

# Introduction to REDD+ ahead of COP16

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## Outline

- History of REDD
- Core ideas
- Three phases
- Phase 2: policy reforms
  - Credibility of buying policy reforms
- Phase 3: payment for emissions reductions
  - Reference levels
- Risks of REDD
- COP 16 – what to expect

## A brief REDD history

- **Early 1990s:** Deforestation 1/5 of GHG emissions
- **2001** - COP7: Avoided deforestation too difficult to include in CDM (+ no additionality). Only A/R
- **2005** - COP11: 2 year consultation period for RED
- **2006:** Stern report says REDD is big & cheap (& easy?)
- **2007** - COP13: RED(D) included in Bali Action Plan
- **2007:** Norway's Climate-Forest initiative, NOK 15 billions
- **2008+:** FCPF (World Bank), UNREDD, other initiatives
- **2009** - COP15: some progress for REDD+, focus on interim financing
- **2010:** REDD+ partnership formed



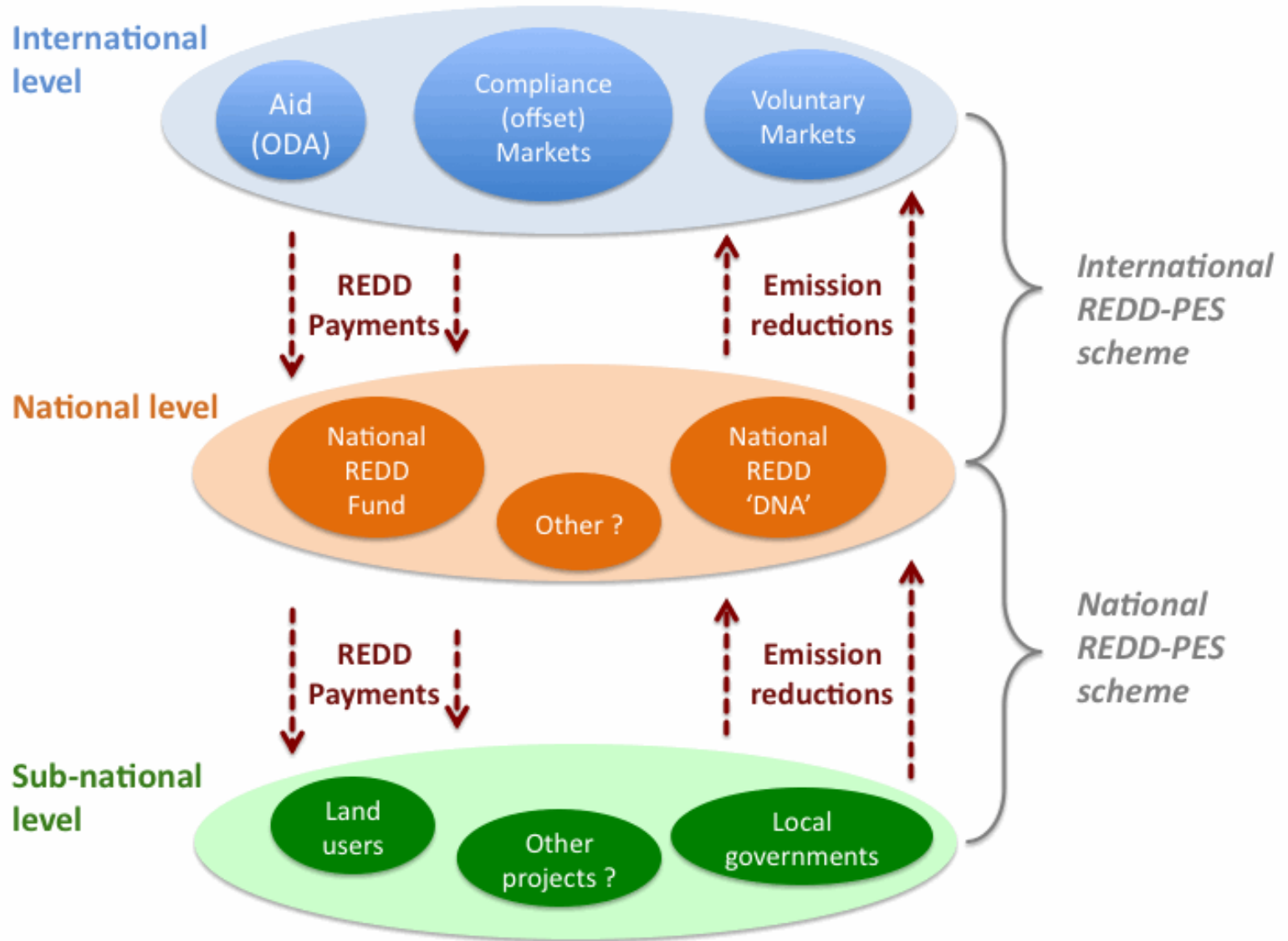
## Bali Action Plan (Decision 1/CP.13, UNFCCC, 2007)

*Policy approaches and **positive incentives** on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of **conservation, sustainable management of forests** and enhancement of forest carbon stocks in developing countries;*

Decision 2/CP.13: Reducing emissions from deforestation in developing countries: approaches to stimulate action:

- *Further encourages* Parties to explore a range of actions, identify options and undertake efforts, including demonstration activities, to address the drivers of deforestation relevant to their national circumstances, with a view to reducing emissions from deforestation and forest degradation and thus enhancing forest carbon stocks due to sustainable management of forests;
- Independent expert review is encouraged.

## 2008: Core REDD architecture



# Realising REDD+

National strategy and policy options

Edited by Arild Angelsen



## 2009: National policies

Background:

- 40+ countries preparing for national REDD+ strategies (R-PPs etc.)
- 200+ REDD demonstration activities
- > 20 years of forest policy experience

Options assessment:

- **3E+**: Effectiveness, efficiency, equity, co-benefits
- Options depend on context



**Global readiness funds**

**Global funds**

**International carbon markets**

**Institutions**

Verification

Monitoring,  
reporting

Subnational  
activities

**Incentives**

Regular budgets  
(national or subnational  
government)

REDD funds  
(national or subnational)

Policies and  
measures  
(PAM)

Performance  
payments  
(e.g. PES)

**Information**

**Forest management types**

State (production)  
State (conservation)  
Private  
Community

**Carbon rights holder**

Concession holder  
National and subnational  
government agency  
Land owner  
Community

**Other stakeholders**

Energy users  
Environmental services users  
Farmers  
Consumers



## The phased approach (Meridian 2009)

	Phase 1	Phase 2	Phase 3
Activities	National REDD strategy development, including, <i>inter alia</i> : <ul style="list-style-type: none"> <li>• Institutional strengthening</li> <li>• Demonstration activities</li> </ul>	National REDD strategy implementation, including, <i>inter alia</i> : <ul style="list-style-type: none"> <li>• Land tenure reforms</li> <li>• Forest law enforcement</li> <li>• PES</li> </ul>	Consolidation of REDD strategy implementation, including, <i>inter alia</i> : <ul style="list-style-type: none"> <li>• Improved forest management</li> <li>• Supply chain modernization</li> </ul>
Performance Indicators	<ul style="list-style-type: none"> <li>• Assessment completed</li> <li>• Consultations conducted</li> <li>• Strategy adopted</li> <li>• Capacities in place for implementation and monitoring</li> </ul>	<ul style="list-style-type: none"> <li>• Policies enacted</li> <li>• Measures enforced</li> <li>• Proxies monitored for changes in emissions and/or removals</li> <li>• GHG reductions from demonstration activities</li> </ul>	Quantified emission reductions and/or removal enhancements (tCO <sub>2</sub> -e)
Financing	Immediately available	Predictable amounts over a defined period	Large-scale funding





## Norway: Different types of contracts

	<b>Unconditional aid</b>	<b>Conditional aid</b>	<b>Payment for emission reductions</b>
Pay for what?	Capacity building	Policy reforms	Emission reductions
Pros	Often a necessary first step	Induce policy & structural changes	Direct incentives, "no cure no pay"
Cons	Don't change incentives	Credibility, enforcement	MRV, reference levels
Norwegian agreement (billions)	Tanzania (NOK 0.5) Congo Basin (NOK 0.5)	Indonesia (USD 1) <i>(Tanzania)</i>	Brazil (USD 1) Guyana (NOK 1.5) <i>(Indonesia)</i>

## Phase 2: Conditional aid (pay for policy reforms)

- The donor commits an amount of money and the recipient commits to undertake reforms:
  - Donor wants to spend and want reforms
  - Recipient wants to receive and doesn't want reform
- The development aid experience
  - Conditionality does not work
  - Payment does not vary much based on reforms
  - Donor threat has no credibility (since want to spend)
- Example: LoI Norway – Indonesia:
  - 2 year ban on forest conversion

## Application to REDD+

- Norway a small country – how much can push?
- A humanitarian superpower doesn't play games
  - “If we are nice, others will be nice”
  - Norway has very limited record in being tough on conditionality
- REDD+ limited to ‘positive incentives’ (Bali Action Plan)
  - Hard to make enforceable contracts
- Domestically: performance measured by money spent
  - a very bad strategic position



# What policy reforms?

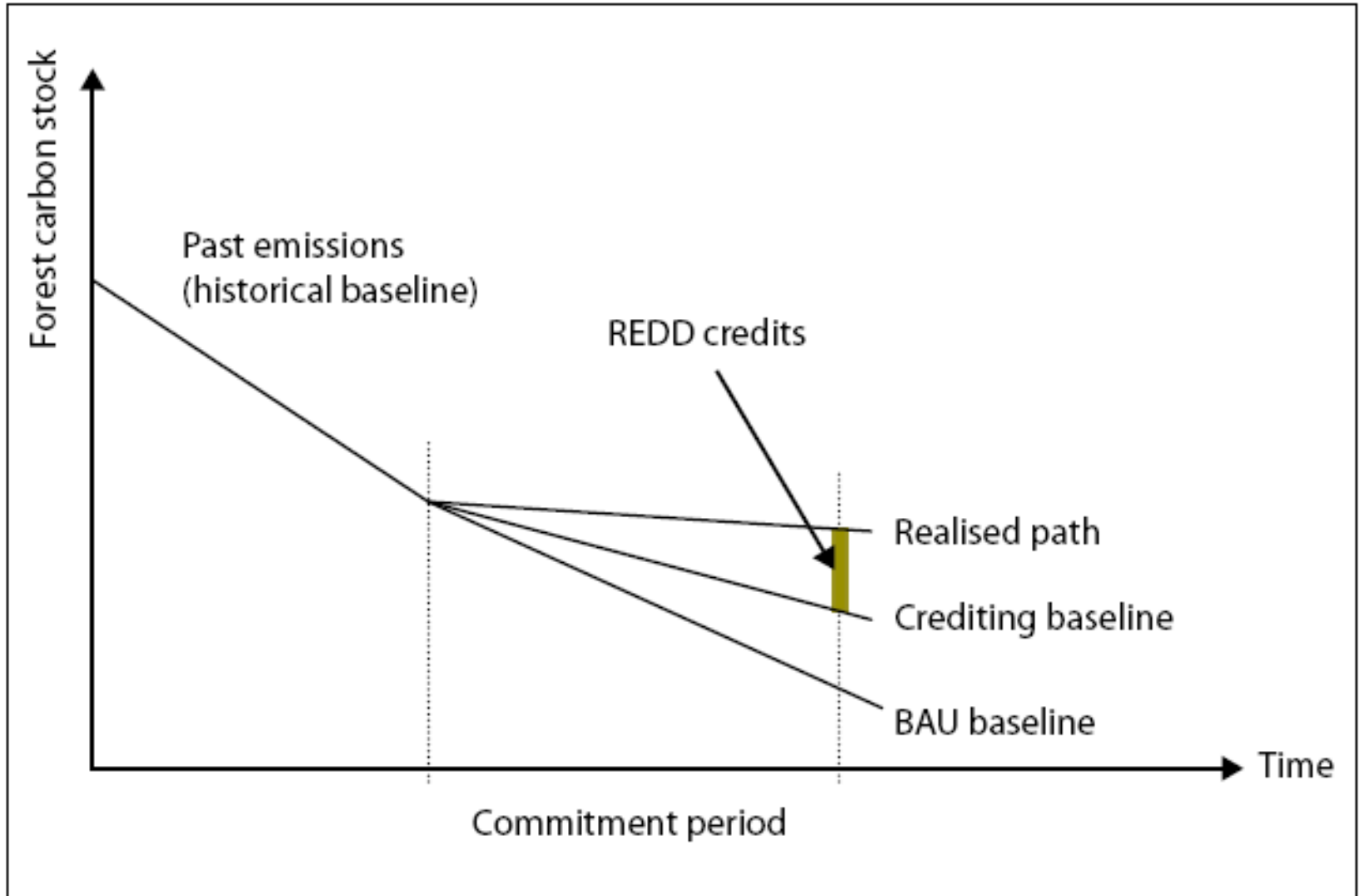
Two agendas:

1. Transformational reforms (which may or may not *in itself* lead to REDD+)
  - Tenure, rights, governance, decentralization
  - “No rights no REDD”?
    - Rights critical
    - Some “no regret” REDD policies that should not be missed
2. The simpler policies (technically and politically)
  - Demand for agricultural land and degrading forest products, e.g. taxes and subsidies
  - Land use planning; concessions; EIA of investments

## Phase 3. Payments for emissions reductions (PER)

- ER = actual emissions – reference level
  1. Actual emissions
    - Measure precisely
    - Measure at disaggregated levels costly
  2. Reference levels
    - How to predict business as usual (BAU)?
      - Historical deforestation
      - National (local) circumstances
      - Ensure additionality?
      - “Paying the polluter”
    - “Common but differentiated responsibilities” (UNFCCC)

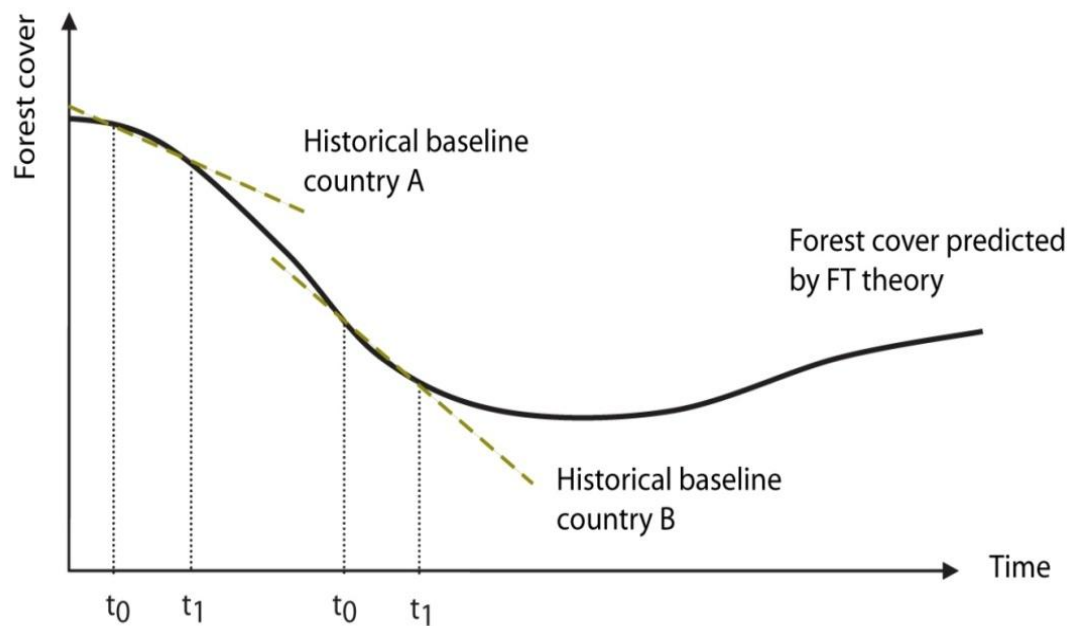
## Should all ER be compensated?



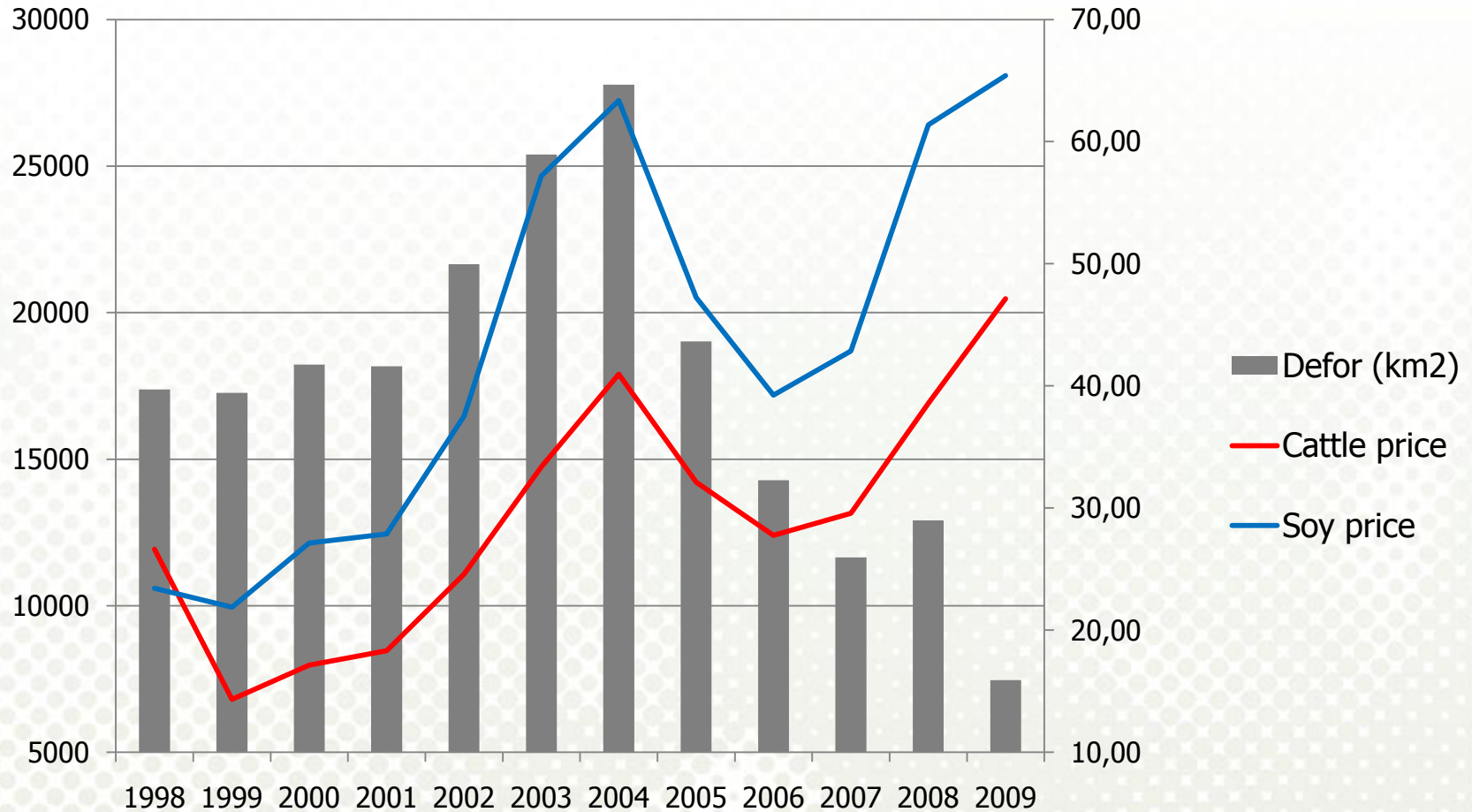


## How to predict (BAU) deforestation?

- UNFCCC: Historical def. + national circumstances
- National circumstances:
  - Forest cover, reflecting stage in forest transition
  - GDP/capita
- Other factors
  - War, disasters, ....
  - Population
  - Commodity prices
- *Ex post* adjustment



## Example: deforestation in Brazil



## Who has the right to be compensated?

- International level:
  - What does “common but differentiated responsibility mean”?
  - Should middle income REDD+ countries (e.g. Brazil) be fully compensated?
- National level:
  - Who owns the forest (or the forest carbon)?
  - Should one be compensated to stop illegal activities?
  - How do we define illegal activities?
- These are largely political issues, which can lead to :
  - slow progress in REDD+ design and implementation
  - ineffective design of REDD+ (cf. CDM and additionality)



## Recap: REDD is a good idea

### We should do something:

- Deforestation and degradation: **~12-15 %** of GHG emissions
- Reductions *can* be **cheap and quick**:  $\sim 1/4^{\circ}$  C for free

### REDD is a good answer:

- **Big money** needed, and REDD aims for that
  - A main problem in the past
- **Performance based** – “no cure no pay”
  - A new form of aid
- Create financial **incentives** for countries and forest users
  - Addresses the root problem (individual vs. collective rationality)
- **National approach**, not projects
  - “Avoid green islands in a desert of deforestation”

# Risk: REDD captured by the “good”, the “bad” and the “ugly” => low impacts on climate

- **The bad**

- Corrupt national elites
- “Carbon cowboys”

- **The ugly**

- Logging & palm oil companies, large commercial farmers
- Big deforesters being compensated for REDD; “Paying the criminals to be stop the crime”

- **The good**

- Conservation NGOs: payment to forest not under threat
- Companies: CSR – demonstrate “success”
  - Get compliance but no additionality
- Poverty focused groups: overloading of REDD

## COP16 in Cancun 29. Nov.- 10. Dec. 2010

- Low or no expectations. Failure of UNFCCC?  
=> no disappointment
- No progress on overall deal expected, but  
can REDD+ be a the lifebuoy of the COP?
  - Need to demonstrate success
- But, REDD funding very unevenly distributed:
  - many wants to link REDD+ to other sectors (funding, CDR, other carbon pools (oil), agriculture, ...)
- REDD issues for COP16 and 2011:
  - Scope (what is REDD+?)
  - Detailed MRV for carbon
  - Develop MRV and indicators for safeguards
  - Modalities for reference levels



## Summary

- REDD mainly public funding for short-medium term
  - no link to carbon markets
- No global mechanism
  - No global climate deal ala Kyoto II
  - Loosely coordinated bilateral and multilateral initiatives
- REDD at international level will be all three phases
- REDD at national level will mainly be non-PES
  - General policies, e.g. land use planning and cons.areas
  - Projects
- REDD will be different than we thought 3 years ago & more similar to development aid, but
  - Performance based
  - Global public goods