

06 REDD AND REDD+

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REDD AND REDD+



REDD – reduced emissions from deforestation and forest degradation – is a heavily contested mechanism in the climate change debate. The basic concept is simple: governments, companies or forest owners in the South should be rewarded for keeping their forests intact instead of cutting them down. It, thus, is a mechanism to create an incentive for developing countries to protect, better manage and wisely use their forest resources, contributing to the global fight against climate change. REDD strategies aim to make forests more valuable standing than they would be cut down, by creating a financial value for the carbon stored in trees.

REDD+ strategies go beyond deforestation and forest degradation, and include the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in reducing emissions.

Both the concepts are contested. While there is broader consensus on the importance of protecting forests and biodiversity for a healthy planet, the mechanisms, potential beneficiaries and administrative aspects are mired in controversies. Much of the contentions are directly linked to the geopolitics of climate change, while the others emanate from socio-economic concerns at local and national levels that include concerns over rights of indigenous people.

The history till Poznan

The first proposal: The idea of making payments to discourage deforestation and forest degradation was discussed in the negotiations leading to the Kyoto Protocol, but was rejected ultimately.

The road to REDD: REDD emerged from a proposal in 2005 by a group of countries calling themselves the Coalition for Rainforest Nations. At the 11th Conference of Parties (COP) in Montreal in 2005, Papua New Guinea and Costa Rica, supported by eight other nations, proposed a mechanism for REDD. The proposal received wide support and the COP established a contact group; thereafter, it began a two-year process to explore options for REDD.

The Bali Action Plan and REDD+: Two years later, the proposal was taken up at the Conference of the Parties

to the UNFCCC in Bali (COP-13). The Bali Action Plan (BAP) adopted at this COP states that a comprehensive approach to mitigate climate change should include *“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”*.

The approach mentioned in the above paragraph (*paragraph 1b (iii) of BAP*) is often referred to as ‘REDD+’. It is worth reading closely, because so far it is the only agreed text we have on REDD. REDD+ includes activities with potentially extremely serious implications for indigenous people, local communities and forests. In its principle, REDD+ proposes to reward countries for

- avoided deforestation;
- afforestation; and
- increasing the carbon stock in the forest area.

COP-14, Poznan: This Conference of Parties achieved very little in terms of a consensus on the mechanisms and the scope of REDD, despite long deliberations in two forums:

Subsidiary Body for Scientific and

Technological Advice (SBSTA): Discussions eventually hit a roadblock over two critical issues – what was in or out of scope and to what extent should “indigenous peoples” (take note of the ‘s’) be involved and recognised.

- While one group (India included) stressed that REDD should reward all countries and all activities – not just the reduction of emissions in countries with previously high rates of deforestation (and degradation), the others suggested REDD needs to be kept simple to get off the ground.
- References to conservation or protection of biodiversity were also omitted from the final text in favour of “exploring co-benefits in the context of methodological development”.

The International Indigenous Peoples’ Forum on Climate Change described the progress as “insufficient and offensive” and called for suspension of REDD.



Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA):

An assembly document was created, highlighting the submissions on “Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries”.

CoP-15, Copenhagen

At Copenhagen, there was an agreement listed in the Accord on REDD, as well as work done on REDD under the UNFCCC negotiations. The Copenhagen Accord agreed to the following:

“We recognize the crucial role of reducing emission from deforestation and forest degradation and the need to enhance removals of greenhouse gas emission by forests and agree on the need to provide positive incentives to such actions through the immediate establishment of a mechanism including REDD+, to enable the mobilization of financial resources from developed countries.

“We decide to pursue various approaches, including opportunities to use markets, to enhance the cost-effectiveness of, and to promote mitigation actions.”

Towards the end of the Copenhagen meeting, six countries – the US, UK, France, Japan, Australia and Norway – pledged US \$3.5 billion over the next three years to kick-start REDD.

Under UNFCCC, the SBSTA produced a draft decision on methodological REDD issues, which was adopted by the COP-15. The draft text on REDD in AWG-LCA entered what now appears to be a state of suspended animation. It includes no mention of targets for stopping deforestation, and there are no commitments for long-term finance. Safeguards are weak to the point of being non-existent. Leakage is not meaningfully addressed. The principle of free, prior and informed consent by indigenous people is not mentioned either.

The International Indigenous Peoples’ Forum on Climate Change has been pushing for the UN Declaration on the Rights of Indigenous Peoples to be included in the REDD main text. Though the words are in the text, all the safeguards have been craftily worded to avoid any commitments.

Ongoing negotiations

The latest negotiating text, presented at Tianjin (China) in October 2010, has many new suggestions on design

The current mechanism of REDD

If a country could reduce its deforestation rate below a baseline, it would be eligible for compensation.

- Compensation would be *post facto*. Countries would be eligible for compensation, in the form of tradable credits, at the end of Kyoto-like periods after real reductions are concretely measured.
- Reductions would be verified by a robust and reliable satellite imagery system.
- After receiving compensation, a country needs to make a continued effort to stabilise or further reduce deforestation rates in future.
- The ‘compensated reductions’ plan involves a nation’s entire forest system, not just particular forests, which helps avoid many of the problems that have made consensus on forest issues difficult in the past.
- Compensation is based on past performance and future effort, not merely one or the other.

and implementation, which the countries will be deliberating on in the climate talks at Cancun, Mexico in December 2010. The issues on the table include, for instance, eligibility criteria for funding of forest-related activities, such as assuring equitable distribution of funds and not considering proposals that allow industrial scale logging or conversion of natural forests to plantations. There is also a demand that REDD should follow UNFCCC Article 4.7 (*which states that the extent to which developing countries will effectively implement their commitments depends on the implementation by developed countries of their commitments on financing and transfer of technology*).

Social and economic impact assessment, especially on local and indigenous communities, have also been included as part of the REDD proposal. Whether REDD should be applicable country-wide or project-wise, is also up for discussion. So is whether REDD emission reduction should be traded in the market like CDM.

The key proposals

Brazil has proposed a voluntary fund into which developed countries must provide new financial resources; this would be additional to the existing funding activities. Developing countries should be entitled to ex-post financial incentives from the

arrangement after they demonstrate, in a transparent and credible manner, that they have reduced their emissions from deforestation. Incentives should be based on a comparison between the rate of emissions from deforestation over a past time period and a reference emissions rate (RER). The RER is the average rate of deforestation over the previous 10-year period starting from the time of implementation within the UNFCCC.

Decreases in emissions will be credited and increases in emissions will be converted into a debit for future financial incentives. The price per tonne of carbon for incentives will be negotiable and reviewed periodically. Accounting will be at the national level and incentives will be distributed in the same ratio as the emissions reductions achieved by each country.

Colombia, along with other Latin-American countries, proposes incentives for early action under the UNFCCC framework, a market mechanism involving the private sector to mobilise the necessary investment flows into developing countries, wider participation and deeper GHG emission reduction commitments by Annex 1 countries. Incentives should be complemented by instruments to allow countries to build capacities and enhance the availability and quality of data.

The proposed mechanism should be consistent with the principles of the carbon market and rely on the technical and institutional infrastructure already in place. Colombia believes that each country should be able to choose from either a sub-national to national reference level and suggests that leakage issues could be managed at the project-level through an approved methodology, whereby the displaced emissions are deducted from the project credits.

Costa Rica proposes a market-based mechanism that would rely on technical and methodological procedures that allow non-Annex 1 countries, who voluntarily elect to reduce their emissions from deforestation, to be financially compensated by Annex 1 Parties on the basis of their performance.

To avoid the creation of any perverse incentives that may deteriorate ongoing programmes or planned efforts, all countries should support early action of developing countries by ensuring that any emissions reductions obtained during the period from 1990 to the start of any future agreement on REDD can be used to assist in achieving future compliance. Reference emission levels should be estimated using historical data for changes in forest cover area, and IPCC-recommended procedures should be used to estimate associated carbon stocks and carbon stock changes. Developing countries with early policy approaches that

have led to reduced deforestation rates should be permitted to adjust their reference emission levels to a date appropriate to national circumstances.

The EU proposes that policies should focus on positive incentives to reduce emissions from deforestation and forest degradation, and that additional actions on conservation, sustainable forest management and enhancement of forest carbon stocks could complement measures for REDD. The EU favours an approach that bases incentives on agreed national reference emissions levels, which should be ambitious, yet realistically achievable, taking into account national circumstances including existing policies and initiatives, historical data, current trends and developments in land use. The agreed level would be negotiated and revised periodically.

The EU recognises that sub-national approaches may be appropriate under some national circumstances, as a step towards the development of national approaches, reference levels and estimates; however, national approaches are essential to avoiding the risk of leakage within the national boundary.

Indonesia states that the adoption of a single definition for deforestation is essential to ensure the fairness of providing incentives for developing nations. Voluntary actions eligible for compensation should include enrichment planting in secondary forests, emissions reductions through avoided conversion of forests, emissions reduction through combating illegal logging and fires, and conserving carbon through forest conservation.

Reference levels for generating credits would be two-fold. The reference level for unplanned activities is derived from a national historic baseline over a predetermined period. Unimplemented planned activities would use a baseline set according to the carbon stock existing at the start of the REDD commitment.

Indonesia defines three distinct phases of activity which would require three separate financial resources. Readiness activities would leverage ODA through bilateral and/or multilateral channels. A transition phase would use both ODA and voluntary funding mechanisms and transition to a pre-2012 market. A post-2012 agreement would use a basket approach including domestic, regional or international emissions markets, accompanied by deeper targets for Annex 1 countries.

India contends that Brazil's submission for compensated reduction unfairly favours countries with high deforestation rates, and therefore proposes a

mechanism of “compensated conservation” that also rewards countries for maintaining and increasing their forests as a result of conservation. India believes REDD needs to be seen in the broader context of REDD++. The reduction of deforestation and conservation and enhancement of forest carbon stocks should be treated at par.

Fairness requires that a unit of carbon saved should be treated the same as a unit of carbon added. Climate experts have said a major drawback of India's approach is the lack of knowledge compared to REDD. To fill the gap, the government has set up a technical group to develop methods and procedures to make assessment and monitoring of REDD+ actions. It is also planning a national REDD+ coordinating agency.

India has also finalised a draft proposal document for the National Mission for a Green India. The mission targets to take up 20 million hectare for afforestation/eco-restoration over the next 10 years. This is double the current target of 10 million hectare. This would mean an increase in GHG removals by India's forests to 6.35 per cent of India's annual total GHG emissions by 2020, leading to additional carbon sequestration of 43 million tonne, equivalent annually by the year 2020.

India, along with China, has had strong forest protection legislations for over three decades and both the countries have been successful with arresting

deforestation and afforestation as well. Under the current mechanisms of REDD, such countries will not benefit as it would historically have a low baseline for forest destruction.

The politics of REDD

Lower degradation vs higher carbon stock

The greater part of the carbon gain from REDD would not be in the form of reduced degradation, but rather in the form of increased carbon stock (forest enhancement). Hence, if this approach is to be effectively incorporated in REDD, these stock increases need to be credited (which is not the case at the moment). This is all the more important since creating a baseline (reference scenario) for degradation is almost impossible, often there being no historical data available on which to construct one.

Unless forest enhancement is credited along with reduced degradation, the overall financial gains are likely to be small. This is an important policy choice which, though mentioned in UNFCCC documentation, has not been fully debated. It would involve the crediting of carbon removals rather than of reduced emissions. If this policy was adopted, it would put degradation into a group with forest management activities, rather than with deforestation, in terms of accounting and methodology.





Forest carbon vs carbon emissions

REDD treats forest carbon the same way as the carbon released from burning fossil fuels: this is incorrect. The carbon released through the use of fossil fuels (coal, oil and natural gas) has not been part of the functioning of the biosphere for millions of years. Once fossil fuels are extracted and burnt, that carbon – which until then had been safely stored underground – is released, thereby increasing the above-ground carbon stock. Once released, that carbon cannot be returned to its original storage place; the more it is extracted, the higher is the total amount of carbon in the biosphere.

The release of carbon resulting from deforestation is part of the normal functioning of the biosphere and therefore, though deforestation increases the concentration of carbon dioxide in the atmosphere – thereby contributing to the greenhouse effect – it does not result in a net increase of the above-ground carbon stock. It is clear from the above that a REDD mechanism based on a carbon market would result in a constant net increase in the amount of carbon in the biosphere, because it would allow Northern countries to ‘compensate’ for their fossil fuel-related carbon emissions by paying Southern countries for ‘avoiding’ the deforestation of an area of forest containing the same amount of carbon as the one released from fossil fuels. The result would be a fake ‘carbon neutrality’, which would be put forward as a justification for avoiding the pressing need for cutting fossil fuel emissions.

Northern countries share much of the responsibility for deforestation in the South, through various industrial operations and production facilities that cater to markets in the North. All evidence points to the fact that Southern forest destruction benefits the North and Southern elites, while increasing widespread dispossession and poverty in the South.

REDD might be relegated to a mechanism simply to offset the on-site and off-site emissions caused by the North by burning conventional energy without reducing consumption and investing on research towards alternative, renewable energy, energy-efficient processes and rationalising energy use

Property rights of forests: unclear

Property rights over forest resources are generally poorly defined in most of the countries in the South. There remains enough scope of depriving or altogether excluding local communities from the benefits of REDD financing. While the least expensive options will probably concern forest populations whose property rights are poorly recognised, there is real risk that the market will only consider visible

costs (implementation) and not the entire opportunity costs (compensation of losses).

Only a safety net could ensure that REDD mechanisms are not vectors for the deepening of inequality in the countries that benefit from carbon credit grants. But then that is a delicate issue because the sovereignty principle is often put forward to justify that only the results should be taken into account, without considering the means implemented within the countries that benefit from financial transfers.

Rights of indigenous people

Despite recent developments in international law in relation to indigenous peoples’ rights, these groups still have limited or in some instances, no participation in the decision-making processes of the UNFCCC. The UNFCCC initially instigated negotiations towards REDD and these negotiations have taken place and continue to take place without any meaningful participation by the indigenous people. Yet, their rights and experiences in sustainable forest management mean that their participation in these fora is imperative in the REDD discussions or any other discussions relating to environmental protection.

The International Forum of Indigenous Peoples on Climate Change (IFIPCC) has expressed in SBSTA 27 Agenda 5/REDD that REDD “*will increase the violation of our human rights, our rights to our lands, territories and resources, steal our land, cause forced evictions, prevent access and threaten indigenous agriculture practices, destroy biodiversity and cultural diversity and cause social conflicts. Under REDD, member parties and carbon traders will take more control over our forests.*”

The Forum urged that the UN must ensure that international human rights instruments are reaffirmed in any agreement on REDD. Particularly important are the UN Declaration of the Rights of Indigenous Peoples and the concept of Free Prior Informed Consent.

Though the words are in the operational text (and not the preamble) but all the safeguards are craftily worded to avoid any commitments. To meet the ‘safeguards’, and therefore qualify for REDD funding, a government can say that it is supporting respect for the knowledge and rights of indigenous peoples. Holding a meeting in the capital city and inviting five indigenous representatives would probably qualify as well.

Administrative concerns

Problems of Measurement

● **Of loss or gain:** The IPCC estimates of emissions are drawn from forest areas cleared entirely (as

interpreted using satellite imagery), and from those types of degradation for which secondary data is available, particularly selective logging. Data on quantities extracted is mainly obtained from records on concessions, logging permits, taxes and fees paid etc. The problem is that although areas completely cleared (deforested) may, to some degree of accuracy, be estimated from remote sensing images, this is not generally the case for degradation, since the resolution of most remotely sensed data is not fine enough.

● **Of creating a baseline or reference**

scenario: The veracity of the data depends on the resolution chosen, which with time, has changed dramatically. Calculation of the reference scenario on the basis of old satellite data will invariably lead to wrong assessment of the forest stock.

● **Measuring degradation is difficult:** Remote sensing can assist very little in quantifying the biomass lost. Ground-level data is necessary for this, but national records on extraction range from unreliable to completely non-existent. There are many reasons behind this, from under-reporting by logging companies to collateral losses of biomass while logging. Studies have estimated that in the Brazilian Amazon, these kinds of operations add from 60 to 123 per cent more forest-area damage than has been reported from deforestation alone.

● **Reference scenario:** Calculation of a reference scenario poses insurmountable problems because of

the complex dynamics of deforestation and its unpredictable nature.

The problem of distribution

REDD money could assist governments and large conservation organisations to deprive local communities of their right to use their forests.

Carbon savings: Plugging the leakage

REDD might not result in any real carbon gain. Ensuring permanence of the benefits of REDD, by eliminating collateral damages and carbon leakage, is essential. Reforestation and conservation in one place can lead to deforestation elsewhere, outside the boundary of the concerned project. Activity shifting is another precarious eventuality where agricultural and logging activities decide to shift to another site.

Concerns over financial mechanisms

● **Reward over compensation:** Market-based mechanism will encourage government to optimise profits coming from deforestation, by favouring the principle of reward over compensation.

● **Pricing only the carbon:** Forests do not merely trap carbon, but offer a host of other benefits. REDD prices only the carbon in the forests and proposes a financial mechanism only for the carbon sequestration process. Benefits to community livelihood and biodiversity protection should attach higher price to the carbon sequestration process. REDD





does not reward social and ecological co-benefits for conserving forests. Voluntary carbon market has too low a price for carbon through forestry.

- **Price of the carbon:** If planting and protecting forests were significantly cheaper on average, a large number of low-cost forestry credits could be created and given a temporary fixed demand for these credits. In this case, the additional supply could quickly saturate the global markets, arresting prices at relatively low levels and effectively reducing investments in more renewable energy and energy-efficient measures.

Finance mechanisms

Different agencies/countries endorse different kinds of financing mechanisms for REDD, whether market-based, grant-based or a combination of both.

There is also considerable controversy whether financing and support for REDD can take place within as well as outside the UNFCCC.

According to the UNFCCC, grant funds are needed for readiness and capacity-building activities. Some countries are much more REDD-ready than others. Less ready countries are concerned that advanced developing countries will have an unfair advantage in access to funding, which will flow to countries that are able to undertake result-based measures that are MRV-able. Financing through the carbon market (i.e., developed countries purchase REDD credits to contribute to compliance with their emission reduction targets) requires deep emission reduction commitments by developed countries.

Looking up to Cancun

There are unanswered queries regarding REDD before it can start taking any shape. Expectations are that some of these queries, if not all, will be resolved at Cancun. Some of these critical areas where negotiations will be hard fought, are given below.

- **Accountability:** How countries receiving financing for all the REDD+ activities will be held accountable for the safeguards is still unknown. Making sure these safeguards are 'measurable, reportable and verifiable' ('MRV') is essential for moving forward.

Developing countries will be entrusted with carrying out most of the REDD+ activities. To do this, many will need to build capacity, such as for identifying the drivers of deforestation, collecting better forest and emissions data, and building transparent systems to track REDD+ financing. This capacity-building cannot take place without support

from developed countries, and they will need to assure developing countries that this support will materialise. Tracking this support to ensure its delivery is also important.

- **Creating a goal:** Many countries and civil society groups argue that a goal for REDD+ should be written into the preamble of the decision text, such as reducing emissions from deforestation by 50 per cent by 2020. Such a statement would push both developing and developed countries to think more seriously about the resources that will need to be made available to achieve this goal – and define in a more concrete manner what success would look like. However, negotiators did not reach an agreement on this point and have left the discussion for a later date.

- **Clarifying the scope:** The type of activities recognised as part of a REDD+ decision are still in flux – they vary depending on which elements of the text coming out of Copenhagen are considered. The REDD+ decision text includes references to:

- ◆ Reducing emissions from deforestation;
- ◆ Reducing emissions from forest degradation;
- ◆ Conservation of forest carbon stocks;
- ◆ Sustainable management of forest;
- ◆ Enhancement of forest carbon stocks;

The Accord, however, only mentions the first three. In order to clarify which activities will receive compensation, the definition of what constitutes REDD+ will need to be made consistent in the UN process.

- **Financing:** Another open question on REDD concerns financing. The Copenhagen Accord, like the Bali Action Plan, states that there should be positive financial incentives for countries that take action to reduce deforestation and degradation. However, how countries would receive this money is still up in the air – this could be through a carbon market, a dedicated fund or something else. In the REDD+ decision text, this question is also left open.

- **Geographic scale: National or local?:** A final unresolved issue is at what geographic scale would REDD+ activities be recognised. Most, if not all, negotiators seem to agree that ultimately REDD+ activities should occur at the national level to ensure that significant drivers of deforestation are being addressed and that efforts can be tracked completely.

Some argue, however, that there may be cases in which sub-national activities should also be considered, either as a gradual scaling up strategy or in cases where the national government has a significant hardship in managing forests in a given



area. For example, some countries have expressed the need to exclude areas of forests – that is, they would not be held accountable for any deforestation, degradation, etc. – where the national government cannot safely enter those areas to address the question of REDD+, such as where logging operations are operated criminally. There are various ways to consider these issues and depending on the type of positive incentives developed, these questions may be answered differently.

● **Methodological challenges:** There are significant methodological uncertainties in accounting for deforestation and degradation that need to be resolved moving forward. Negotiators sent text to the SBSTA in Copenhagen, which was passed as a decision of the parties. The gives the mandate to do more work on REDD+ methodologies, including identifying the drivers of deforestation; ensuring the effective engagement of indigenous peoples and local communities in monitoring and reporting; as well other methodological issues related to quantifying emissions and emission reductions for REDD+. In addition, the REDD+ decision text also mentions further work for that – if parties agreed to it – could be passed on for to consider.

In general, most countries hope that the high-level decisions on REDD+ – on questions of safeguards – will be made within the negotiations in Cancun, in order to guide the various pilot initiatives throughout

Forests and carbon

If the current rates of deforestation in Brazil and Indonesia alone were to remain the same through 2012, the emissions from this deforestation would offset nearly 80 per cent of the emission reductions gained from the Kyoto Protocol, pointed out the IPCC in 2007.

Today, the total forest cover of the world is 4 billion hectare, of which 30 per cent are primary forests; about 280 Giga tonne of carbon are stored in these 4 billion hectare. According to the UN Food and Agriculture Organization (FAO), the current rate of deforestation is 13 million hectare annually. If they continue to be cleared at this rate, all economically exploitable tropical forests, and the values they sustain, could disappear before 2100.

the world. Methodological issues also would be best resolved at this level to ensure standardization and consistency.

Many Parties are interested in reaching agreement on some REDD+ issues in Cancun and starting implementation of REDD+ activities under the UNFCCC. Agreement on REDD+ is also linked to agreement on other issues in the negotiations, such as financing, new emissions reduction targets and institutional questions. It is possible that COP-16 in Cancun may adopt decisions on some issues, where progress in the negotiations has been good. A COP decision on REDD+ might be one of them.