

Role of LCF in Mitigating Climate  
Change

How Should that Influence REDD  
Design?

# Role of LCF in Mitigating Climate Change

- A market-based approach: both LCF and REDD involve markets and LCF helps prepare communities for market transactions
- LCF can be a mechanism for addressing land tenure issues that underpin deforestation and poverty
- Key challenge for REDD is benefit sharing mechanisms, LCF establishes the basics, incl formal entities, bank accounts, organized groups

- LCF introduces business mentality that fits with conditionality/ carbon business requirements
- LCF dignifies – treats farmers as entrepreneurs, not “recipients
- Helps clarify expectations so people know what they have to do and what returns they will get

- LCF offers new models of how to improve governance since REDD is an opportunity to improve governance
- LCF is independent of the carbon market but is already sequestering carbon – what REDD wants
- Where REDD problems exist there is a lack of LCF
- REDD needs to address lack of LCF that formerly existed

- LCF implies that it is better if REDD channels finance through channels that are as local as possible
- REDD is compensation model but LCF suggests REDD should be about investment in the good not compensating the bad.
- LCF is multifunctional – it provides what people need : permanent, adapted, reduces leakage, has co-benefits

- Monitoring requirements are simpler (than REDD – MRV) and linked to established commodities
- Hutan Rakyat is eligible for inclusion in REDD and enhances carbon stocks
- Community capacity building is critical in LCF this – is it to REDD?
- LCF model (Hutan Rakyat) avoids need for FPIC

- LCF success forces REDD to consider “additionality” in a different way – as social benefits (not just carbon)
- LCF respects local institutions and builds them into “investible” entities rather than forcing a less successful or appropriate structure
- LCF devolves power and reduces conflict rather than concentrating power and looking for “big fix” policies

- REDD involves 2 streams of finance:
  - Private (carbon, MRV) to create the legal entities that invest in carbon-rich trees and landscapes
  - Public creates the conditions allow these entities to be created (with many co-benefits) – LCF is now doing this. Therefore public funding should support LCF (activities like: spatial planning, simple licensing, extension, participatory mapping to clarify rights, sustainable regional economic planning)



- LCF helps create the conditions that would make REDD possible (and it doesn't require a carbon market!) especially in the absence of substantive tenure reform (as in Indonesia)
- Does LCF require too much time? One large company could realize change much more quickly. How could that be fixed? Does REDD offer that extra push that is needed to make LCF happen more quickly and more broadly? Would the ties to business that LCF offers actually “protect” communities against attempts of government to recapture control?