



SUMMARY

Reduced Emissions from Deforestation and Degradation (REDD) in South America



Unión Internacional para la Conservación de la Naturaleza

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Reduced Emissions from Deforestation and Degradation (REDD) in South America^{1 2}

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At the last Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 13 UNFCCC), held in Bali in 2007, the **reduction of emissions from deforestation and forest degradation (REDD)** was recognised as a valid mechanism in the fight against climate change.

REDD mechanisms should take into account lessons learnt on sustainable forest management, experiences with forest governance projects, and the experiences generated by the voluntary carbon market and the Clean Development Mechanism (CDM) on project design and emissions measurement methodologies. Also, these mechanisms should consider the Convention on Biological Diversity (CBD) and other international agreements. However, discussion on how to design and operate REDD mechanisms has become exceptionally complex and controversial, generating doubts about the impact they will have on global climate, forests, indigenous peoples and local communities.

The continuity and impact of the fight against climate change depends on developed countries adopting more ambitious commitments for post-2012 emissions reductions. This includes mechanisms to promote the reduction of emissions from the deforestation and degradation of tropical forests in the international climate change mitigation regime.

This document presents an overview of the main actors involved in the REDD agenda at the regional and international levels, and the required capabilities and research needs for non Annex I countries to be able to address these new issues. Finally, it presents some examples of forest conservation and/or avoided deforestation projects, as well as useful tools for designing and operating REDD mechanisms. The information on each of these topics has been drawn from extensive documents in Spanish, which in turn are based on secondary information and interviews with key actors.

1. MAIN ACTORS

Due to its scope and nature, the design and implementation of a REDD mechanism, both inside and outside the framework of the United Nations, involves the participation of a large variety of actors in the governmental, non-governmental, private and academic sectors, among others. Consequently, this gives rise to different positions, interests and initiatives that set the trends for forest-related aspects of the climate change regime, in its different levels of action.

¹ The contents of this document do not reflect institutional positions.

² Quito, Ecuador. September 2008.

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Within the framework of the United Nations, the areas of greatest disagreement about the design and implementation of a REDD mechanism are (Skutsch and Trines 2008):

- Whether or not forest degradation should be included in the mechanism, and if it is included, how this should be done
- The enhancement of forest carbon stocks should be accounted for as well as reduction in loss rates through improved forest management
- Whether earlier forest conservation efforts should be credited and how to provide incentives to countries that have conserved or reforested large areas of national forests.
- The type of financial mechanism: whether carbon credits should be sold on the market or whether an international fund should be created to which Annex I countries would contribute.
- Whether pilot activities should start immediately
- What the baseline or reference scenario should be and how it should be calculated
- Whether subnational approaches should be included as well as national ones

Despite differing views on these points, some global agreements have been reached, especially on: i) the need to maintain a simple accounting and reporting system; ii) the support required for capacity building in developing countries; iii) the relatively low cost of reducing deforestation; and iv) the availability of the necessary techniques and methods for monitoring deforestation (which is less clear for degradation) (Skutsch and Trines 2008).

Other much debated issues of concern to a large sector of civil society are what type of payment should be made for reduced deforestation and how to achieve benefit sharing with the different actors. Other key points of discussion are respect and recognition of the rights of indigenous peoples, local communities and other forest users, and how to deal with fragile land tenure systems.

In this context, it is important to carry out activities and pilot programmes to test different approaches, generate experiences and contribute lessons learned. In response to this need, a considerable number of actors, including international organizations such as the World Bank (through the Forest Carbon Partnership Facility), national and international NGOs, research institutes such as IPAM, CATIE and CIFOR, philanthropic organizations, and governmental organizations are developing REDD initiatives, programmes and pilot projects in South America. These play an important role in the development of tools, methodologies and implementation mechanisms, which will inform the process of REDD design and implementation in the framework of international negotiations.

To complement the development of programmes and pilot projects, it is essential to ensure active multi-stakeholder participation in the design and implementation of REDD mechanisms, especially by the indigenous peoples and local communities who own vast forest lands. These should provide the necessary flexibility to ensure access to benefits by the largest possible number of countries and sectors and to provide incentives for participation by forest owners and users as well as private investors. NGOs and social movements play and will continue to play a critical role in transparently, equitably and efficiently facilitating the processes of design and monitoring of REDD implementation to reduce deforestation and degradation and generate social and environmental co-benefits.

At the same time, greater coordination is required between actors from local to international levels in order to create the necessary capacities to address these new issues, as well as to facilitate the processes of design, operation, follow-up and monitoring of REDD mechanisms.

2. REQUIRED CAPACITIES AND RESEARCH NEEDS

The implementation of REDD mechanisms requires a series of technical, administrative, financial, and governance capacities that not all countries currently have. Regardless of which approach⁵ REDD uses in the future, various aspects – access to funding for REDD, the reduction of carbon emissions, and the achievement of environmental and social co-benefits – will depend directly on the existence and strengthening of countries' capacities. For this reason, and recognizing the reality of the majority of developing countries with tropical forests, the development of activities and pilot initiatives by different actors has been promoted. At the same time, these needs have been responded to by the following developments within the framework of the UNFCCC: the proposal by some Latin American countries for a flexible mechanism (nested approach) combining national and subnational approaches; the establishment of a special fund for capacity building (proposed by Brazil); and the creation of a UN-REDD support programme (a partnership between FAO, UNEP and UNDP) for developing countries.

Presented below is a brief list of the main technical, institutional and governance capacities required for the implementation of REDD programmes and initiatives, as well as an analysis of the topics on which research should be undertaken in South America.

▪ Institutional and Governance Capacities

The effective reduction of emissions from deforestation and degradation in the framework of a global climate change regime will depend directly on the existence of institutional capacity and governance structures in developing countries. It is important to establish favourable conditions and the necessary institutional infrastructure in both areas in order to facilitate a long-term monitoring and incentive system for the maintenance of carbon reserves (Mollicone *et al.* 2007). Unfortunately, a large number of the countries showing the greatest potential for REDD also have significant governance problems that reduce their capacity to implement a REDD strategy at the national level (Ebeling and Yasué 2008).

▪ Technical Capacities

Although there is agreement that the necessary tools and technologies exist to estimate and monitor deforestation (Skutsch and Trines 2008), they are not necessarily available in most developing countries. Weaknesses in financial and technical capacities represent an obstacle for the effective participation of countries in a global REDD mechanism.

The areas where developing countries are most in need of technical and technological capacity building are:

⁵ It has been proposed that REDD be addressed with a national, subnational and/or project-based approach.

- a. The definition of a baseline for emissions from deforestation and degradation and the availability of data: In order for developing countries to have effective access to REDD benefits, they will have to expend considerable efforts to establish and improve their forest data collection and management systems. In addition, there is a strong need for technical assistance for the development of forest degradation estimation and monitoring methodologies on a global level (Andrasko 2008).
- b. REDD implementation strategies: The implementation of REDD at the country level requires effective and equitable implementation strategies. Technical assistance is needed to design mechanisms for the delivery of carbon benefits and co-benefits. Such mechanisms should facilitate evaluation, allow for transparent reporting, and promote equity. At the same time, it is essential for countries to identify priority areas for forest conservation and reduction of deforestation⁶ (FAO *et al.* 2008).
- c. The monitoring system: The main constraints in implementing a national monitoring system are cost and access to data at the appropriate resolution (Estrada *et al.* 2007).

▪ **Research Needs**

Impact of REDD mechanisms: The assessment and in-depth analysis of the environmental, social and economic impacts of REDD programmes and projects is a priority area for research. Some aspects requiring further study, among others, are: the effects on food security, biodiversity conservation, land tenure and territorial rights, and the livelihood of indigenous peoples and local communities.

Competition over land use: It is essential to analyze the interaction of REDD with land-use alternatives, production and policy trends (including the Initiative for the Integration of the Regional Infrastructure of South America - IIRSA), and the pressure they exert on forests. More in-depth study of this interaction is needed to further understanding of the underlying causes of deforestation and the real scope of REDD in developing countries.

Effects of climate change on mitigation efforts through forestry projects: The analysis of changes in the intensity and frequency of extreme temperature events, disease outbreaks, accidental fires and droughts, and of their interrelationship with REDD, are areas needing additional research.

Assessment and promotion of the co-benefits of REDD: Technical assistance is critically needed to develop measurement, monitoring and verification systems capable of incorporating these co-benefits in the framework of a REDD mechanism.

At the same time, REDD should be complemented by measures and policies aimed at ecosystems and regions not included in the mechanism (Mollicone *et al.* 2007). As noted by Ebeling and Yasué (2008), in order to obtain the co-benefits of REDD, an international policy framework should be developed for the valuation of non-carbon-related benefits, the creation of supplementary funds in priority areas, and policy support for pro-poor land-use policies.

⁶ An intervention strategy should give priority to forests with low opportunity costs, medium or high carbon density and threat of deforestation, and minimal implementation constraints (FAO *et al.* 2008).

3. TOOLS AND EXPERIENCES

There is currently discussion about how REDD mechanisms should be designed and implemented in the framework of the UNFCCC. It should be noted that voluntary carbon markets have financed avoided deforestation projects since before 1990 (Hamilton *et.al.*, 2008). These provide a series of lessons learned that can contribute to the process of designing and implementing REDD mechanisms. Tools and standards also exist that can be applied to REDD initiatives and programmes.

▪ Experiences

Among other projects implemented in the region, the following ones – i) Noel Kempff Mercado Climate Action Project, Bolivia; ii) Reforestation and Conservation Project for the Chongón Colonche Mountain Range, Ecuador, and iii) Juma Sustainable Development Reserve RED Project – provide important lessons related to the development of schemes for payment and/or compensation of communities for forest and biodiversity conservation, as well as methodologies for the design and monitoring of REDD programmes, and arrangements for access and benefit sharing, among others. In addition, a series of other initiatives, programmes and pilot projects are about to be launched.

▪ Tools

ENCOFOR Toolkit

The ENCOFOR project developed and validated a suite of tools for the selection, design and evaluation of afforestation, reforestation and revegetation projects under the CDM in non Annex I countries. Although the tools are based on CDM requirements, some of the manuals, checklists and spreadsheets can be used for the design and pre-feasibility and feasibility analysis of REDD projects. The toolkit was adapted and validated based on case studies in Kenya, Uganda, Bolivia and Ecuador.

Methodology for Estimating Reductions of GHG Emissions from Mosaic Deforestation. This methodology, proposed by the World Bank Biocarbon Fund, is a live proposal that will be adapted and improved as policy decisions, scientific literature and field experience evolve. It is currently open to receiving comments and feedback (Biocarbon Fund 2008).

The methodology is for estimating and monitoring greenhouse gas (GHG) emissions of project activities that reduce mosaic deforestation. Carbon stock enhancement of degraded and secondary forests that would be deforested in the absence of the RED project activity is also included.

▪ Standards

Climate, Community and Biodiversity Alliance – CCBA

In the area of forestry projects, the CCBA promotes the use of its Climate, Community and Biodiversity (CCB) standards in the design, development and implementation of projects by governments, investors, development agencies and private entities.

Voluntary Carbon Standard - VCS

The VCS provides a global standard for voluntary carbon offset projects to ensure that they provide real environmental benefits. In the area of Agriculture, Forestry and Land Use (AFOLU), the VCS includes projects in the subsector of Reduced Emissions from Deforestation.

Green Carbon Guidebook

In 2008, WWF published the Green Carbon Guidebook, which sets out a meta-standard framework for forest carbon projects. This document aims to guide investors and project developers in dealing with social, environmental and carbon issues to ensure social and environmental integrity.

▪ **Funds**

Forest Carbon Partnership Facility – FCPF

The FCPF is a World Bank initiative that began operations in June 2008. Its aim is to create and strengthen the capacities of developing countries to implement and use a post-Kyoto REDD mechanism. It includes the following two separate mechanisms: i) Readiness Mechanism: the Facility will help about 20 developing countries to prepare a large-scale system of incentives for REDD, and ii) Carbon Finance Mechanism for the establishment of incentive payments for REDD policies and activities in about 5 countries that have successfully completed the readiness phase. In July of this year, 14 countries were chosen to be the first to receive funding from the FCPF. Five of these countries are in Latin America (two in South America): Bolivia, Costa Rica, Guyana, Mexico and Panama. This number is expected to increase in the future (World Bank, 2008).

Amazon Fund – Brazil

The Norwegian Government has pledged to donate US\$ 1 billion to this newly established international fund in Brazil for the protection of the Brazilian Amazon and climate change mitigation. This donation is the first to this fund, which Brazil hopes will raise US\$21 billion. The funds will be used for the promotion of economic alternatives to the deforestation of the Amazon (BBC 2008).

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