

Reducing Emissions from Deforestation and Forest Degradation Plus (REDD+)

Panellist: Fitriani Ardiansyah, ANU

Good afternoon Colleagues,

First of all, I'd like to thank the organiser, particularly Jonathan, for setting up this important panel discussion and allowing me to discuss before you about one of the heated topics in the realm of climate change negotiation as well as the nexus of climate change and development, which is **REDD+ (Reducing Emissions from Deforestation and Forest Degradation Plus)**.

Before I move on, I'd like to present this slide, containing a picture which I believe often reflects on the view of some if not the majority of people living in tropical developing forest nations when they try to grasp the idea about REDD+. As we may have known, the governments of some tropical forest countries have been struggling to address deforestation for decades. If we take into account emissions resulting from LULUCF (Land Use, Land Use Change and Forestry), Indonesia and Brazil and some other countries can be considered as major emitters.

On the other hand, addressing deforestation means changing, altering, adjusting their development paradigms and pathways, and this definitely is not easy for these governments. As you also may have known, deforestation and forest degradation have been mostly caused or driven by the development of at least four influential sectors, namely forestry, plantations/agriculture, mining and infrastructure. These sectors have significantly contributed to economic development of these countries as well as the global market. Timber, paper, soya bean, palm oil, sugar cane are to name few commodities which have provided an increase in the level of wealth in these countries. Hence, without a provision of economic alternatives or other positive incentives, it would be a herculean task for governments of developing countries to change their development patterns by stopping or reducing deforestation, which eventually reducing emissions.

When, at COP-11 in Canada, a proposal was tabled for the provision of incentives and other forms of support to avoid deforestation to be part of the climate agreement by Costa Rica and Papua New Guinea, and this proposal, after reframed, debated, negotiated and refined, was incorporated in the Bali Action Plan at COP-13 in Indonesia, and recognised as one important building blocks at the last COP in Mexico, many tropical forest nations see this as a hope to both tackling deforestation and promote economic development of the countries.

However, in my view, there are at least 3 (three) crucial aspects if REDD+ wants to be effectively workable addressing both emissions reduction and economic developing in developing countries. These are **governance, financing, and implementation capacity**.

Let's look at the first important aspect, which is **governance**. Governance performance is important, since it helps stakeholders and actors determine whether their efforts would reach the desired objectives and goals. REDD+ from its early days has gone through and under a 'multi-level governance' process. At the multi-lateral arena, it has, among others, the UNFCCC REDD+ related negotiation, the UN REDD Programme (UN-REDD) and the Forest Carbon Partnership Facility (FCPF). Although, REDD+ has been incorporated as part of the Cancun Package, and widely cognised that without REDD+ the 2 degree Celsius climate stabilisation goal will not be reached, the faith of this initiative still depends on the entire negotiation to reach an agreement in a bigger context of UNFCCC. A tricky part of the REDD+ in the negotiation is that it does not only include deforestation and forest degradation, but also conservation, sustainable management of forests and the enhancement of carbon stock. The inclusion of these is believed to have been done to incorporate the interests of India, China and other similar countries. Widening the scope means widening the participation of countries, although this may not necessarily widen the actions to reduce emissions and this may complicate the methodologies for carbon accounting which could also mean undermining the credibility for emissions reduction.

Other levels of governance that is crucial for REDD+ are the national and local levels. At these levels, issues that can be highlighted include what sort of benefit-sharing or revenue-sharing mechanisms which are going to be developed and selected and whether these mechanisms reach those actors who are really protecting and managing forests, including indigenous people; what sort of policies put in place to address deforestation as well as drivers of deforestation. Also, the high likely debates are over baseline development, transparency, corruption, the involvement of wider actors, stakeholders, forest dependent people, indigenous people, etc. As you may have known, many developing countries have issues surrounding unclear laws and policies, overlapping of policies among sectors and layers of governments resulting in deforestation and land use change.

The second important aspect that I would like to discuss is about the **financing** side, again. There is a huge question about what consider sufficient and adequate when it comes to addressing deforestation, and, whether this money is compatible with money or investment coming in from other sectors which could lead to further deforestation. Just to provide you with a good example. The bilateral agreement of Indonesia and Norway as well as Norway and Brazil each provides the possibility of funds for REDD+ US\$1 billion. Is this sufficient when at the same time, for instance, there is US\$8 billion available from the Chinese Development Bank for the development of oil palm plantations in Indonesia. And, unlike REDD fund, where the money will come later one, the money for oil palm development is already available.

Hence, there is a serious issue of opportunity costs. Countries embracing REDD+ surely need to address the interests of sectors, actors, regions, etc., who have been left out or maybe negatively impacted by the decision of the countries to have REDD+ policies. For example, economic alternative or different types of financial

support may be needed so that these parties would support REDD+. Non-state actors, namely the private sector and/or financial institutions play a crucial role, first, to add to the public fund. However, their involvement would depend on whether there is certainty about a scheme that will guarantee the future of REDD credits.

Otherwise, demand for REDD financing, and if this only depends on public funds, risk placing pressures on donor government aid budgets as well as budgets of developing countries, resulting in the potential redistribution of funds from existing development programs that may jeopardise progress made of countries' development. Although, the continued investment in conception phase or early actions is critical to ensure that REDD+ initiative is well designed and administered.

At multi-lateral arena, the challenge of financing is also clear especially when it comes to the choice of the scheme for REDD+. There are at least 3 (three) schemes proposed, which are fund-based mechanism, market-linked scheme, and the hybrid model. Under a market based scheme, countries that reduce REDD emission below a set of a pre set baseline would receive credits that could be sold in the market and used by purchasing nations to meet their international mitigation obligations. Fund based scheme involves the establishment of international funds to finance REDD activities or to provide incentives for countries to address REDD issues. There are pros and cons about consequences of either scheme. Among others, these include the leakage issues, additionality, permanence, fungibility, sovereignty, property rights, representativeness, etc.

My last important aspect is the **capacity to implement** REDD+. The capacity that I mention here includes capacity to develop baseline or reference level, to monitor, report and verify the reduction of emissions, develop and manage an institution, to develop just and fair distribution mechanism, to engage with wider actors who directly on the ground dealing with deforestation as well as at other arena. Also, which is rather more important, is the capacity to enforce or willingness to enforce any given policies or schemes that involved REDD since enforcement or lack of it may be viewed as one of the major obstacles in addressing land use change and deforestation in developing countries.

In brief, I would say that REDD+ provides good opportunity for developing countries to reduce emissions, contributing to mitigating climate change. However, there are crucial aspects which need to be strengthened or reformed before REDD+ becomes operationalised and reaching its goals. I thank you.