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Exploring Key Policy Reforms for Carbon Credits and Climate Finance in the Congo Basin

1. Introduction

The Congo Basin forests in central Africa are the world's second largest tropical rainforests. These incredibly diverse and precious ecosystems are home to endemic flora and fauna, providing vital support to approximately 75 million people who live within and around the Basin. However, the future of these pristine forests is at stake, threatened by a multitude of factors including population growth, rampant deforestation, and ongoing degradation. It is imperative that we address these mounting challenges head-on. To combat these threats, the international community has recognized the importance of reducing emissions from deforestation and forest degradation. This approach, known as Reduced Emissions from Deforestation and Forest Degradation plus (REDD+), holds significant promise in the fight against climate change. This innovative strategy is primarily financed through carbon markets, wherein carbon credits are utilized to offset emissions globally. As the global economy strives to reduce emissions, an increasing emphasis is being placed on carbon and greenhouse gas (GHG) mitigation measures. Carbon credit investments serve as an effective mechanism to balance emissions, with investments being made in various regions worldwide. Our paramount objective is to delve deeper into the range of policies that can facilitate the expansion of carbon credit markets and climate finance opportunities specifically within the Congo Basin countries. By thoroughly exploring and contributing to the understanding of these markets and opportunities, we hope to unlock their full potential in the context of the Congo Basin. This concerted effort will not only mitigate the adverse effects of deforestation and forest degradation but also bolster sustainable development and conservation initiatives. Working collaboratively, we can forge a more resilient and environmentally sustainable future for the Congo Basin and its invaluable communities. (Seo & Seo2021)(Atyi, 2021)(Shapiro et al.2021)(Reiche et al.2021)

The purpose of these extensive and thorough explorations is to identify meticulously and meticulously suggest new and exceptional prime areas for policy reforms in the vast and magnificent Congo Basin as far as carbon credits and climate finance are undeniably concerned, both within the borders of this superb basin and in the surrounding areas, all while carefully and diligently operating within and around the framework of the broader and more encompassing "Post-Paris Agreement" elements. After a careful and comprehensive analysis, in our well-founded and highly regarded opinion, we firmly believe that the implementation of the following undoubtedly groundbreaking and groundbreaking policy reforms will undeniably and significantly augment and magnify the "instability" of the magnificent and awe-inspiring Congo Basin for carbon investments that go far beyond the confines of the forest sector. These extraordinary and unparalleled policy reforms include harnessing and harvesting the immense benefits and advantages that arise from conscientiously and honourably avoiding the irrevocable conversion of the primary forests of the Congo Basin into unyielding and unproductive land. Furthermore, safeguarding and defending all the immensely significant and noteworthy co-benefits that this unparalleled and extraordinary basin offers is of utmost importance. However, it is essential to acknowledge and address the existing policy limitations, which encompass the boundaries of the forest estate and the restrictions on what can be effectively and tangibly achieved outside the confines of this remarkable and unparalleled forested region. (König et al., 2020)(Songwe et al.2022)(Moolla)

2. Understanding Carbon Credits and Climate Finance

Since entering into force, the Paris Agreement has seen an incredible and remarkable effort by global stakeholders from all corners of the world, united in their determination to limit and tackle the threat of climate change. Their ultimate goal is to keep the average temperature increase well below the critical threshold of 1.5-2 degrees Celsius throughout this century. This commitment to address the pressing issue at hand is of paramount concern to all nations and signifies the urgent need for immediate action. Amid this overarching concern lies Article 6 of the Paris Agreement, which has garnered tremendous attention, particularly from tropical countries. Among these nations, none are more profoundly affected by the potential consequences of climate change than those in the remarkable landscape of the Congo basin. Spread across vast expanses of land, the Congo basin boasts the largest contiguous forest area outside the renowned Amazon region. For the

conservation of the Congo Basin tropical forest, a key question emerges: how will the world's developed countries contribute resources and support to enable the local populations to coexist harmoniously with the forest ecosystem? Will they recognise the invaluable importance of these forests to humanity as a whole and assist the central African States in effectively regulating access to them? The answer to these questions will be pivotal in determining the fate of this magnificent forest and its implications for the sustainable future of our planet. Amidst the complex web of considerations, one vital factor looms large: the likelihood of increased funding for climate change mitigation, adaptation, and sustainable development. This factor holds immense significance as it directly impacts the potential carbon credit and climate finance values that central African countries may be entitled to. Establishing robust MRV (Measurement, Reporting, and Verification) systems becomes crucial in securing these values and, consequently, fostering the well-being and resilience of the central African nations. As the world grapples with the multifaceted challenges posed by climate change, the conservation and sustainable management of the Congo Basin tropical forest stand as a beacon of hope and a testament to the collective efforts that transcend borders and boundaries. The expansion and enhancement of the climate finance values and resources that will flow into the central African countries have the potential to protect and preserve this invaluable natural ecosystem and uplift the lives and livelihoods of the local communities who depend on it for their sustenance. In conclusion, unlocking the true potential of the Paris Agreement necessitates a comprehensive and inclusive approach that encompasses financial support, technical assistance, and capacity-building initiatives. By investing in the establishment of robust MRV systems, central African countries can position themselves at the forefront of climate action and international cooperation. The call to action is resounding. The time for decisive and equitable measures is now, as we collectively strive to safeguard the well-being of our planet and future generations.

The new global carbon credit policy for the post-2020 period will likely be shaped during 2022-2025. Some policies have been in force for over a decade, while others have been in force for only a few years. Despite the extensive literature on climate finance, no previous works have tried to rationalise the key actors, interests, approaches and outcomes of all climate finance policy reforms made in Paris. The literature suggests potential barriers where there is a lack of interest in and understanding of the future of the systems to be reformed. In the case of climate

finance, most African farmers, government officials, and development partners have little knowledge about these policies and their implications. In this section, we aim to clarify this ignorance and bridge the gap between policymakers and stakeholders by providing comprehensive definitions and valuable insights that shed light on the intricacies of climate finance policies. Through this endeavour, we strive to empower African farmers, government officials, and development partners with a deeper understanding of these policies, enabling them to actively engage and contribute to sustainable climate finance practices for a greener future.

2.1. Definition and Conceptual Framework

Using forests as a carbon sink and climate-friendly investment in a local economy is a central theme of policies addressing climate change. The ongoing success of the United Nations Framework Convention on Climate Change (UNFCCC) has shifted from an initial focus on payments and markets for sequestered carbon emissions merchants under the Clean Development Mechanism (CDM) to REDD+ - payments to countries for verified emissions reductions. Key policy concepts and instruments continued to include the use of the entire money system related to carbon credits and finance, mainly carbon credits or verifiable emissions reductions (VERs), as a part of the nationally determined contributions (NDCs), carbon-neutral commercial transactions, voluntary market climate finance, and working at the level of national or global policies.

Key definitions included in this essay are carbon credits, a mechanism established to buy and sell carbon emissions in the Kyoto Protocol, according to which an investor can buy cheap emissions to offset their pollution and then sell expensive investments to fill gaps in the balance sheet. Under the Paris Agreement, an arrangement similar to the CDM emerged as part of the Framework for New Market Mechanisms. Verified Emissions Reductions (VERs) are more commonly unregulated in the image of a "carbon credit". They are purchased by companies, governments, organisations, countries, or entrepreneurs who wish to offset their emissions by investing in climate-based projects. The concept of climate finance refers broadly to the national and international policies and mechanisms aimed at supporting countries' efforts to meet the goals of greenhouse gas reduction, forest emissions, environmental conservation, the conservation of biodiversity, and other global ecological functions in coastal and oceanic ecosystems.

2.2. Importance and Benefits

Policy reform focusing on carbon credits and climate finance is highly appropriate and exceedingly desirable for many compelling reasons. First and foremost, using carbon credits and climate finance enables project developers and nations alike to effectively address the paramount and tangible emission reduction objectives and the imperative climate adaptation mitigation impact resulting from the crucial conservation and safeguarding of forests and other land use-based ventures. Each meticulously certified carbon credit is, in theory, and as per the established frameworks of the United Nations, deemed to be equivalent to reducing an astounding one metric ton of pernicious carbon dioxide emissions from the Earth's atmosphere. When considering the current market price per ton, which stands at a considerable $15, it becomes readily apparent that projects that are presently selling Verified GHG Emission Reductions (VGs) in substantial volume within carbon markets based in the United States are unequivocally generating an impressive sum of revenues amounting to a staggering $2.2 million per annum. It is worth noting that anticipated reforms, poised to increase the future revenues garnered via VGs by an incremental factor of two, will be achieved through a judicious tightening of the caps imposed on allowable emissions within a diverse array of state-level and regional trading programs. Consequently, these forthcoming reforms will undoubtedly augment the financial returns that project developers stand to gain. However, it is essential to highlight that these developers currently face an inherent uncertainty about the specific exchanges, typically electronic trading systems, that will be granted the authorisation to facilitate trading such precious and sought-after carbon credits.

Investment in Congo Basin projects will address climate change and yield many significant social and environmental co-benefits. These remarkable projects enable efficient energy recovery from biomass, introducing cutting-edge energy-efficient stove technologies to revolutionise cooking methods. Moreover, they play a pivotal role in safeguarding the region's rich biodiversity while simultaneously enhancing the overall capacity of local communities to adapt and thrive amidst a wide range of political, economic, and environmental shocks, as well as changing conditions. When it comes to assessing the merits and advantages of these pioneering initiatives, a comprehensive review has been diligently conducted during the sanctioning meetings for both the BioCarbon Fund and the Community Development Carbon Fund (CDCF) - both of which are skillfully operated by the esteemed institution of the World Bank. This meticulous examination has

solidified that these exceptional projects yield financial benefits and bring about many positive economic, environmental, and social outcomes. Furthermore, it is worth mentioning that these evaluations, which shed light on the transformative potential of these projects, are conveniently accessible to the public through the World Bank's official website.

3. Current Policy Landscape in the Congo Basin

The contemporary policy landscape in the Congo Basin reveals a significant increase in commitments towards implementing forest- and climate-friendly initiatives. This includes the active promotion of REDD (Reduced Emissions from Deforestation and Forest Degradation) and an emphasis on restoration, afforestation, and reforestation to establish effective carbon sinks. Moreover, countries within the region have recognised the importance of aligning their climate policies and forest legislation with international agreements, demonstrating their eagerness to attract international financial support. It is worth noting, however, that due to the lack of an internationally endorsed global agreement aimed at reducing deforestation-related emissions, the Congo Basin has become a hub for various demonstration activities. These activities showcase the potential benefits and feasibility of initiatives such as the System of Environmental and Economic Accounting – Forest (SEEA-Forest). As a result, demo sites have been established throughout the Central Africa Economic and Monetary Community (CEMAC) member states. This remarkable surge in commitment and action highlights the region's determination to address the urgent challenges posed by climate change and deforestation. By actively engaging in forest conservation and sustainable land management practices, countries in the Congo Basin are taking critical steps towards reducing greenhouse gas emissions, conserving biodiversity, and ensuring the long-term viability of their natural resources. Through these endeavours, they are safeguarding the region's invaluable ecosystems and contributing to the global fight against climate change.

A vast collection of innovative policies and initiatives are currently being implemented with the aim of incentivising activities that lead to a significant reduction in deforestation rates and the degradation of natural forests. In recent years, a particular focus has been on the Congo Basin region, where efforts are being made to enhance and expand the existing project- and policy-based payments by attracting venture capital from private investors. One of the key strategies employed in this context involves the establishment of a well-defined

carbon market, which utilises a combination of cap-and-trade approaches to ensure the effective reduction of carbon emissions. These approaches are designed to promote and stimulate the growth of the carbon market, with a specific focus on EU or EU-compatible credits. The European Union Emission Trading Scheme (EU ETS) is at the forefront of climate policies. This groundbreaking initiative is the EU's primary instrument for mitigating greenhouse gas (GHG) emissions by implementing a robust cap-and-trade system. This system sets a limit or "cap" on the total amount of GHG emissions that regulated industries can produce. Emission allowances are then distributed among these industries, which can be used for compliance purposes or traded with other participants in the carbon market. This dynamic approach ensures that the overall emissions are reduced over time while providing economic incentives for industries to adopt cleaner and more sustainable practices. In addition to the EU ETS, the Climate, Community, and Biodiversity (CCB) standards have also played a pivotal role in driving efforts to combat climate change. These standards were initially introduced as a mechanism for project-based payments to entities that successfully reduce their emissions. Over time, the CCB standards have evolved to encompass broader landscape and jurisdictional approaches, thereby allowing for more comprehensive and holistic strategies to be implemented in the fight against deforestation and degradation. This expansion has enabled the delivery of carbon credits through official development assistance from various countries and private sector investments, further augmenting the financial resources available for these critical initiatives. By combining a mix of project- and policy-based payments, the development of a carbon market, and the enforcement of stringent standards such as the EU ETS and CCB, these initiatives are creating a powerful framework that holistically addresses the challenges posed by deforestation and degradation of natural forests. With increased funding, enhanced collaboration between public and private sectors, and a growing commitment from international stakeholders, there is great potential for these efforts to drive meaningful change and pave the way towards a more sustainable and resilient future. (Bayer & Aklin2020)(Colmer et al., 2023)(Verde & Borghesi, 2022)(Wei et al., 2021)

3.1. Existing Policies and Initiatives

The potential for carbon credits to be a viable alternative for finance in the Congo Basin is being significantly influenced by a vast range of measures and comprehensive programs that effectively respond to the multifaceted challenges of climate change while also diligently endeavouring to overcome any technical

institutional, or policy-related barriers that may impede progress. It is worth noting that an extensive array of diverse and distinct treaties plays a critical role in introducing various conventions within this context. However, among these treaties, the United Nations Framework Convention on Climate Change (UNFCCC) holds paramount importance regarding carbon credits. Deeply embedded within the framework of the UNFCCC, a comprehensive and intricate series of critical measures and programs has been meticulously devised, envisaging their potential to ingeniously guide and inform environmental as well as financial policies specifically tailored to the unique needs and circumstances of the Congo Basin. It is vital to acknowledge that while the measures above and the programs hold immense potential, not all have received the definitive ratification that would confer them the formal status necessary for their full implementation and execution.

The Kyoto Protocol, established under the United Nations Framework Convention on Climate Change (UNFCCC), incorporates a highly influential trading mechanism called the Clean Development Mechanism (CDM). This mechanism aims to accomplish two crucial objectives. Firstly, it assists developed nations in meeting a portion of their obligatory reductions in greenhouse gas emissions as outlined in the Kyoto Protocol. Secondly, it provides financial aid to developing countries, enabling them to undertake environmentally conscious investments, which encompasses various activities such as cultivating and harvesting timber. In conjunction with the mechanisms embedded within the Kyoto Protocol, countries and corporations have the alternative option to engage in an array of privately operated and publicly accessible funds that operate under the umbrella of the United Nations Framework Convention on Climate Change. These funds serve multiple purposes, including financing initiatives for carbon reduction projects and offering avenues for purchasing emission reduction credits. Each initiative within these funds encompasses specific eligibility criteria that consider the effectiveness of the emission reduction measures, the financial stability of the funding, and the historical success of each financial fund. Furthermore, several of these financial funds extend their support to include adaptation finance. Such funding is designated to assist nations in effectively coping with the adverse effects of climate change, such as sea-level rise, droughts, and cyclones. Additionally, these funds finance projects that enhance the capacity to monitor and report country-specific emissions growth. Collectively, these mechanisms

represent a comprehensive suite of strategies through which global climate policies are translated into regional and national policy frameworks.

3.2. Challenges and Gaps

Various flaws in the mechanism and implementation of carbon credits and climate finance have been pointed out over the years. Emissions Reductions Programmes of Activities (ER-PoAs) face several barriers, most of which respect a lack of incentives across the mitigation project cycle, related, for example, to investment or levy decision or emission reduction additionality. ER-PoAs are required to establish a functional MRV system for ERs with poor resource availability. African countries suffer from under-investments in the development of carbon forestry projects. The preparation of REDD project documentation and processes is another bottleneck, for example, the development of reference levels and, more generally, the project development cycle. The current policy impacts have mixed results regarding the market's potential to contribute to the common goal of climate change action. Over the years, numerous flaws have been identified in implementing carbon credits and climate finance. It has come to light that Emissions Reductions Programmes of Activities (ER-PoAs) encounter many barriers throughout their lifecycle. These barriers often revolve around the lack of incentives in various stages, such as investment decisions, levy choices, and emission reduction additionality. Given the limited resources available, the establishment of a functional MRV system for ERs remains a pressing challenge for ER-PoAs. African countries continue to suffer from insufficient investments in developing carbon forestry projects. Additionally, preparing REDD project documentation and processes poses yet another bottleneck, particularly regarding the development of reference levels and the overall project development cycle. It is worth noting that the current policy impacts have yielded mixed results about the market's potential to contribute to the collective objective of combating climate change.

For the Congo Basin, this workshop revealed the following challenges and gaps that need to be further addressed by specific policy-related research activities: 1) The voluntary carbon market alone may not provide sufficient incentives to mobilise the climate finance needed for the development of low-emission and carbon sequestration activities in the Congo Basin. 2) Further work is needed to define the role of the voluntary carbon market in new climate finance mobilisation scenarios. 3) It is necessary to base a strategy on mobilising climate funding for efforts deployed outside the CDM, and there is also a need to take stock of the

resources available in NRPF. 4) There is a lack of studies on non-party stakeholders, such as the private sector and investors, deploying climate finance in the Congo Basin.

4. Case Studies and Best Practices

Carbon Credits and PES Case Studies

This section outlines real-world carbon credit case studies focusing on best practices derived from project design and implementation that act as sources of ideas and decision-making resources. For this research, the focus has been on carbon projects that have geographically targeted the Congo Basin. Carbon credits of the Congo Basin are predominantly unique in that they enable the protection of large biogeochemical reservoirs that are important for climate change mitigation and biodiversity conservation. The Congo Basin, with its vast expanse of rainforest, serves as a crucial carbon sink, absorbing large amounts of carbon dioxide from the atmosphere. By supporting carbon projects in this region, we can reduce greenhouse gas emissions, protect invaluable ecosystems, and promote sustainable development. These case studies highlight the innovative approaches taken by various stakeholders to leverage carbon credits for the preservation of the Congo Basin's natural resources. From community-led reforestation efforts to sustainable agriculture practices, each project showcases the potential of carbon credits in driving positive environmental and socio-economic impacts. Furthermore, they serve as models for replication in other regions facing similar challenges. By learning from these best practices, stakeholders can make informed decisions and contribute to the global efforts to combat climate change and safeguard our planet's biodiversity. The case studies presented here offer valuable insights into the synergistic relationship between carbon credits, environmental conservation, and sustainable development. They demonstrate that through strategic project design and implementation, carbon credits can be a powerful tool for mitigating climate change and preserving our natural heritage. As we delve into each case study, we will explore the unique characteristics and benefits of the carbon projects in the Congo Basin, shedding light on their potential as effective mechanisms for addressing climate change and biodiversity loss.

In addition, our extensive studies also encompass the comprehensive analysis and exploration of diverse payment for ecosystem services projects occurring in the vast and intricate surrounding African region. This includes, but is not limited to, examining the various schemes and programs that aim to integrate the principles

of co-benefits within their operational mechanisms while considering the inherent non-neutrality stemming from socio-political roots and establishing robust carbon accounting frameworks. The rationale behind incorporating such a multifaceted approach is rooted in the understanding that the practical application of carbon finance in the Sub-Saharan African context is currently scarce, if not virtually nonexistent. Therefore, it becomes imperative to delve into in-depth case studies that revolve around national-based carbon accounting frameworks. By doing so, we aim to derive practical insights and valuable lessons that can inform and guide the implementation of future carbon finance initiatives within the geographically diverse and ecologically significant Congo Basin. Furthermore, it is crucial to acknowledge that any potential carbon finance project within the Congo Basin should be positioned within the comprehensive framework of a broader development financing strategy. This strategic placement necessitates thoroughly examining how the project aligns with and contributes to the pre-existing national development objectives that have already been defined. The aim is to ensure that the carbon finance mechanism acts in tandem with and enhances the efficacy of conventional development financing mechanisms, such as debt, thereby establishing a harmonious and synergistic approach to sustainable development in the region.

4.1. Successful Implementation Models

The experience from the projects and programmes summarised in Section 4.3 and "off-the-record" discussions indicate that carbon credits and climate finance are successfully utilised within the Basin. At least in theory, the use of the different financing approaches is holistic (i.e. touching on the development-mentioned different "enablers" that policy researchers believe are associated with successful EBA implementation and scale-up). Indeed, the examples "E10's" and projects demonstrate a wide range of governance, support for livelihoods/market systems, capacity building, private sector engagement, and distributed business models or community empowerment. Consultants are encouraged to go further and provide more descriptive case studies about successful approaches in the implementation models with a more comprehensive geographical analysis of the project or programme.

This large-scale research identified challenges during the development of REDD+ interventions, which are a significant source of climate finance in the Basin (although, in some cases, project designers were looking at developing carbon projects without fully considering cost-effectiveness and how the project would be

"attractive" to either investors or aid markets, or how potential buyers would engage with projects through create programmes and the like).

A range of case studies illustrate the effectiveness and cost-effectiveness of integrated community-based and area-based approaches, where carbon projects and other climate finance are used as the primary financing tools. For example, the development of high-turnover silviculture, EnErI in Senegal, and Chendecross in Ghana – these are projects that have successfully demonstrated that Neem trees can be grown in agroforestry systems in such a way that their total cost of production, management, harvesting, processing, and transferring to the commercial tree markets is lower than other traditionally used wood sources such as teak. In the case of Indian Neem trees grown in Ghana, the surplus generated could be given to the grower and LGCs are generated through the sale of the "emission reductions". The certified stock of credits and carbon revenue was used as collateral for the Bank loan to cover working capital to set up and grow the trees. These projects are also designed with safeguards and strategies to enable local governments, district assemblies, and communities to continue integrating LGC finance as a critical development asset and one source of investment finance. Both of these projects also explicitly integrate REDD+ activities in the project. The aspects to be covered in the case studies include the availability of specific activities and other funding streams, making the cost-effectiveness more pertinent to local (living wage) living wage value.

4.2. Lessons Learned

The main objective of the UC project was to thoroughly test and gain valuable experience within the operational context while actively involving and collaborating with the various stakeholders in the field. The primary focus was designing and successfully implementing a carbon credits initiative to mitigate greenhouse gas emissions. An integral aspect of the project entailed experimentation and acquiring substantial knowledge from different designs and procedures related to overseeing climate finance, including evaluating financial mechanisms and policies that can augment the implementation and impact of carbon credits. It is essential to recognise that the activities carried out during this project were meant to serve as pilots, offering glimpses into the potential opportunities and obstacles that may arise during the subsequent upscaling phase. Building upon these pilot projects and the overall process of experimentation, several conclusive thoughts can now be outlined and established, guiding the future trajectory of carbon credits and climate finance. The insights gained from

the project's collaborations with stakeholders have shed light on best practices, innovative strategies, and potential pitfalls for scaling up carbon credit initiatives. These insights have paved the way for a comprehensive framework that integrates environmental sustainability, economic viability, and social equity, laying the foundation for a robust and inclusive low-carbon economy. By expanding partnerships and engaging with relevant actors, the UC project has set a precedent for effective collaboration in climate action, creating a ripple effect that encourages other stakeholders to follow suit. Through these efforts, the project has envisaged a future where carbon credits play a central role in global climate governance, fostering transformative change and sustainable development across sectors and geographies. As the impacts of climate change intensify, the importance of initiatives like the UC project becomes increasingly evident. By leveraging the knowledge gained, sharing best practices, and scaling up successful carbon credit programs, the international community can collectively address the challenges posed by climate change while reaping the benefits of new economic opportunities and improved environmental outcomes. The UC project's legacy goes beyond the individual initiatives it has undertaken, extending to the collective awareness it has raised and the transformative path it has paved for a greener, more resilient future.

4.2.1. Carbon Credits: Guidebooks and templates were implemented, and hydrometeorological information was collected and received into a database. The four afforestation and reforestation models were designed and pilot-tested for various fast-growing timber species. The experience was enjoyable as the spreadsheet used to simulate these models showed that for standard parameters, timber prices and production levels, it was commercial to deforest rather than reforest. The break-even between deforestation and reforestation did not occur when carbon credits were sold at €6.5/tCO2e or even at €17/tCO2e. Based on one year of field measurements of biomass growth and data from the foresters' information system (use of this information was experimented under MoUs with Congolaise Industrielle des Bois and TRADEX-Bois for a longer time), guidelines were formulated to upscale the project and integrate its activities into a regular management approach of a wood production industry. In addition, a satellite image processor was field tested, and the application of this quick-assessment tool was evaluated for use in the MoUs mentioned above: CIB and TRADEX-Bois. The main lesson from these early-phase activities is the need for existing plantations to generate the financial capital necessary for the first plantings. For the next stage, it

will be essential to have access to additional types of finance: on the profits from already-established plantations to focus solely on the expansion aspect (and not carrying investment costs), on climate finance to support the costs of activities that are not directly relating to the planting of trees, such as preparatory assessments, policy incentives, and monitoring, etc.

5. Opportunities for Innovation and Collaboration

Investments in legal timber, landscapes, and the local economy. Policy reforms that drive the capitalisation of forests across the basin through carbon markets or bilateral climate finance seek to fundamentally change for whom forests are managed and who manages them. Carbon projects generate sustained funding for conservation when they reach commercial scale. Only four projects in the basin generate revenues from carbon, and the entire history of such projects generates only around $6 million in premium payments from the sale of credits. Bringing these lessons to a broader scale requires innovation in project design, investment in the creditable profile of forests, investment in partnership development among project actors and buyers of credits, and increased investment and revenue flows dedicated to increasing rural incomes.

Encouragement of forward and process-based PFM involves bringing together original actors in PFM with those operating under the control of national forest concessions or industries. Revenue opportunities generated by timber will remain relevant to the finance required to shift governance business models that manage competing demands on landscapes at the project level and for integrative investment at scale. Such industrial investment can drive competition to commoditise steel or paper markets with a tonne of carbon. Policy collaboration within basin countries is also needed to mobilise industrial finance. Shared approaches to mobilising and bringing policy reforms to scale in basin countries will likely be practical where multiple factors align. Basins, therefore, offer shared and complementary opportunities for learning and collaboration.

6. Policy Recommendations and Future Directions

Given the importance of forest governance reforms, building trusting relationships with communities represented at the local level is vital. While recent initiatives provide a possible way forward, future policy reforms related to REDD+ paradigms in the Congo Basin should emphasise working from the bottom up. In particular, future reforms in this area should ensure that communities are involved in discussions and decisions about the benefits of any

potential carbon investments. In this way, community land rights will be more likely to be respected than if decision-making is taken from the top down.

Similarly, policy reform should also involve integrating top-down and bottom-up results, ensuring that all the land rights necessary to make a carbon investment feasible have been secured. Legal reforms also need to examine the equitable distribution of benefits and how whatever community has management rights—whether they are custodians or bona fide owners—distributes any proceeds from a REDD+ scheme. Due to the colonial government, which restricted community rights to use land and forests (including several indigenous communities in the Democratic Republic of Congo (DRC), Oubangui-Chari (OC)—now part of the Central African Republic), legal reform also needs to clarify the distinctions between different uses of rights and other land uses for REDD+. Moving forward, it is hoped that this paper will be helpful for policymakers, researchers, and civil society organisations seeking to understand further recent evolutions within both carbon credit and climate finance literature. Future research endeavours might target the assessment of the acceptability of such potential policy reform initiatives as per different stakeholder communities.

6.1. Proposed Reforms and Strategies

An easement reform should be thoroughly and meticulously developed to make it suitable and productive for selling carbon credits. A new and innovative farmed landscape must be meticulously planned, integrating innovative and progressive spatial and land-use allowance rules. This landscape should be characterised by a harmonious blend of areas dedicated to agricultural production, encompassing the potentially advantageous combination of agroforestry and market gardens to provide producers with an extensive range of choices and possibilities. To ensure the utmost care and attention to the environment, precise limits and effective management measures must be thoughtfully defined, guaranteeing a significant reduction in any potential ecological impact that may arise. The overarching objective of this comprehensive plan is to develop and generate carbon credits as an inherent by-product of this multifaceted activity, with a specific emphasis placed on the cultivation and conservation of trees. The successful execution of this easement reform necessitates an approach that prioritises practical implementation, guided by stakeholder engagement, careful evaluation of the potential role of forest utilisation, and ongoing negotiations between all relevant parties involved. Step 5 provides a comprehensive outline and explanation, evaluating the feasibility and viability of this innovative pathway. To conclude,

diverse and comprehensive strategies can and should be envisaged to effectively finance and support the implementation of the easement reform, utilising a balanced and potent combination of local resources and climate finance.

1) Proceed with the land-sharing reform and easement implementation. 2) Preserve existing forest lands through a broad system of extensions. 3) Also, other landscapes should be involved in developing a system for selling carbon credits to surface the total contribution of the Congo forests to the fight against climate change. It is not the protected areas policy but the allocation of lands for production that constitutes the lever in this mechanism. Secure the rights of people with low incomes. Prepare a provisional Land-Use Plan to define which type of land is allocated to which type of use while guaranteeing the management of biodiversity and the environment.

6.2. Stakeholder Engagement and Capacity Building

Stakeholder engagement and capacity building. Any policy reform's effectiveness can depend on how the investment of time, financial resources, and efforts are targeted and how the constituency and 'community' influenced is positioned to understand and effectively promote and apply those targeted efforts. This is especially the case in the complex carbon credits and climate finance fields. Involving relevant stakeholders and their constellations and capacities, often in innovative modes, is especially critical in Central Africa's Congo Basin as the implications of the state policies, corporate practices, and financial resources are so central to national economies, societal welfare, and the region's environmental sustainability. Perhaps even more critical in the Congo Basin is that few people and organisations, particularly across the policy, corporate, and financial sectors, understand in depth what climate finance mechanisms are and what they are proposing for countries and economies. These mechanisms can feel so remote that they are treated as 'nothing but a financial sweepstake conducted for the benefit of some, often misguided, environmental groups and international investors'. In such a context, relying on conventional understanding and mandates to influence, there are clear limits to change processes happening.

Unlike many global North countries entering into discussions about carbon credits and climate finance from decades of awareness building on the risks and opportunities that arise from climate change, Central African countries are engaged in discussions only as they are effectively being opened to warned outside as a diktat. Even their officials often feel limited in statutory knowledge,

exposure to alternative views, and innate capacities. Efforts aimed at policy reform in such a context must address both the notion and the enabling aspects of the environment in bringing about change. This will include efforts to directly engage and influence policy and corporate processes and support mounting evidence to confirm the choices advocated for, as there is large-scale ignorance and suspicion about the positives and negatives of these mechanisms. Some readily adaptable options to foster stakeholder engagement and their capacities include the following.

7. Conclusion and Key Takeaways

In this essay, I have thoroughly explored and comprehensively explained the primary reasons why policy reforms are being increasingly viewed as necessary in countries of the Congo Basin regarding their efforts to attract climate funds. It is imperative to acknowledge that, with the implementation of new climate policies that have been strategically planned, the decision to abandon the approach of Clean Development Mechanism (CDM) and Nationally Appropriate Mitigation Actions (NAMA) has made it not only feasible but highly viable to design, propose, and successfully implement new bilateral aid projects funded by the United States. These specific projects, aimed at curbing deforestation, hold immense potential in significantly enhancing the development-finance trade-offs observed in previous initiatives. Moreover, it is reasonable to assume that analogous aid projects aimed at maximising the impact per aid dollar could be formulated and implemented for other countries, thus effectively addressing the pressing concerns of climate change on a broader scale.

In conclusion, to significantly increase the impact of meeting co-benefits goals given similar budget resources paid as aid, several viable options exist to design new US bilateral aid-financed deforestation reduction projects that can ensure better development-finance trade-offs. These options aim to redirect a more significant portion of aid funds into co-benefits. They can be achieved by inducing greater ambition in domestic policies and implementing them with incredible speed than currently done through the existing Clean Development Mechanism criteria. However, it is essential to acknowledge that pursuing these options comes with certain political and legal risks, such as potential consequences of additional charges from CDM adaptation and leakage. These risks make it impossible to camouflage the domestic Clean Development Mechanism altogether, thus requiring careful consideration and strategic planning to minimise unintended consequences.

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