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Focali Brief: 2012:05

REDD+ revisited - steady pace or passed momentum?

Two years ago Focali published an update on the latest development in REDD+ pilot initiatives (Focali Brief 2010:04). We now revisit the REDD+ scene to take a look at what has happened with the initiatives, investments and readiness work as the negotiations seem to have lost momentum.

CURRENTLY 44 countries are participating as pilot countries in the three major multilateral schemes; UN-REDD, Forest Carbon Partnership Facility (FCPF) and Forest Investment Program (FIP). Figure 1. below gives an overview of the three programs and the countries they work in. While there have been a few additions since 2010 (e.g. Nigeria and Sri Lanka) only one country has left; Equatorial Guinea, which did not sign the Participation Agreement with the FCPF and is therefore no longer part of the partnership (FCPF, 2012).

- The UN-REDD is now supporting readiness processes in 16 countries, all of which have submitted, and had approved, National Programme Documents. In addition, the programme has 28 partner countries taking part in knowledge-sharing activities. A total of 67,3 million USD has been approved for national programmes since the programme commenced in 2008.
- The FCPF continues to support the development of readiness strategies. Of the 36 pilot countries participating in the Readiness Fund, all but three have submitted Readiness Preparation Proposals (R-PP), most of which have undergone third party review.
- Six of the eight pilot countries of the FIP have submitted investment plans and these have all been endorsed. Of the 612 million USD contributed by March 2012, roughly two thirds will be used for implementation of the national plans (CIF, 2012a). 150 million USD were reserved for additional projects in the pilot countries, a special mechanism to be used for indigenous peoples and local communities and preparation, support and supervision of investment plans (CIF, 2012b).

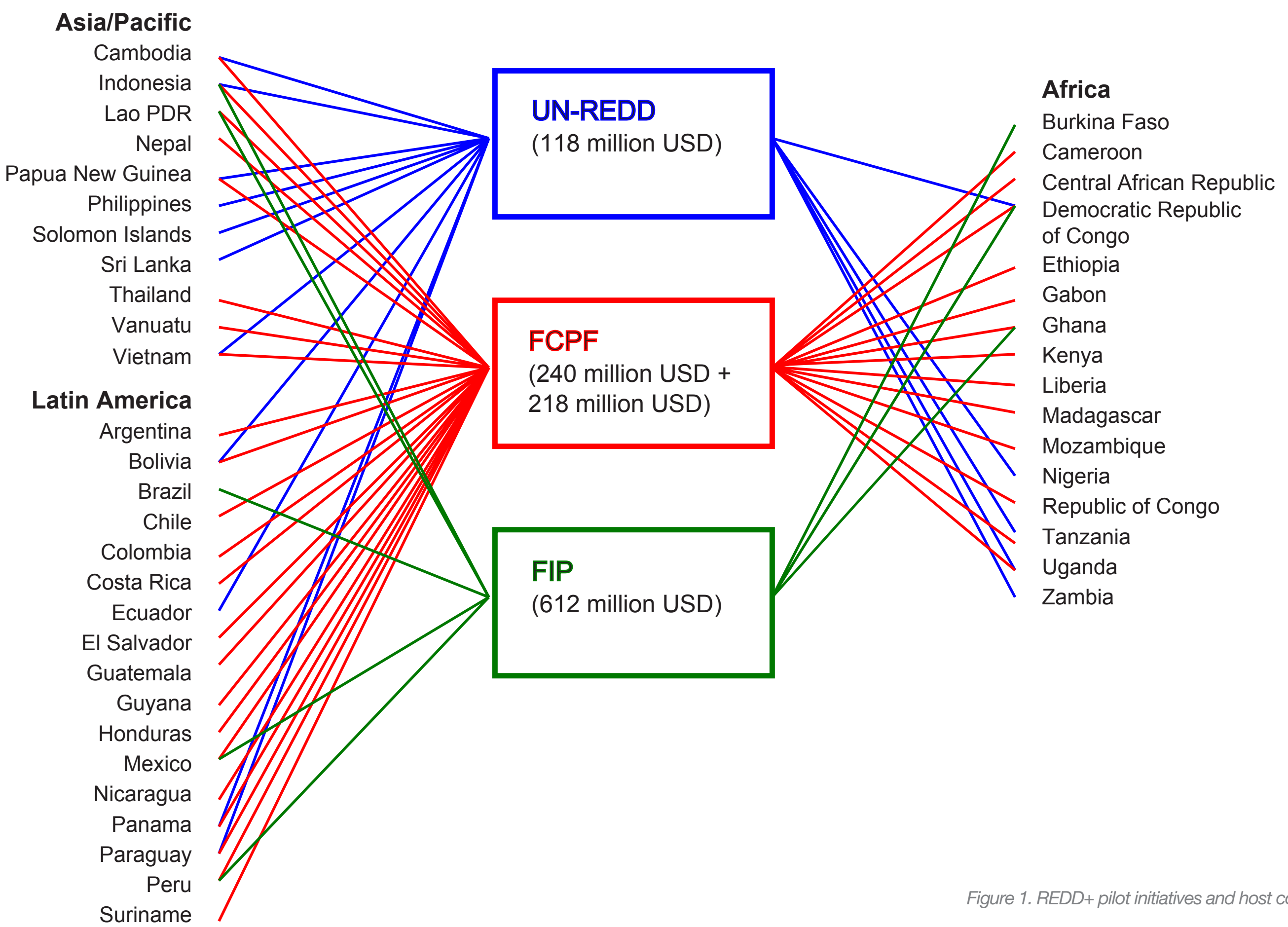

Figure 1. REDD+ pilot initiatives and host countries.

GEF SFM/REDD+ mechanism - the Swedish choice

Since 2007, the GEF has provided resources to REDD-like projects through its SFM/REDD+ Incentive Mechanism, aimed at fostering cross-sectoral cooperation. In March 2012 the GEF approved the first two projects under the mechanism; one in Azerbaijan and one in Togo (GEF, 2012). Both projects focus on Sustainable Forest Management (SFM) rather than REDD+ activities although the Togo project also includes conservation and reduced deforestation. The project also has an adaptation component in the area of agricultural production systems with more than half of the resources allocated for adaptation and Sustainable Land and Forest Management activities at community level. An additional 12 projects have been approved for funding by the SFM/REDD+ mechanism, expanding the portfolio to Asia and Latin America (GEF, 2012).

Figure 2. below provides an overview of the donors contributing to the UN-REDD, FCPF and FIP. The 100 million SEK (approximately 15,2 million USD) that Sweden is providing in multilateral support to the REDD+ is being channelled through the GEF SFM/REDD mechanism rather than through the three major programs. In addition to this, Sweden is counting 400 million SEK provided as bilateral support to forest protection activities as REDD+ money (Miljödepartementet, 2010).

FCPF carbon fund aiming for the market

The Carbon Fund of the FCPF aims to issue performance-based payments to a small number of countries that can demonstrate actual emissions reductions. The expressed ambition of the fund is "to crowd in private capital" (World Bank, 2008:5) and a condition for the Carbon Fund to become operational was that it had at least two private entities among its contributors. Following contributions from BP Technology Ventures, the French investment group CDC Climat and The Nature Conservancy, it became "fully operational" in May 2011 (World Bank, 2012).

The countries whose Emission Reductions Program Idea Notes (ER-PIN) are approved will sign 5-year Emission Reductions Payment Agreements worth 30-40 million USD each. The Fund has at its disposal 218 million USD and aims at including five countries that can generate and demonstrate "high-quality" emissions reductions relative to previously agreed upon reference levels (World Bank, 2011). The programs in the Fund are expected to be large scale, covering either the whole country or a substantial administrative jurisdiction. Lessons learned are intended to inform the development of a global REDD+ mechanism. In the end the Carbon Fund is expected to be phased out as a market for REDD+ credits is established. Readiness country participants that want to participate in the Carbon Fund have been encouraged to submit ER-PINs to be discussed at a meeting in October 2012. Democratic Republic of Congo (DRC), Costa Rica and Vietnam have already presented tentative emission reductions programs.

Harmonising the global REDD+ initiatives

Considerable efforts are being made in the countries that are formulating REDD+ strategies and initiating implementation of the same. In the strategies the countries develop their plans for building readiness for REDD+, including designing transparent systems for monitoring, reporting and verification (MRV) and reference levels, building institutional capacity and developing social and environmental standards. Training and capacity building as well as south-to-south cooperation and

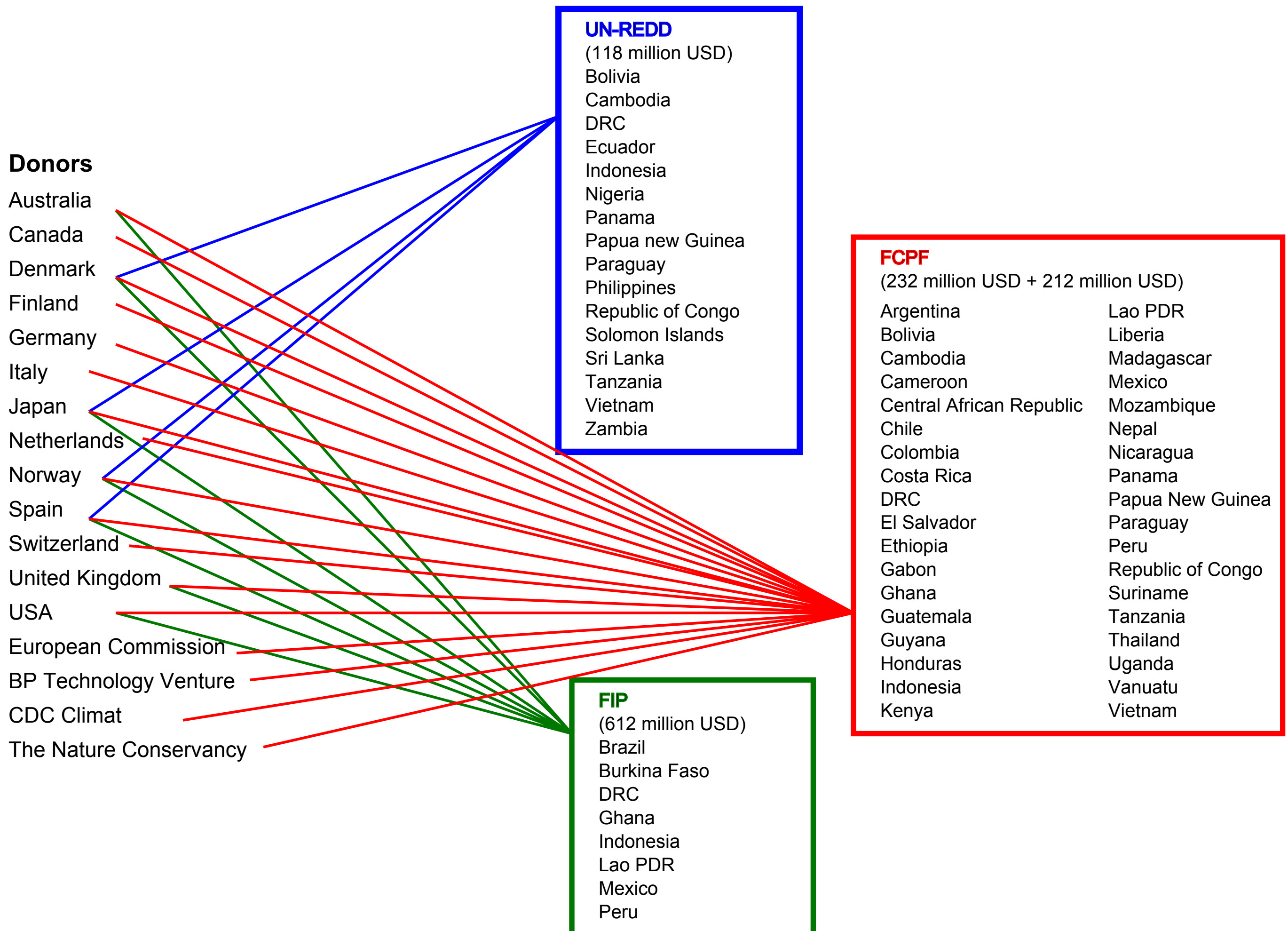

Figure 2. REDD+ donors and pilot initiatives

sharing of lessons learned are considered key in this process (Verchot et al., 2012). As has been discussed in earlier Focali publications (Focali Brief 2011:06), coordination is a crucial issue for the main multilateral REDD+ initiatives which need to avoid duplicating efforts or unnecessarily increasing the workload of the pilot countries. The broad scope of REDD+ efforts, spanning across climate change mitigation, biodiversity, poverty reduction and community rights makes coordination all the more important. The fact that most REDD+ funding comes from aid budgets with development and poverty reduction as their main goals illustrates the multiple demands being placed on REDD+ projects (Angelsen & McNeill, 2012).

Sometimes, donors as well as implementing countries have found it hard to understand the different roles and purposes of the various REDD+ initiatives. The UN-REDD, FCPF and FIP have worked to clarify their different roles, although overlaps can still be found (UN-REDD, 2010). There are now common templates for formulation and evaluation of national REDD+ strategies. Efforts are made to promote national ownership of the processes and to clearly define responsibilities, especially in countries such as Indonesia and DRC which have received attention from many donors.

While there has been support for the idea that private actors should be involved in the national REDD+ processes, there are still uncertainties regarding the roles they should play. This has caused some private actors to take a cautious approach to the potential partnerships with public actors in the REDD+ arena (Diaz et al., 2011).

Shift from momentum to decline?

As figure 3. above shows, funding provided for REDD+ pilot initiatives peaked in 2010. During this time, there was a momentum for REDD+ that attracted donors and investors. REDD+ was considered one of the few successful issues in the UNFCCC (United Nations Framework Convention on Climate Change) negotiations in Copenhagen in 2009. The absence of an agreement to follow the Kyoto Protocol seems, however, to have dampened the enthusiasm. The future of REDD+, as well as other coordinated climate efforts, seem uncertain. The UNFCCC negotiations in Durban in late 2011 demonstrated that as discussions move into details, such as defining the scope of reference levels and agreeing upon how to secure sufficient long-term funding, it becomes more difficult to reach consensus.

If the interest for national and international involvement in REDD+ activities peaked in 2010, the voluntary market for REDD activities seems to have developed in a similar direction. In 2010, REDD projects accounted for the largest share (29 percent) of total reported transacted volume on the voluntary market (Peters-Stanley et al., 2011). All forest-based projects contributed 45 percent of the total volume transacted. The rapid growth in REDD projects in the voluntary market could be related to both the perceived progress in UNFCCC negotiations on REDD and the release of new standards for crediting voluntary REDD projects (Diaz et al., 2011). The volume of REDD credits transacted dropped by 59 percent in absolute numbers from 2010 to 2011, leaving them with a market share of 9 percent (Peters-Stanley & Hamilton, 2012).

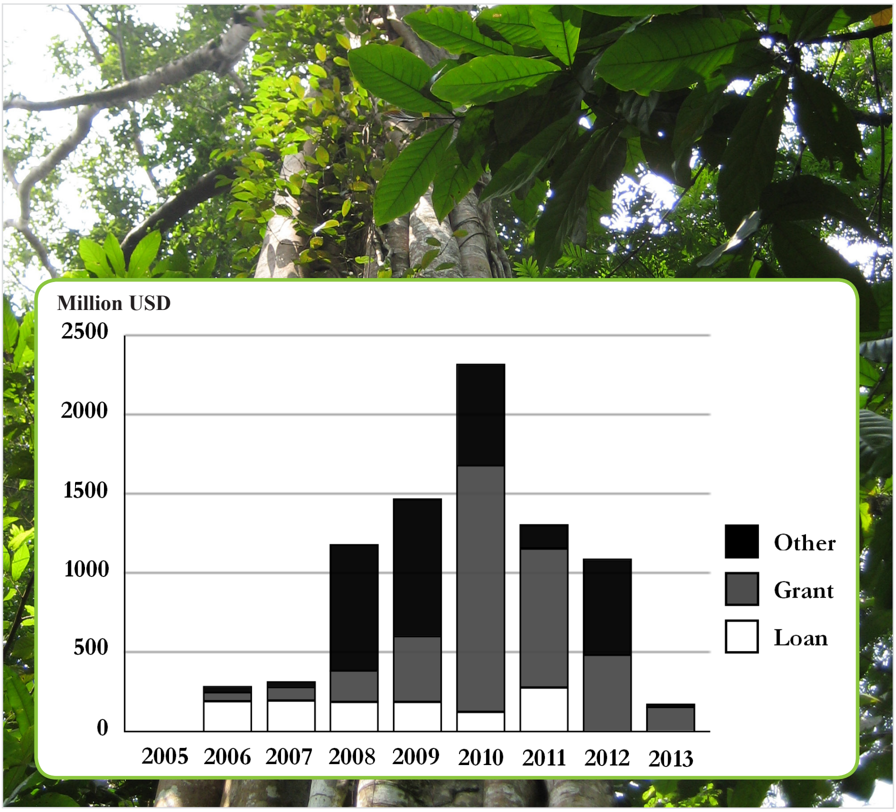

Figure 3: Self-reported REDD+ funding including domestic funding (REDD+ Partnership, 2012). Photo: Eskil Mattsson

Conclusion

REDD+ experienced a peak in 2010, as a discussion topic and as a recipient of public and private funding. There were several reasons for the widespread interest it attracted. A relative consensus could be perceived among negotiators in the UNFCCC negotiations on REDD+ and it was expected to form part of the agreement to succeed the Kyoto Protocol. In the voluntary market the new methodologies launched by the Verified Carbon Standards spurred a rise in activities. It seems however that the absence of a binding climate agreement and the uncertainties this creates regarding the future of REDD+ as a global mechanism has dampened the enthusiasm. As negotiations on REDD+ in the UNFCCC framework progressed from broad strokes to details greater differences between the parties also started to show. Meanwhile, the countries that are piloting national REDD+ schemes are just starting their work. Most of them are only beginning to outline institutional reform processes, community forestry schemes and forest conservation projects. These are meant to be long-term undertakings that should not follow the rapid turns of trends in international debate. The funding they receive is relatively long-term and aims for change in a 5-10 year horizon. Nonetheless, they will not go unaffected by international discourse. If the interest in REDD+ among donors and investors subsides it will be difficult to raise the funds necessary to follow through the plans and strategies now under formulation. The countries hosting pilot initiatives are less likely to prioritise these issues if the international community no longer shows interest in them. The question now is whether the momentum for REDD+ in 2010 was a passing fancy or whether there is genuine commitment to achieving consensus and driving long-term change.

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About this brief

Focali provides knowledge to Swedish ministries, government agencies and other relevant actors for effective forest management to achieve climate-poverty targets.

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Photo: Lisa Westholm

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Chalmers University of Technology
Physical Resource Theory

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Centre for Climate Science and Policy Research

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