

# An Overview of REDD, REDD plus and REDD readiness

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International Conference  
on  
Community Rights, Forests and Climate Change  
17-18 August, 2009  
New Delhi

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# Outline

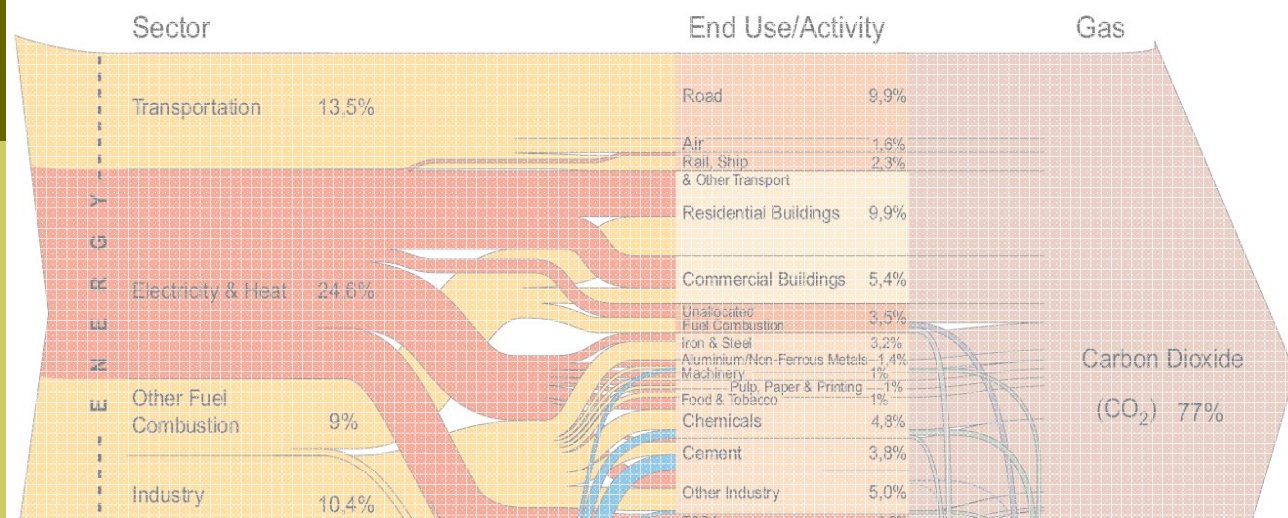
- ❑ Forests and Climate Change
- ❑ Why focus on carbon emissions?
- ❑ Origins of REDD, REDD plus
- ❑ What is REDD?
- ❑ What is REDD plus?
- ❑ Mitigation options under REDD/REDD plus
- ❑ What is REDD readiness?
  - Phases of REDD, support for readiness, analysis of R-PINs
- ❑ Key issues related to REDD/REDD Plus
- ❑ Relationship between REDD and Carbon Markets
- ❑ Questions to ponder

# Forests and Climate change

- ❑ Sinks: remove CO<sub>2</sub> from the atmosphere
  - Forests and other terrestrial sinks absorb 2.6 GtC annually (AR4)
- ❑ Reservoirs: keep carbon as biomass
  - According to FAO estimates forests store about 638 GtC
- ❑ Sources: releases gases like carbon dioxide and methane when forests are destroyed
  - Deforestation and other land-use activities emit 1.6 GtC annually (AR4)
  - Forest sector, mostly deforestation, accounts for 17 % of the total anthropogenic GHG emissions
- ❑ Affected by climate change and a possible option for adaptation.
  - In turn leads to emission

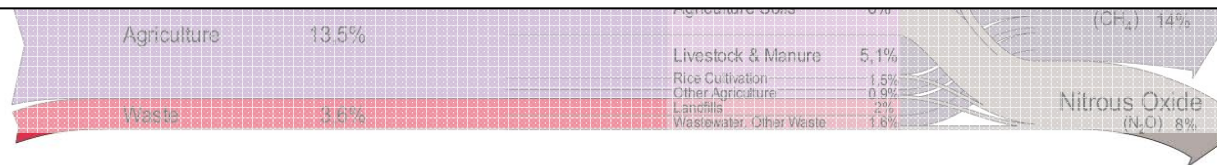
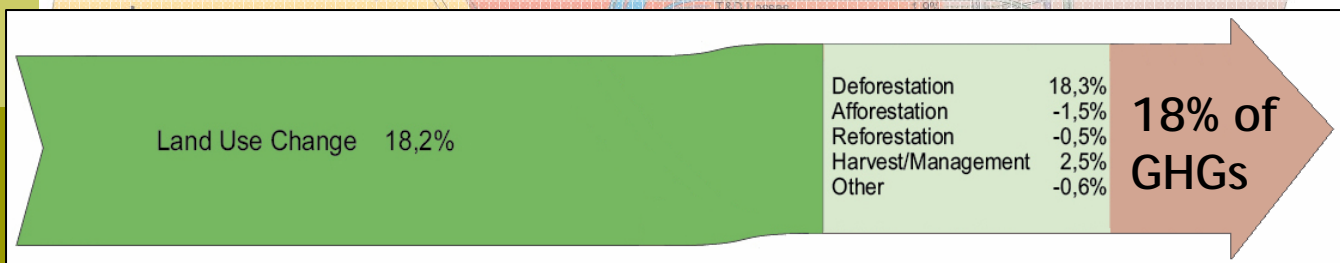
# Why focus on forest carbon emissions?

## World GHG Emissions by Sector



### Deforestation:

- Emits 2 BtC/yr (FRA '05)
- 18% of total GHGs
- 25% of anthropogenic CO<sub>2</sub> emissions
- Greater than combined emissions from road, rail and ship transportation *plus* electricity/heat from commercial buildings

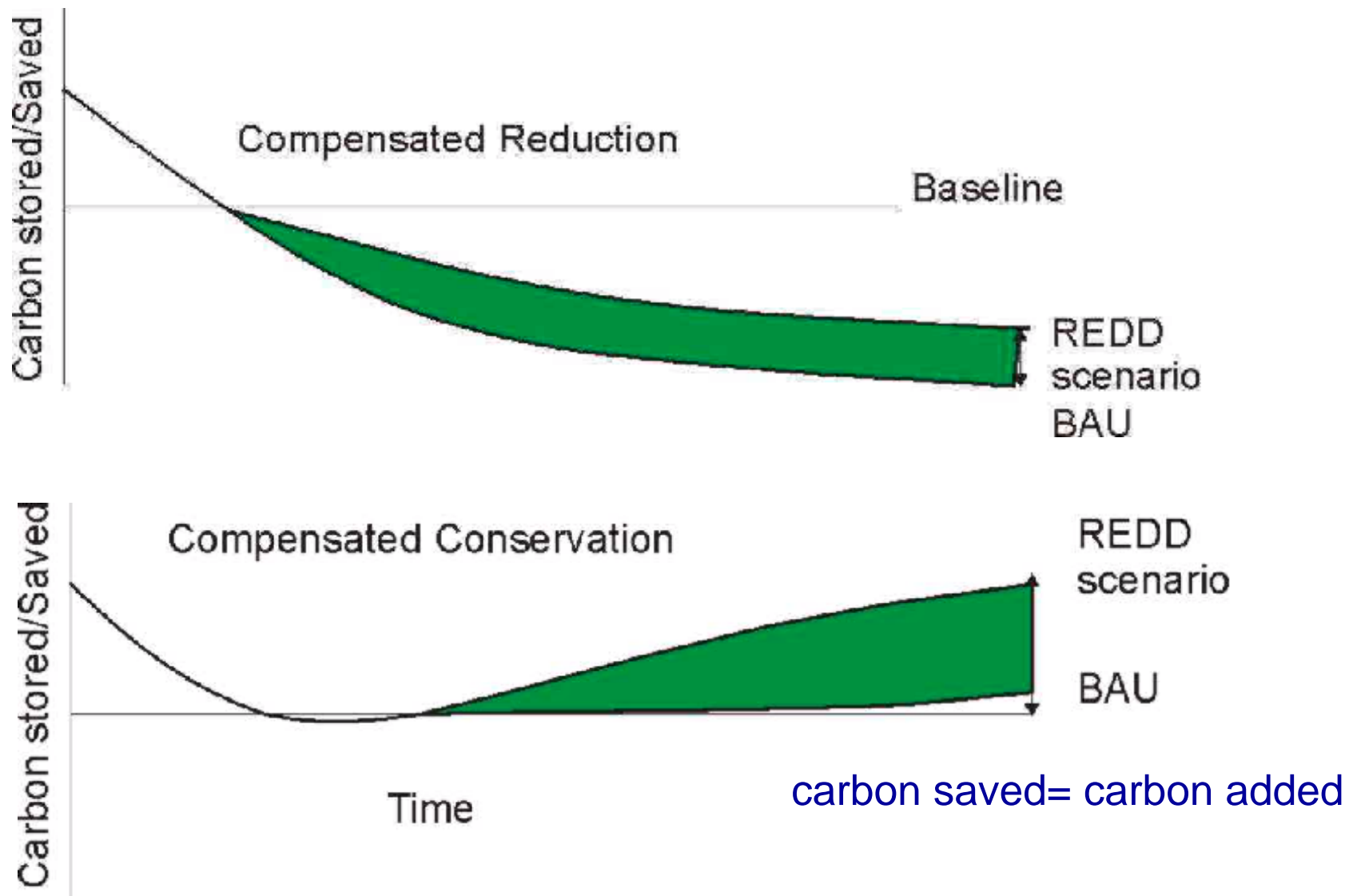


All data is for 2000. All calculations are based on CO<sub>2</sub> equivalents, using 100-year global warming potentials from the IPCC (1996), based on a total global estimate of 41 755 MtCO<sub>2</sub> equivalent. Land use change includes both emissions and absorptions. Dotted lines represent flows of less than 0.1% percent of total GHG emissions.

Source: World Resources Institute, Climate Analysis Indicator Tool (CAIT), Navigating the Numbers: Greenhouse Gas Data and International Climate Policy, December 2005; Intergovernmental Panel on Climate Change, 1996 (data for 2000).

# Origins of REDD, REDD plus

- Compensated Reduction (in deforestation) proposed by Coalition of Rainforest Nations at CoP 11 in Montreal in 2005
- In subsequent SBSTA meetings and workshops degradation was also discussed and included
- Compensated Conservation suggested by India (2007) and supported by others



Source: ICFRE, 2007

# Bali Action Plan (COP 13)

The Bali Action Plan calls for:

“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;” [*FCCC/CP/2007/6/Add.1, 14 March 2008; Decision 1/CP.13 [BAP], paragraph 1(b)(iii)*]

# What is REDD?

- **Basic idea is simple:** “Developing countries willing and able to reduce their deforestation rate keyed to a reference time period will receive financial compensation. Transfers will be based either on foregone opportunity costs or on the value of carbon market prices.”
- **New (last?) opportunity:** Previous global approaches to curb deforestation have been unsuccessful. REDD provides a new framework to break this trend.
- **Objectives:** Primarily *emissions reductions*...but has the potential to deliver a range of “co-benefits” e.g. poverty alleviation in forest areas, biodiversity conservation...



# What is REDD plus?

- ❑ As defined in BAP: **conservation, sustainable management** and **enhancement** of carbon stocks.
- ❑ Plus activities came into greater prominence since Bonn 2009.
- ❑ Plus activities are not directly linked to emissions reductions.
- ❑ Rather, a call for funding/investment for tropical forests, which store carbon, increase sequestration, create rain, moderate weather conditions and protect biodiversity.
- ❑ Most mechanisms and funding options, however, are still trying to deal with the question of 'perverse' incentive.

# Mitigation options under REDD/REDD plus

<i>Mitigation Options</i>	<i>Objective</i>	<i>Policy instrument</i>	<i>Activities</i>
<b>Reducing GHG Emissions</b>	<b>Reducing deforestation</b>	<b>REDD (first D)</b>	Maintaining existing carbon pools through, law enforcement, governance reforms, tenurial reforms, SFM, payments for environmental services
	<b>Reducing degradation</b>	<b>REDD (second D)</b>	Maintaining existing carbon pools/restoring lost carbon pools through SFM, PES in the form of credits for carbon sequestered/emission avoided
<b>Increasing Sequestration</b>	<b>Enhancing existing forests/increasing forest cover</b>	<b>REDD+</b>	Restoring lost carbon pools & creating new carbon pools in forest areas
	<b>Creating new forests</b>	<b>CDM A/R</b>	Creating new carbon pools Agroforestry and Plantations

# What is REDD Readiness?

- **Ready for what?** Generally, a post-2012 REDD payment mechanism funded by multilaterals...with an eye to preparing for integration with private carbon markets.
- *Countries eligible for REDD have low forest governance capacity and require serious capacity improvements to execute REDD activities and handle REDD \$\$ effectively and equitably*
- Initially, “readiness” focused on:
  - Preparing effective and equitable strategy to reduce emissions, developed through local stakeholder consultations.
  - Institutional, technical, human capacity building
  - Designing/implementing MRV systems; forest carbon accounting
  - Developing baselines/reference scenarios against which deforestation reductions can be measured

# What is REDD Readiness?(2)

- Now, wide recognition that most crucial factors for successful preparation are broader governance issues (ODI Dec. 2008: “The REDD road to Copenhagen”; RRI Oct. 2008: “Foundations for Effectiveness”)
  - Transparent, equitable and accountable benefit sharing mechanisms
  - Safeguards and grievance mechanisms to protect the interests of the poor
  - Clarification/reform of land, forest and carbon tenure

# Ongoing REDD and readiness initiatives

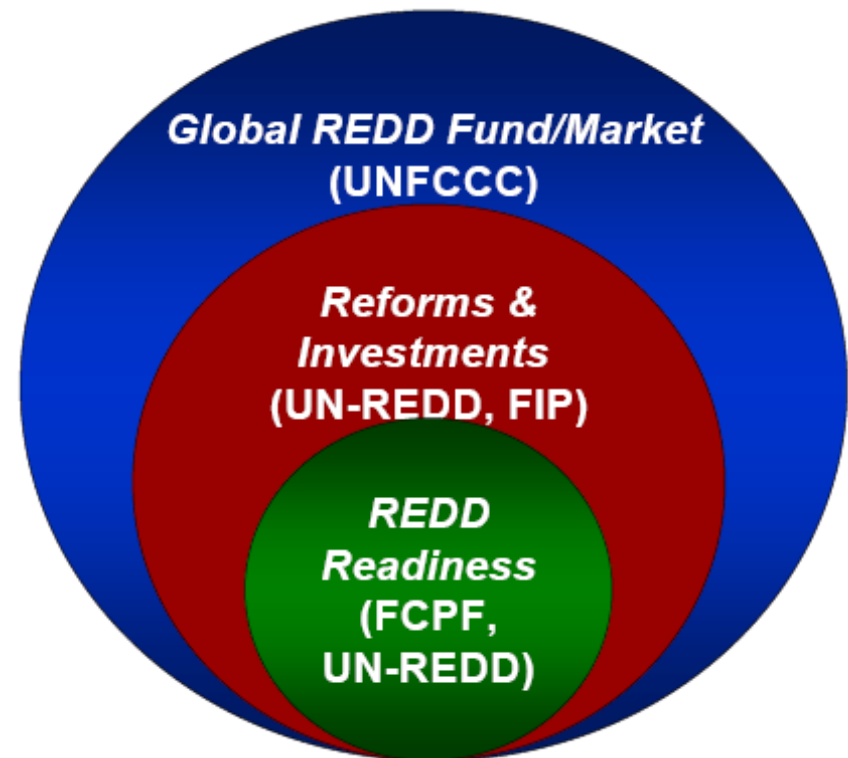
- ❑ Liberia: Adopted a new Forest Policy in 2006 and a National Forest Strategy
- ❑ Madagascar: based on experience of three demonstration projects started national level discussion on REDD
- ❑ Congo Basin countries: a regional approach to monitoring forest cover
- ❑ Brazil: Amazon Fund; the Juma Sustainable Development Reserve Project
- ❑ Bolivia: Noel Kempff Climate Action Project since 1995; working on a national level programme
- ❑ Mexico and Costa Rica: PES in place
- ❑ Indonesia: developed a national level REDD strategy and developing demonstration projects; partnership with Australia's International Forest Carbon Initiative
- ❑ PNG: partnership with Australia's International Forest Carbon Initiative

Source: Johns and Johnson.2009:An overview of Readiness for REDD

# Phases of REDD Mechanism

- Phase 1: Initial support for national REDD strategy development (REDD Readiness) financed by voluntary contributions, grants
  - FCPF, UN-REDD,
- Phase 2. Financing linked with performance in the implementation of the national REDD strategy and reforms
- Phase 3: Financing instrument rewarding performance in quantified forest emission reductions and removals against agreed reference levels (Market based mechanism).

Source: Angelson *et al*, 2009

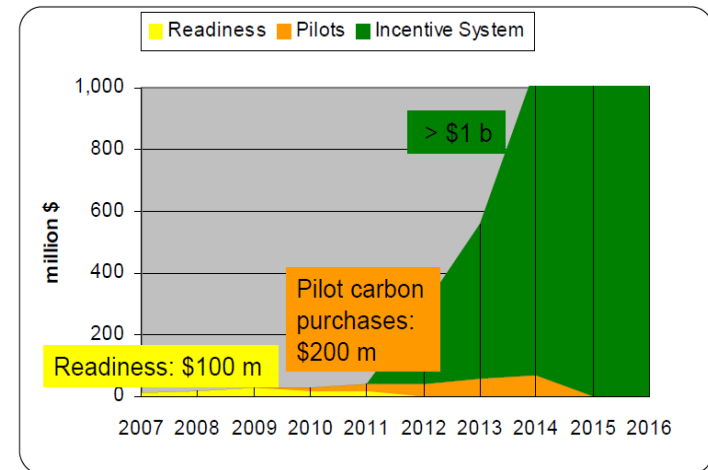


Source: FCPF ppt, 2009

# Support for REDD and Readiness

- **World Bank**
  - **Forest Carbon Partnership Facility (A readiness fund and a carbon fund)**
    - **37 countries and 37 R-PINs**
    - **3 RPPs assessed (Guyana, Panama and Indonesia) for preparation of national REDD strategies and MRV system**
  - **Forest Investment Programme**
    - **Upfront bridge finance for readiness reforms and transformational investments including investments outside forest sector.**

FCPF presentation, 12/8/07  
(*"Incentive System" i.e. private carbon market*)



## Support for REDD and Readiness(2)

- ❑ UN-REDD Programme (UNDP, UNEP and FAO-Delivering as One)
  - Assisting developing countries to address capacity development, governance and technical needs to support for effective participation in future REDD mechanism; supporting the development of guidance and standardized approaches based on sound science
  - 9 “Quick Start” countries
- ❑ Governments: UK, Norway, Australia, Germany
- ❑ Private Foundations: Clinton Climate Initiative, Packard Foundation, Moore Foundation, Forest Philanthropy Action Network



## Analysis of R-PINs shows poor consultation and superficial treatment of land tenure and carbon ownership

- ❑ *" The R-PINs identify a broad spectrum of governance challenges (sometimes to a significant level of detail), including but not limited to: outdated or unclear forest laws, poor policy harmonization across sectors, unclear land tenure rights, and overly complex regulation and systems for law enforcement.*
- ❑ *However, little attention has been given at this stage to how these challenges might be addressed and overcome as part of a comprehensive, long-term strategy to reduce deforestation and degradation."*

**Source: Davis, Crystal et al. 2008 . "A Review of 25 Readiness Plan Idea Notes from the World Bank Forest Carbon Partnership Facility". WRI Working Paper. World Resources Institute, Washington DC**

## Analysis of R-PINs shows poor consultation and superficial treatment of land tenure and carbon ownership (2)

- None of the R-PINs discusses issues of Free, Prior and Informed Consent
- Land tenure and customary rights are only given superficial treatment and existing land tenure conflicts and unresolved issues are not discussed (Panama, Guyana, DRC)
- Vague about benefits to communities and about benefit distribution mechanism

Source: Dooley et al. 2008. Cutting Corners (analysis of nine sample R-PINs)

# Key issues

- Design issues
  - Scale (national, sub-national and nested approaches)
  - Baseline line/Reference line
  - MRV (Definition of forest, deforestation, degradation; net deforestation vs gross deforestation)
  - Multiple benefits
  - Permanence (Temporary nature of credits)
  - Leakages
- Other issues
  - Addressing causes of deforestation
  - Financing: market and/or fund based?
  - Rights of indigenous communities, forest dwelling and forest dependent communities (tenure, livelihoods)
  - Benefit-sharing mechanism

# Relationship between REDD and Carbon markets

- If REDD credits are traded in the current carbon markets, it might
  - Flood market with cheaper credits
  - Affect other mitigation options and environmental integrity of emission reductions

## Proposals to address the concerns

- Full fungibility with deeper commitments
- Controlling fungibility of REDD credits in a dual market
- Creating a new trading unit specific for REDD

# Proposals for integrating REDD into carbon markets

- Dual markets: CCAP
  - A separate but market linked scheme
  - Demand generated by transferring a share of Annex 1 commitments to the new market
- Tropical Deforestation Emission Reduction Mechanism (TDERM)
  - A separate unit: Tropical Deforestation Emission Reduction Unit (TDERU)
  - Like dual market proposal, a market linked scheme
  - Transferring some commitment from current market to REDD market
  - A minimum and maximum limit would be set.

# Finally..

- ❑ REDD/REDD+ is not just about money... it is about good governance
- ❑ It is not just about carbon... it is about welfare of people through forests, and multiple products and services from forests

# Questions

- ❑ Are REDD projects/readiness projects addressing developing country concerns?
- ❑ Are they addressing basic drivers of deforestation and degradation?
- ❑ Are they supporting local governance and tenurial reforms ?
- ❑ Are they country driven or driven by experts?
- ❑ What lessons can be drawn from pilot projects on REDD and from past efforts to conserve forests and reduce deforestation?

*Thank you...*



# Background

- Agreement in Bali to deal with carbon emissions from forests
- Schemes that are being implemented and under consideration include REDD/REDD+/voluntary carbon markets/dedicated funds.