free Administration of Provinces stipulates that the bulk of taxes collected must remain entirely at the local level (Karsenty and Ongolo, 2011). In fact, forest sector taxes have been collected at the national level without full devolution to the provinces which remain deprived of what they consider to be their constitutional entitlement. Some provinces have started levying additional local taxes and fees (Fétiveau and Mpoyi, 2013). These contradictory laws and permanent conflict across government levels leads to overall insecurity, hinders effective implementation of public policies at the national level and results in a business environment not conducive for private sector engagement.[2]

The Congolese government has extremely limited capacity to implement public policies or programs due to low levels of institutional and technical capacity at both national and local levels. The population in DRC has one of the lowest levels of average education in the world. The few skilled individuals gravitate towards more rewarding jobs with NGOs and international organizations rather than working for a State apparatus facing serious systemic constraints to organizational efficiency and in dire need of reform.[3] Civil servants are poorly equipped if at all (i.e. means of communication, transport, etc.), and generally do not possess the sufficient knowledge required to fulfill their mission whether it concerns the provision of basic public services (health, education, agricultural training, etc.) or the enforcement of the rule of law (controlling illegal activities, fiscal fraud, etc.) (Fétiveau and Mpoyi, 2013). Even when civil servants possess the required skills and resources, widespread corruption as reflected in the poor scores of the DRC on governance indicators (Transparency international, 2010) hinders the implementation of public policies and programs as salaries are too low and irregularly paid and nepotism and clientelism networks are strongly entrenched (Izzi, 2010; Muzong, 2011).

The policy-making process in DRC is also heavily influenced by bilateral and multilateral organizations, such as the European Commission, USAID, BTC, GIZ, DFID, UN Agencies or the World Bank. Not counting Chinese support, donor organizations contribute with nearly a quarter of gross national income with roughly USD 2.4 billion worth of aid delivered annually in 2009 (OECD, 2010). There is important donor heterogeneity with respect to development priorities which, in the absence of government leadership, can further complicate agenda setting and decision-making processes.

Karsenty and Ongolo (2011) have recently argued that the current proposed REDD+ mechanism will exert limited influence on domestic policy making because it is based on the flawed assumption that the theory of incentives can be applied to countries. This assumption, they argue, ignores the political economy of the State, especially that of "fragile" states which face severe and chronicle institutional shortcomings, often ruled by "governments with private agendas" and beset by corruption. Karsenty and Ongolo challenge two assumptions underlying the REDD+ mechanism:

- The idea that the government of a fragile state is in a position to make decisions to shift its development path on the basis of a cost–benefit analysis taking into account anticipated financial rewards. REDD+ incentives alone, they argue, will not translate into the creation of institutions, processes, or lead to the adoption of credible nationally-binding policies or the channeling of resources towards activities susceptible of reducing deforestation in the field.
- The idea that, once such a decision has been made and thanks to the financial rewards, the "fragile" state is capable of implementing and enforcing the appropriate policies and measures which could translate into reductions in deforestation.

Karsenty and Ongolo also argue that "REDD can be used as an investment instrument for funding policies on specific and ambitious programs able to tackle the major structural problems that underlie much of deforestation in such countries", as long as funding is conditioned upon policy and institutional reforms.

5.2. Deforestation and forest degradation dynamics in DRC

Available data on forest cover trends show an annual gross deforestation rate of 0.25% over the 1990–2000 period and a net rate of 0.2% (State of the Forests in the Congo Basin, 2008). Initial estimates for the 2000–2010 period, suggest a rate of 0.23%/year with little inter-annual variation (OSFAC, 2011). While these deforestation rates are in themselves lower than the global average for tropical countries, they are relatively high in Central Africa, and high in absolute terms due to the size of the DRC's total forest area, placing DRC among the 10 countries with the largest absolute forest loss each over the last decade (3.7 million ha of forest cover loss for the period 2000–2010 (OSFAC, 2011)). Spatial analysis highlights a highly significant correlation between population density and forest fragmentation indices, with pioneer or mosaic deforestation "hot spots" generally located on the periphery of the major cities as well as in the densely populated Albertine Rift area (FAO and UCL, 2013).

It has been argued that DRC's forests face increasing threats from commercial agriculture. This hypothesis is based on the one hand on the increasing market demand from a fast-rising internal and regional urban population, as well as the good prospects for international exports with positive price projections for most of the commercial crops grown in the sub-region and on the other hand on the large suitable land area that remains uncultivated (approximately 47 million ha available for the production of palm oil) (World Bank, 2013). However, these threats have yet to materialize mainly due to poor infrastructure restricting land accessibility and the bad business climate limiting private investments. It is fair to say that until now forests have been 'passively' protected from conversion for commercial agriculture. A recent comprehensive study of the causes of deforestation (FAO and UCL, 2013) suggests that for the time being, the expansion of subsistence slash and burn agriculture is the most important direct cause of deforestation across the entire DRC, followed by small-scale fuelwood harvesting.[4]

5.3. The emerging "REDD+ national governance structure" in DRC

DRC has been conducting REDD+ "Readiness" activities and implementing pilot investments to address some of the main drivers of deforestation and forest degradation identified in the country. The 'REDD+ process' in DRC has been led by the Ministry of the Environment, Nature Conservation and Tourism (MECNT), with strong participation of other sectors, notably civil society and, to a lesser extent, the private sector.

DRC receives technical and financial support from the two major multilateral initiatives supporting REDD+ Readiness, the FCPF and the UN-REDD Program, in addition to various other donors. DRC's vision for REDD Readiness is laid out in its Readiness Preparation Proposal (DRC, 2009), a roadmap that identifies the activities that should enable the country to develop the technical and institutional capacity that would allow it to participate in a REDD+ mechanism.

In 2009, the Prime Minister signed a decree creating the main bodies to lead the REDD+ process in the country, including: i) a National REDD

[2] DRC figures in the 172th position out of 183 in the Doing Business index 2010, prepared by the World Bank Group.

[3] Among commonly cited shortfalls are the deeply anti-meritocratic and an over-aged composition of the public service, the lack of clarity on the actual number of staff employed, opacity of the wage system (World Bank, 2011).

[4] The situation of the densely populated and conflict ridden Eastern Congo does however differ from the rest of the country in important ways.

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Committee, which the decision-making body for REDD-related issues in the country, made up of various Ministries and civil society and private sector representatives; ii) an Interministerial REDD Committee, to ensure that the cross-sectoral elements of REDD+ are taken into account in the decision-making process; and iii) a National REDD Coordination, attached to the MECNT and responsible for the execution of the day-to-day activities of the REDD process. All of these bodies are operational in DRC, although the performance of the National REDD Committee as a true decision-making body has been called into question (Hoefsloot, 2012).

DRC aims to build its national REDD+ strategy based on analytical work and on-the-ground experience. Various analytical studies have been completed or are underway, including an in-depth analysis of the causes of deforestation, options for managing REDD+ funds and for sharing benefits from REDD+, a strategic environmental and social assessment of the emerging REDD+ strategic options. In addition, with financing from the Congo Basin Forest Fund (CBFF), the country has launched six pilot projects in various parts of the country, involving a wide array of actors and addressing various local circumstances.

Finally, DRC has prepared a USD 60 million Investment Plan to tackle some of the main drivers of deforestation and forest degradation in hotspots of forest loss, to be financed by the Forest Investment Program and implemented with the support of the World Bank and the African Development Bank. This Investment Plan (DRC, 2011) focused on three deforestation hotspots (the supply zones for the urban centers of Kinshasa, Kisangani and Mbuji-Mayi/Kananga), addressing the issues of biomass energy, agriculture and community forest management.

5.3.1. National governance structure in DRC

The emerging national governance structure for REDD+ in DRC can be characterized as a hybrid national system allowing for direct implementation of national programs and projects funded by international non-market-linked funds and for independent projects implemented by private actors and the civil society targeting markets. The system is expected to be made up of an independent national REDD+ fund and a regulatory process to allow the implementation of independent REDD+ projects seeking to trade REDD+ credits in emerging markets (such as the voluntary market or future compliance markets). In the medium-term, once monitoring and reporting capacities are developed, DRC will carry out accounting and reporting of emission reductions at the national level. REDD+ activities are expected to comply with social and environmental standards established at the national level through a participatory process.

Underlying causes of deforestation, to be addressed through policy and institutional reform, would be financed through the National REDD+ Fund while productive investments on the ground and localized capacity building initiatives could be funded by independent REDD+ projects selling emission reduction on carbon markets.

Fig. 2 below presents this structure, which is discussed in detail in the sections that follow.

5.3.2. Local level — projects

Recently, investments have been made in DRC on REDD+ projects targeting the voluntary carbon market. As of June 2011, 15 such projects were at early stages of development across the DRC, involving a variety of actors ranging from international and national NGOs, private sector, church groups and national academic institutions. As evidenced by the contract signed between the MECNT and the Canadian firm Ecosystem Restoration Associates, in addition to the CBFF-funded REDD+ pilot projects, there is strong national interest to foster the development of projects. It is likely that projects targeted at markets (voluntary and possibly compliance) will co-exist with projects supported by the National REDD+ Fund or other public finance not generating compliance-grade assets.

As a response to this emerging reality, the Ministry of Environment and its National REDD Coordination Unit have developed regulations and procedures for the national approval of REDD+ projects (*Homologation*), including the establishment of an on-line REDD+ national registry to support the operationalization of these regulations. These regulations determine the conditions under which project developers (private firms, NGOs, church groups, local communities and government agencies) can market emission reductions from REDD+ on international markets.

The stepwise administrative process ensures that project developers and their financial partners undergo due diligence and anti-money laundering controls thus mitigating the risks of illegal activities; that projects do not overlap thus avoiding “double counting”; that projects are approved by the multi-stakeholder National REDD Committee thus promoting their legitimacy; that projects are validated under internationally recognized carbon and socio-environmental standards (VCS, CCBA, CAR, and UNFCC) within 4 years of national approval thus preventing speculation and promoting environmental integrity as well as ensuring respect for safeguards; and finally that projects report periodically on verified results, carbon transactions and lessons learned, thus contributing to the national strategy development process through a better understanding of the feasibility of REDD+ under different project business models and the challenges of implementing REDD+ on the ground.

To support the administrative process a “National REDD+ Registry” was created. To mitigate opportunities for corruption the process is fully digitalized and online. Reporting is done by project developers using password protected access and verifications are performed by independent third parties. To promote full transparency all the information is directly integrated into the National Forest Monitoring System and is available to the public. The procedure requires minimum intervention by the State improving the prospects for effective implementation of this regulation given the government's weak capacity. By clarifying the ‘rules of the game’, DRC aims to attract private sector investments for REDD+ (Ehrenstein, 2013).

5.3.3. Funds at the national level[5]

DRC is currently working towards the creation of a national REDD+ Fund with the following characteristics: i) independent from the public administration[6]; ii) managed by an independent body which will follow internationally approved fiduciary rules; iii) allocated following the guidance from a multi-stakeholder decision-making body; iv) focused on funding activities that contribute directly to the goals of the National REDD+ Strategy; and v) anchored in transparent processes (Aquino and Rakotorianina, 2013).

This structure is meant to allow the Fund to be managed in a transparent, effective and efficient way, following a democratic decision-making process, and mitigating corruption risks. The weak capacity of the administration at the local level probably means that service delivery will likely draw on a series of other actors and networks on the ground, such as NGOs, private sector and the religious groups/associations, which are present on the ground and have the minimum capacity required. The Fund is being conceived as a structure supposed to evolve as more capacity is built at the national level to manage funds and address the drivers of deforestation.

International funding for this mechanism should come from donors and be conditioned on the country meeting clear governance-related milestones (policy and institutional reforms) agreed upon by stakeholders. It will be essential that these funds be only triggered once these milestones are reached, so as to respect the principle of performance-based payments that underlies the REDD+ mechanism.

[5] The authors in this paper are not discussing the issue of horizontal benefit sharing, that is, how REDD+ finance (from international funds and markets) will be shared across national actors.

[6] This would be a structure similar to that of Conservation Trust Funds (Spergel and Wells, in Angelsen, 2009).

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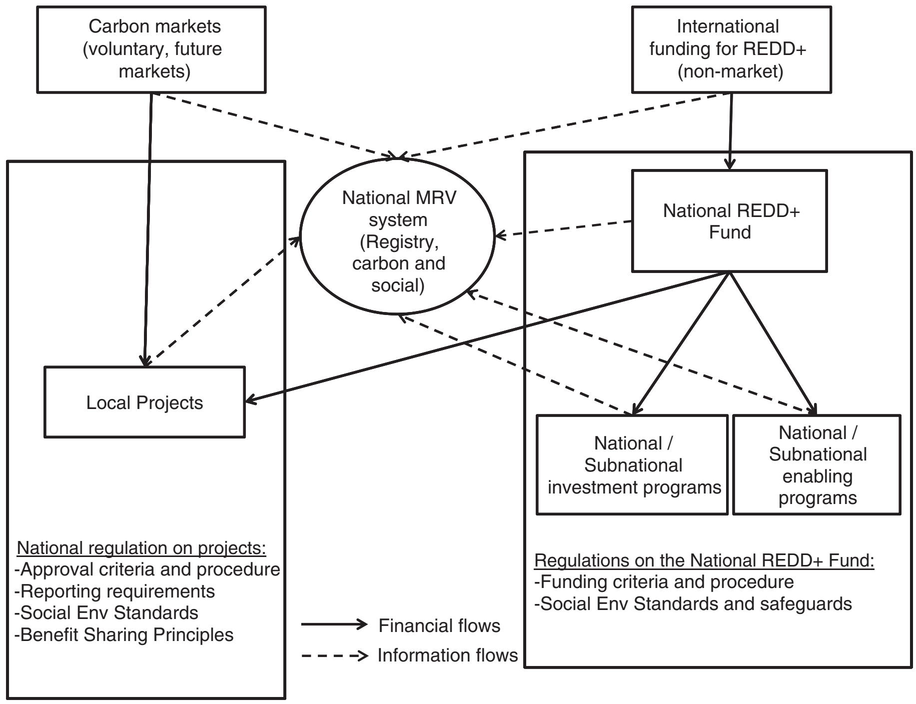

Fig. 2. Hybrid governance structures for REDD+ in DRC.

6. Critical appraisal of the emerging governance structure for REDD+ in the Democratic Republic of Congo

The emerging international REDD+ regime is likely to have a strong influence in national policy making in DRC, due to the various channels of influence it will deploy. The REDD+ regime will entail a series of binding-rules around reporting, safeguards and policy design that those countries that want to be compensated for reduced emissions will have to comply with. DRC is seeking to comply with these emerging rules through its Readiness process. The REDD+ regime will also be influenced by the broader international discourse on natural resources governance, including principles such as transparency and participation. Again, the regime is already exerting influence in DRC. Civil society organizations, for instance, have been given a prominent role in the decision-making process, through public consultations and participation in the National REDD+ Committee. Policies have been adopted, such as the registration process for REDD+ projects. Finally, direct technical assistance to the Ministry of Environment financed by international sources has been exerting considerable influence in policy making at the national level.

The emerging hybrid national governance structure for REDD+ in DRC proposes to create a national fund independent from the national budget system to support both enabling programs (capacity building, policy reform, etc.) and local projects while allowing for independent project activities implemented by private actors aimed at voluntary carbon markets or future (anticipated) compliance markets.

The likely performance of this REDD+ governance structure in DRC must be assessed in light of the observed characteristics of the Congolese State as well as the drivers of deforestation at play.

6.1. Legitimacy

The proposed structure is likely to experience a fairly high level of legitimacy from the main government authorities concerned with REDD+ (such as the Ministry of the Environment and the National REDD Committee), as they have led or actively participated in its design. The MECNT has led the adoption of rules on REDD+ projects, and the Ministry of Finance has been playing an increasingly active role in the design of the National Fund. These entities will have critical roles in the functioning of the proposed governance structure, including in the allocation of funds from the National REDD+ Fund, and in the approval of REDD+ projects. On the other side, the high level of reliance on external technical expertise in the design of this structure reduces the ownership by those government entities that will be responsible for running the daily operations in the future. More importantly, a key body in this emerging structure, the National REDD+ Committee, has yet to demonstrate its capacity to fulfill the roles it was created for (Hoefsloot, 2012).

This hybrid structure is likely to be accepted by civil society, since they are given a key role in decision-making process at the national level, most importantly within the independent national fund structure. The project approval process also gives civil society organizations (CSOs) an opportunity to influence which activities will be implemented, as they are represented in the National REDD Committee which should approve project proposals submitted by developers. In addition, civil society organizations can be project developers themselves, and some have expressed a keen interest in bringing emissions reductions projects to voluntary markets. An independent fund is also expected to have high level of transparency and on allocation of funds and accountability to results achieved, which increases its legitimacy. One major risk for the functioning of this structure is the very representation and legitimacy across national civil society organizations given the important existing conflicts between CSOs.

The legitimacy of this structure for local communities is more difficult to assess, as it will depend on the extent to which they see direct benefits from REDD+. This in turn will depend on the mechanisms put in place to ensure good funds management at the local level, and the benefit sharing rules at the national level. The legitimacy of REDD+ projects will be highly dependent on the socio-economic social and environmental co-benefits they deliver. The capacity of this mechanism to disburse funds on the ground is a major risk, especially in the absence of institutional structures at the local levels (banks, etc.) to rely on.

The private sector will likely support this hybrid structure given that it allows the main private sector players, agriculture and forestry firms already active in DRC and looking to improve environmental practices, to develop independent projects and reach out directly to international players for new sources of finance. However, private sector participation

Please cite this article as: Aquino, A., Guay, B., Implementing REDD+ in the Democratic Republic of Congo: An analysis of the emerging national REDD+ governance structure, Forest Policy and Economics (2013), http://dx.doi.org/10.1016/j.forpol.2013.04.003

in REDD+ (and in investments leading to REDD+ goals) is highly dependent on the overall business environment. Whereas the creation of clear rules for project registration does establish the bases for REDD+ transactions, private REDD+ investments cannot be seen out of the broader governance context.

As for foreign investors and potential credit buyers, they favor the possibility of developing projects, as there is little private interest in purchasing national-level credits at this stage, given the enormous challenges in ensuring a country such as DRC can effectively deliver on emission reductions at the national level.

A governance structure resting solely on a National REDD+ Fund would experience more legitimacy from the government's side, but not vis-à-vis other groups of stakeholders, particularly the private sector which is not ready to face the high risks of working with a national government entity. In addition, this Fund is likely not to be fully operational and capable of transferring incentives to the ground for a long time, which would jeopardize its legitimacy vis-à-vis local governments and communities. On the other side, a purely project-based structure is likely to experience low legitimacy vis-à-vis key stakeholders, particularly the national government, which needs significant financing to promote an enabling environment to REDD+.

6.2. Effectiveness

The effectiveness of the proposed governance structure is to be assessed in light of the present fragile state nature of DRC, and the main drivers of deforestation, both present and future. The authors acknowledge that both an exclusively *project-based structure* and a *national REDD+ fund structure* (which assumes the full application of the incentive theory to the behavior of a fragile state), have strong limitations, especially in a country like DRC. Therefore, a hybrid system, allowing incentives for enabling activities that could address the underlying causes of deforestation through policy and institutional reforms while promoting site-specific investments on the ground through the project, seems the most effective governance structure to deliver short- and medium-term emissions reductions in DRC.

As discussed above, slash and burn agriculture and biomass energy use are two of the most important direct drivers of deforestation in DRC at present. REDD+ independent projects (with an aim to deliver emission reductions to be traded in international markets) can effectively address these two drivers, if well designed and implemented. There is evidence that projects can promote, among others, agricultural intensification, reforestation for energy, agroforestry, and the development and adoption of new energy sources (Paul, 2011; UNEP, 2011). The sustainability of these projects and their capacity to address leakage concerns will depend strongly on the strategies deployed and thus vary from project to project. Leakage assessments have not been carried out based on standard methodologies across projects, however there is evidence that projects based on increasing sustainable output of charcoal and food through the deployment of commercial agroforestry models do generate social benefits, increase charcoal and food supplies and indeed contribute to alleviating pressure on remaining natural forests (Paul, 2011; UNEP, 2011). The project approval process under development and the adoption of a high quality standard, such as the VCS and CCBA should ensure that projects address leakage and permanence concerns.

The authors fully recognize the limitations of a project based approach. For example, a project mechanism cannot alone ensure that the development of commercial agriculture, logging and infrastructure takes forest conservation into account or that land tenure laws are improved and implemented. Enabling activities such as advancing the formal recognition of community rights to forests, clarifying land tenure, conducting the national zoning exercise, building capacity of agents on the ground and continuously improving the business environment are pivotal to the success of REDD+ and would need to be undertaken at a national/provincial level and be financed by the National REDD+ Fund.

A national REDD+ fund structure can be effective in supporting policy changes as long as 'performance-based' payments are defined not strictly as measured emission reductions, but rather as observable and measurable policy and institutional reforms. This is in line with Karsenty and Ongolo's proposal that REDD+ "(…) can be used as an investment instrument for funding policies on specific and ambitious programs able to tackle the major structural problems that underlie much of deforestation in such countries". Hence, we argue that the international financing to feed the National REDD+ Fund should be conditioned to clear policy and institutional reform milestones necessary to address the underlying causes of deforestation and forest degradation in a first instance, and not on sheer emission reductions. This could include a vast array of actions, particularly those concerning land tenure clarification, strengthening law enforcement and administrative capacity at all levels. In this governance structure, the principle of performance-based payments, keystone of the REDD+ approach, is respected, but performance is interpreted in a broader sense, beyond pure emission reductions. Long-term donor commitment to this process is essential, so that some policy makers can lead some policy reforms with high political costs.

The specific governance arrangements of the National REDD+ Fund will be pivotal for its effectiveness. Currently, the National REDD+ Committee is expected to play an important role in the Fund. However, there is ample evidence (Hoefsloot, 2012) that such types of inter-ministerial committees have been largely unsuccessful in DRC given lack of political backing, constant staff turn-over, lack of dedicated budget. However, it is likely that the National REDD+ Committee would metamorphose into a different structure once more powerful actors realize the real potential of the National Fund, which is likely to only happen once substantially increased financing available is available.

Given the limitations of projects in promoting enabling conditions to REDD+, and the National Fund's lower capacity (as compared to projects) to ensure incentives to forest conservation reach the agents of deforestation on the ground, a hybrid structure for the implementation of REDD+ would be the most effective governance option at this stage.

6.3. Efficiency

The efficiency of the hybrid system is difficult to assess, as it will vary highly on the specific activities to be funded in order to reduce emissions from deforestation and degradation. The hybrid governance structure will be complex, and as such, likely to involve higher transaction costs than a pure national or project governance structure. On the other hand, it is more likely to attract financing from the private sector which is much more interested in projects. As to the efficiency of the activities to reduce deforestation, projects aiming to deliver emission reductions have strong incentives to be efficient so as to maximize return on investment. As to those activities to be financed by the National REDD+ Fund targeting the underlying causes of deforestation (enabling activities), their efficiency is extremely difficult to assess and will not be attempted in this paper.

An approach solely centered on a national fund may appear to have smaller transaction costs but is unlikely to produce the much needed information on the efficiency of the specific interventions due to the challenges of attributing results in terms of emission reduction to large scale policies and measures. A purely project based architecture would involve high transaction costs with not prospects of significantly reducing such costs without scaling-up interventions through the creation of large scale programs that span a wider area (a district, province or even the whole country).

Finally, in terms of fund-raising, a hybrid approach also seems more desirable. It creates space for private sector to invest in projects and trade verified emission reductions, while promoting a fund management structure attractive to donors. Despite the non-conducive business environment in DRC, the private sector has invested in reforestation and cook-stove projects through the CDM and in three REDD+ projects in DRC (CDM, 2012; NRC, 2012). A national fund structure may be more adequate to capture international public financial flows from donors seeking to coordinate their efforts as evidenced by the importance of multilateral financial flows (CBFF and FIP) to the Congo Basin, and experiences elsewhere (Brazil's Amazon Fund and Indonesia's Fund for REDD).

7. Conclusions

In concluding, the hybrid national governance structure for REDD+ in DRC presents elements of command and control policy and market relations across public, private and civil society organizations, and taps into both donor and market funding for REDD+. We conclude that a hybrid national REDD+ governance structure, which combines the establishment of a national REDD+ fund with independent REDD+ projects, thus maximizing legitimacy and effectiveness in the DRC context, is the most adequate REDD+ structure for the short and medium term in DRC. This structure allows for and fosters the "national policies and measures and national strategies or action plans" and "results-based demonstration activities" (projects) referred to in par.73 of the Cancun agreement when describing the investment phase (phase 2) of REDD+.

At the national level, performance-based financing from donors would target policy and institutional reforms to address underlying causes of deforestation through a national REDD+ fund. At the local level, independent REDD+ projects funded through market mechanisms (voluntary or regulated markets) and other sources can address the main direct causes of deforestation, such as slash and burn agriculture and biomass production. Projects can also leverage financing from the private sector, thus creating a long-term stream of financing, and they function as "laboratories" to test and understand which measures and/or activities can effectively reduce deforestation.

The legitimacy of the proposed structure should be fairly high. A participatory governance structure for the National REDD+ Fund ensures power is not centralized in the State, and empowers civil society and the private sector to participate in the process of allocating REDD+ resources. Independent REDD+ projects, regulated through national legislation including the National Registry, allow project entities to access market financing, thus creating incentives for engagement of the national and international private sector encouraging innovative on-the-ground initiatives that address the main drivers of deforestation and forest degradation. Projects, which can be launched on the ground more easily, thus mobilizing financing for concrete investments, albeit small, also increase political support for REDD+. However, the lack of national ownership and the low government capacity to implement such a complex structure could represent important barriers to its implementation.

As to effectiveness, a hybrid national governance structure for REDD+ would foster the channeling of incentives at different levels, allowing for direct and underlying causes of deforestation to be targeted. International 'performance-based' payments to the National REDD+ Fund should be triggered once clearly-set policy and institutional reform milestones are met, targeting the underlying drivers of deforestation. However, 'performance' should not be measured in a first instance in terms of emissions reductions, but rather in terms of measurable and observable policy and institutional reforms. On the other hand, site-specific investments on the ground should be promoted through independent REDD+ projects, which are to follow strict national regulations, target direct drivers of deforestation and be rewarded based on their carbon performance.

Related to effectiveness of the structure, the challenges to effectively conducing national-level policy reforms which can facilitate the goals of REDD+ should not be underestimated. The dysfunctions of the Congolese State at the national and local levels make it difficult for the State to craft a consensus around the National REDD+ Strategy and implement needed reforms. Even when such a consensus is forged, the State has limited capacity to implement the policy reforms or programs needed to significantly alter the underlying drivers of deforestation. Hence, REDD+ in DRC is likely to achieve its overall goals only if reliable long-term performance-based sources of financing are available to the country, with a strong element of conditionality against measurable and observable milestones. Given the country's poor infrastructure, low level of social capital across forest communities and weak overall capacity of the local and national governments, projects will also face important challenges in successfully conducting those activities that are envisaged to reduce emissions. Finally, the limits to projects are well-known — their scope of action is usually limited to time-bound activities addressing direct drivers of deforestation. They are unable to design and enforce public policies favorable to forest conservation (land tenure clarification, territorial planning, basic infrastructure development, education and health policies, and so on) (Paul, 2011).

Finally, efficiency of the hybrid structure is difficult to assess at present. As this governance structure will be complex, it is likely to be less efficient than a pure national or project governance structure due to high transaction costs. On the other hand, it is likely to attract more financing from both public and private sources.

This paper is not attempting to assess the likelihood that REDD+ will be successful in DRC. The structural challenges to addressing deforestation cannot be underestimated and have been discussed elsewhere (Karsenty and Ongolo, 2011). The argument here is that, among the different options for national governance structures for REDD+, a hybrid one seems to be the most appropriate at present for DRC. This governance structure is suited to support actions associated with the investment/testing performance-based payments phase of REDD+ which DRC needs to go through before it can expect to capture payments for verified emissions reductions (Phase 3). Potential large-scale REDD investments through the proposed structure could open windows of opportunity for reform-oriented leaders to address complex and deeply-rooted governance issues that favor deforestation. This is particularly timely in DRC, which may experience a dramatic shift in the scale of deforestation once large-scale commercial land use conversion becomes a reality. One key issue in moving beyond the investment phase relates to how the country will ensure that the lessons learned through the results based local projects do inform the design of national policies and measures so that adequate mechanisms are created to incentivize desired action on the ground.

Acknowledgments

The authors would like to thank all members of the National REDD Coordination at the Ministry of Environment, Nature Conservation and Tourism in DRC for their valuable insights to the preparation of this paper and continued commitment to designing an effective REDD+ structure for the country. We thank Leticia Guimaraes and the peer reviewers for revising this manuscript.

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