

Reducing Emissions from Deforestation and Forest Degradation (REDD): An Options Assessment Report

Prepared for
The Government of Norway



Meridian Institute

Connecting People to Solve Problems

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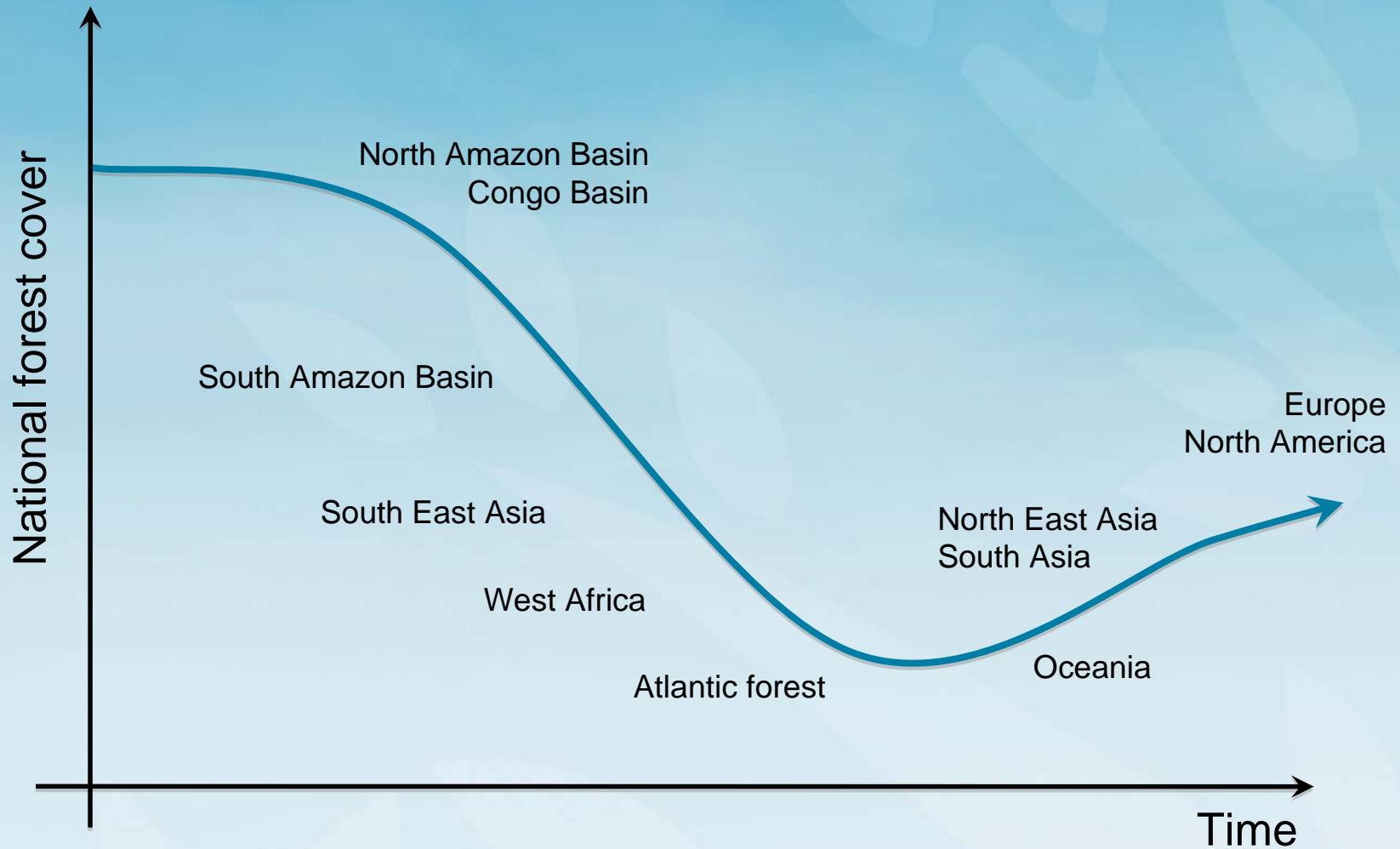
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A Copenhagen agreement should promote REDD implementation in developing countries, including:

1. Financial incentives.
2. Procedures and criteria for setting reference levels.
3. Methodologies for MRV.
4. Processes to promote the participation of indigenous peoples and local communities.

The 'forest transition' theory



REDD can form a bridge on the forest transition path



A sustainable outcome for REDD requires a global partnership

- REDD country leadership is needed for successful implementation.
- Industrialized countries must commit to deep domestic emission reductions AND support for REDD actions.

Mitigation activities potentially included under REDD

Changes in	Reduced negative change	Enhanced positive change
Forest area (hectare)	Reduced deforestation	Afforestation and reforestation
Carbon density (carbon per hectare)	Reduced degradation	Forest restoration, rehabilitation, and sustainable management of forests

A flexible, three phase approach

- To take into account diverse capabilities and circumstances of REDD countries.
- To mobilize emission reductions without further delay.
- To stimulate public and private funding.
- To accommodate gradual improvements in MRV capacities in the forest sector.

	Phase 1	Phase 2	Phase 3
Activities	<p>National REDD strategy development, including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> • Institutional strengthening • Demonstration activities 	<p>National REDD strategy implementation, including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> • Land tenure reforms • Forest law enforcement • PES 	<p>Consolidation of REDD strategy implementation, including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> • Improved forest management • Supply chain modernization
Performance Indicators	<ul style="list-style-type: none"> • Assessment completed • Consultations conducted • Strategy adopted • Capacities in place for implementation and monitoring 	<ul style="list-style-type: none"> • Policies enacted • Measures enforced • Proxies monitored for changes in emissions and/or removals • GHG reductions from demonstration activities 	<p>Quantified emission reductions and/or removal enhancements (tCO₂-e)</p>
Financing	Immediately available	Predictable amounts over a defined period	Large-scale funding

Some design features:

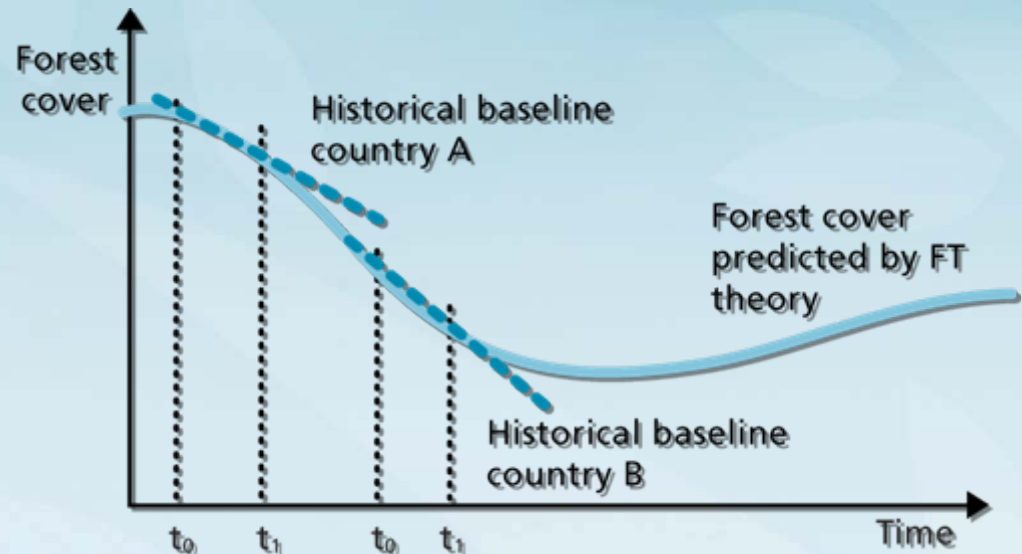
- Participation in REDD mechanism is voluntary.
- Countries can move through phases with different speed.
- Scope and precision of MRV increase with phase graduation.
- Financial incentives increase with phase graduation, toward integration with compliance markets.

Suggested timing for REDD finance instruments

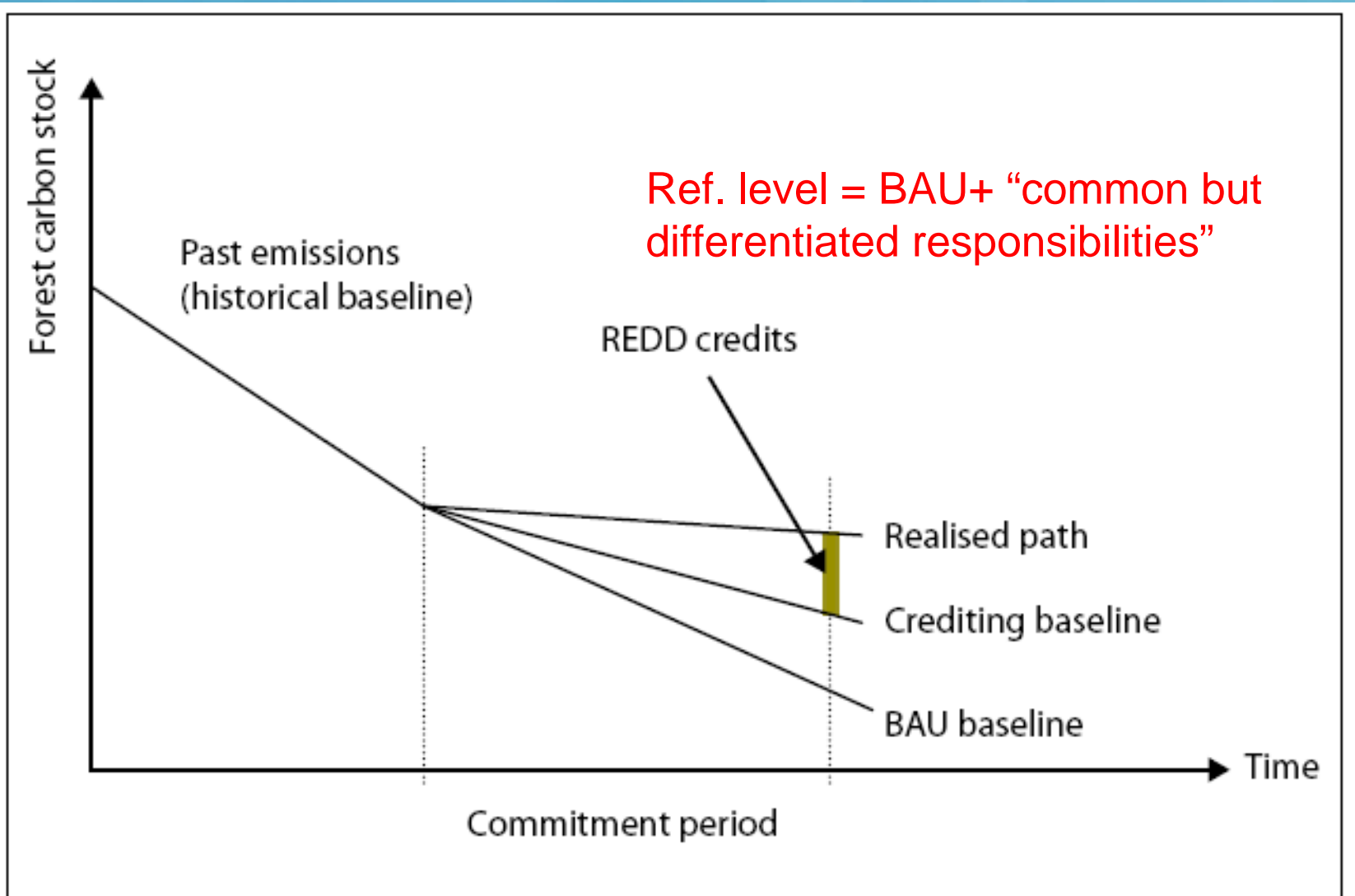


The challenge of setting reference levels for REDD

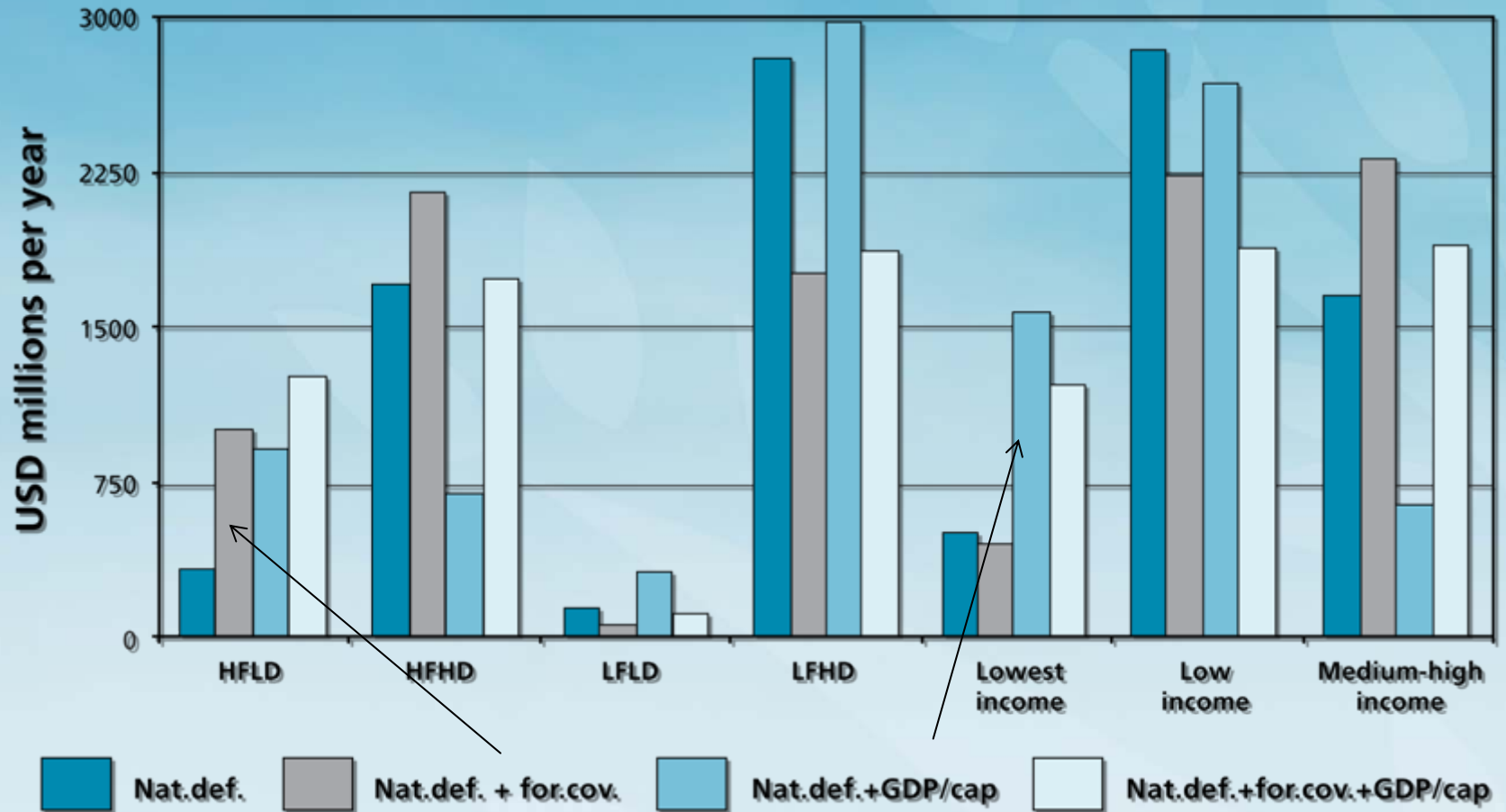
- The difference between a reference level (crediting baseline) and a “business-as-usual (BAU)” baseline.
- Ensuring global additionality (Global RL < Global BAU).
- National BAU baselines can be based upon:
 - Historic deforestation;
 - Forest cover;
 - Income level (per capita GDP).



Reference levels



RL setting has large distributional implications



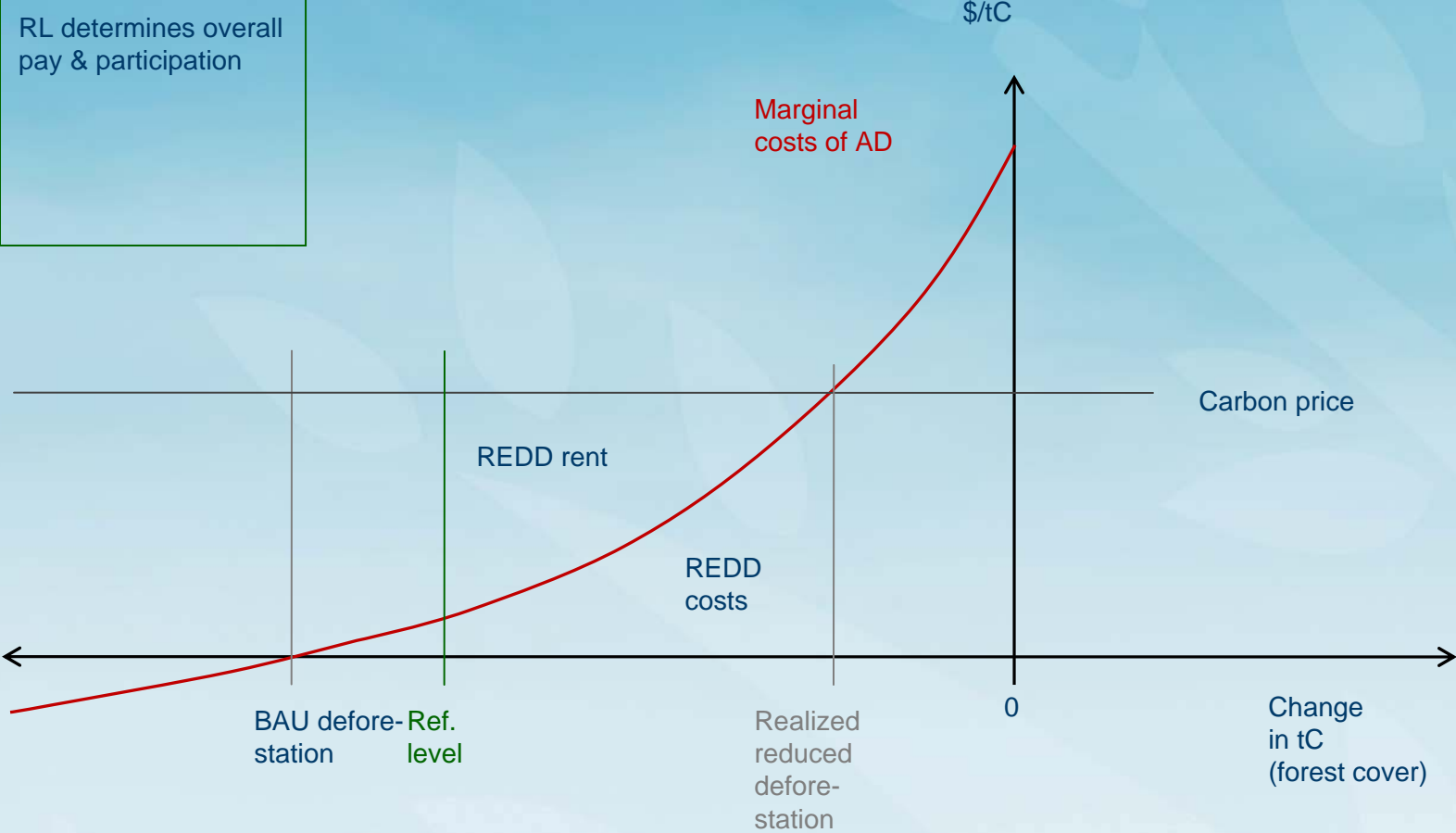
Procedures for setting RLs:

- Consistent criteria across countries to establish default values as a starting point, including:
 - Historical deforestation;
 - Forest cover;
 - GDP per capita.
- Including incentives for HFLD countries and low income countries.
- Adherence to a principle of global additionality.
- A process that combines advantages of expert-driven and negotiated decisionmaking.

Costs and reference levels

Carbon price determines reductions

RL determines overall pay & participation



MRV should follow relevant UNFCCC precedents and IPCC methodologies:

- Kyoto Protocol (Marrakech Accords) definition of forest.
- IPCC framework for GHG inventories and Good Practice Guidance (GPG) for defining eligible REDD activities and estimating emissions and removals:
 - Minimum Approach 3- and Tier 2-level monitoring to estimate net emissions from gross deforestation and other REDD activities;
 - Future reviewing of IPCC GPG methods to ensure applicability in response to the future REDD policy framework;

And...

- Flexibility and consistency with respect to the inclusion of the five forest carbon pools in MRV;
- Promoting increased completeness and accuracy in reporting along with increasing access to the necessary financial resources and technical capabilities under Phases 2 and 3;
- Adoption of the same verification process used for reviewing annual GHG inventories of industrialized countries for Phases 1 and 2;
- Review lessons learned during the verification process for the CDM to inform the development of standards for Phase 3.

The challenge of promoting participation of indigenous peoples and local communities in REDD at the international level:

- Non state actors, such as indigenous peoples and local communities, are not Parties to the UNFCCC.
- Not all UNFCCC Parties recognize relevant human rights instruments (e.g. UNDRIP) or legal norms (FPIC).
- Heterogeneity among REDD countries with respect to indigenous peoples' procedural rights and local community circumstances and concerns.
- Procedural rights may be more feasible to negotiate than rights to land, natural resources, and rewards for emission reductions.

Suggestions for promoting effective participation of IPs and LCs in REDD at the international level:

- Broad and inclusive understanding of IPs and LCs;
- Establishment of rights to be consulted, heard, and informed for those affected by international and national REDD actions, including access to an international review system that gives non-state actors the opportunity of recourse to an appeals body;
- Representation of IPs and LCs on the governing body of a global REDD finance facility (Phase 2) and eligibility requirements that refer to IPs and LCs;
- Support for key areas of national implementation including land tenure reform, strengthening civil society organizations, participation in MRV systems and establishing effective accountability systems.

Conclusions

- The phased approach enables:
 - Early start-up;
 - Incentives that increase with performance;
 - Flexibility to accommodate national circumstances;
 - Leveraging of public and private finance.
- Appropriate reference levels and well-established MRV methods ensure the legitimacy of forest-based emission reductions and removal enhancements.
- IP and LC participation can be promoted at both international and national levels in ways that address national sovereignty concerns and are consistent with relevant precedents.

Looking Ahead...

- A REDD mechanism within a Copenhagen agreement can be constructed to promote:
 - Effective, efficient, and equitable emission reductions and removal enhancements; and
 - Sustainable, low-carbon development pathways consistent with forest conservation.

Thank you

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- The views expressed are those of the authors, and do not necessarily represent those of the authors’ institutions, reviewers or sponsors.