

## What is REDD+?

This briefing is part of a series produced to inform European Union and Member State officials, both within the EU and in Delegations and Embassies outside the EU, about FLEGT and REDD+ and the linkages between them.

FLEGT is a European Union initiative to assist developing countries in preventing illegal logging and benefiting from timber markets (see Briefing Note 1). REDD+ is an international mechanism framed by the international negotiations on climate change to provide incentives for developing countries that protect and restore their forest carbon stocks. FLEGT can support successful REDD+ implementation by promoting improved forest governance and law enforcement, addressing some of the drivers of forest degradation, creating enabling conditions for scaled-up investments and providing a transparent and inclusive national process for policy-making in the land use sector (Briefing Note 3 examines the links between FLEGT and REDD+).

### 1. WHAT IS REDD+?

The last few decades have seen very high levels of deforestation and forest degradation, particularly in the tropics. This has been the result of a wide range of drivers including logging (both legal and illegal), conversion for large-scale agriculture, subsistence use by the rural poor, mining and fire. The loss of forest has raised concerns for many reasons – loss of biodiversity, impacts on rural livelihoods, damage to ecosystem services such as provision of water etc - but recently there has been a particular focus on the link between forest loss and climate change (see Box 1).

In response to this increasing awareness of the importance of land-use change, and particularly forest loss, to climate change, in 2005 a group of tropical forest countries made a proposal within the UNFCCC that the post-2012 climate change agreement<sup>1</sup> should include a mechanism for Reducing Emissions from Deforestation and Degradation (REDD – see Box 2). This initial proposal was further elaborated at subsequent UNFCCC meetings to include conservation of forest carbon stocks, sustainable management of forests and enhancement of forest carbon stocks. The combination of REDD and these three additional activities is called REDD+ (see Box 2).

The basis for REDD+ is that financial compensation, provided by developed countries, be given to

developing countries that manage to reduce this source of emissions at a national level.

REDD+ refers to policy approaches and positive incentives to reduce emissions from deforestation and degradation (REDD) and to support conservation of existing forest carbon stocks, sustainable forest management and enhancement of forest carbon stocks (+) in developing countries.

REDD+ is still under negotiation within the official UNFCCC process (further information on the current status of the UNFCCC negotiations is available from DG CLIMA – see contact details below).

In the meantime, there are various activities already underway through a number of different initiatives (see Section 3). These ‘early action’ or ‘fast start’ initiatives aim to support the development and initial implementation of REDD+ while a formal global mechanism is being negotiated. Developed countries have pledged approximately US\$4 billion of funding for these early action activities between 2010 and 2013 and almost all rainforest countries are involved in REDD+ activities of some kind.

<sup>1</sup> The existing international climate change agreement is composed of the UNFCCC (United Nations Framework Convention on Climate Change) and the Kyoto Protocol, which provides detailed rules for the implementation of objectives and provisions contained in the ‘Convention’. The Kyoto Protocol rules were agreed for the period 2008-2012. They are currently being reviewed and revised for the next commitment period starting in 2013. At the same time, a more global review of the implementation of the Convention was launched in 2007 in Bali, that includes REDD. The post-2012 climate change agreement currently under negotiation will entail the outcome of both the Convention and the Kyoto Protocol streams of negotiation.



## Box 1: Forests and climate change

Climate change is caused by an increase in the concentration of greenhouse gases in the atmosphere. There are several greenhouse gases which are increasing in concentration but by far the most prevalent is carbon dioxide (CO<sub>2</sub>).

All plants, including trees and other forest plants, use photosynthesis to absorb CO<sub>2</sub> and convert it into all the different organic compounds which constitute plant material such as wood, bark and leaves. This removes CO<sub>2</sub> from the atmosphere. The International Panel on Climate Change (IPCC) and others estimate that up to 25% of all absorption of CO<sub>2</sub> from the atmosphere is by forests.

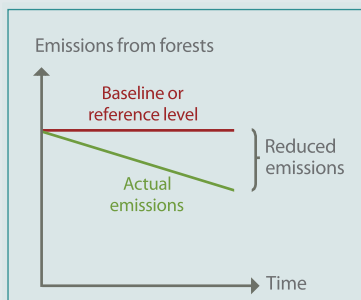
When forests or other ecosystems are disturbed and plants die the plant material decomposes or is burnt and the CO<sub>2</sub> is released back into the atmosphere. The IPCC estimates that 10-20% of all CO<sub>2</sub> being released comes from land-use change, particularly the degradation and loss of tropical forest.

Therefore, conserving the carbon in existing forests or at least reducing the rate at which it is emitted as CO<sub>2</sub> can significantly reduce global emissions of greenhouse gases. At the same time, enhancing the quantity of CO<sub>2</sub> absorbed by forests through planting or replanting areas with trees can accelerate absorption of CO<sub>2</sub>, thus reducing the overall concentration of GHGs in the atmosphere.

## Box 2: From REDD to REDD+

The basic concept behind REDD is that when forests are damaged or destroyed CO<sub>2</sub> is emitted. If the rate of deforestation (complete loss of forests) or degradation (damage to forests eg by logging) can be reduced then less CO<sub>2</sub> is emitted.

To calculate the extent to which CO<sub>2</sub> emissions have been reduced, it will be necessary to calculate a baseline or reference scenario against which actual emissions can be compared. The methodology for calculating baselines has not yet been agreed but will likely be based on historical



rates of emissions and considerations of what the likely future trends would be in the absence of any programme to control forest loss.

Actual emissions will then be measured (this is not straightforward and consequently there is a lot of work ongoing on effective methodologies to do this) and the two compared. The difference between the reference scenario and the actual emissions is 'REDD' – the reduced emissions from deforestation and forest degradation.

The initial focus on REDD was only relevant to those countries that have high current rates of deforestation which can be reduced. However, there are also many countries which still retain much of their forest cover and historically have had low rates of forest loss. It soon became clear that both politically and technically it was necessary to include these countries in any global mechanism as well:

- Politically it is important to get wide support for measures under UNFCCC since it is a consensus-based process. Tropical countries with large amounts of forest but low current rates of deforestation are unlikely to support a mechanism from which they cannot benefit.
- Technically many drivers of deforestation, particularly industrial logging and large-scale agriculture, are very mobile and so if a mechanism is applied only in countries which currently have high levels of deforestation then there is a very high risk of international displacement to countries with previous low rates of deforestation.

Therefore, the concept of REDD was extended to REDD+ which also includes conservation of existing forest stocks (ie keeping forests in countries which still have low rates of deforestation), sustainable management of forests and enhancement of forest stocks (ie increasing the amount of carbon in forests through restoration or new planting of forests).

## 2. HOW WILL REDD+ WORK?

There are three main aspects to a functional REDD+ mechanism: providing finance, reducing emissions and linking the two together.

**Financing REDD+:** REDD+, as currently conceived, involves payments from developed countries to developing countries in return for reducing greenhouse gas emissions from forests or increasing forest carbon stocks.. There is still discussion about the source of this money – early finance will be from funds but in the medium term it could also involve some form of market mechanism linked to offsets (see Box 3). The payments then, in principle, go towards actions that enable developing countries to conserve or sustainably use their forests, providing intact forests with a value to compete with other uses.

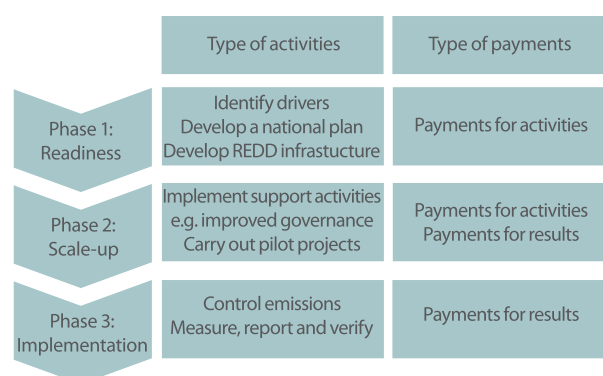
**Addressing drivers of forest loss at a country level:** In order to achieve reductions in emissions or conserve existing stocks REDD+ countries will need to address the drivers responsible for forest loss. While this is a simple concept, it is extremely challenging in practice because there are many different drivers, both direct and indirect, of forest loss. Direct drivers range from large-scale conversion of forest to agriculture to subsistence use by the rural poor and these vary significantly between countries and between different regions within countries. Indirect drivers include poor governance, weak institutions and inadequate land tenure. Therefore, the starting point for each country is to understand the various drivers of forest loss and develop a national strategy for addressing these drivers. Once this is in place then actions will be needed to undertake activities on the ground.

In practice, many of the drivers are already the subject of government policies and international development. For example, programmes to alleviate rural poverty and provide better livelihoods can reduce forest loss from subsistence use. Similarly, programmes and policies aimed at improving forest governance and enforcement can address forest degradation and loss from illegal logging. Therefore it is important for country governments and donors to be clear about existing programmes that can contribute to REDD+ objectives and to strengthen and build on these wherever possible.

**Phased approach to implementation:** While there is still uncertainty about the detail of the final architecture of a global REDD+ agreement it is widely accepted that many countries will not be ready for full implementation immediately and that therefore a phased approach will be necessary (see Figure 1).

FIGURE 1

Schematic representation of three phases for implementation of REDD+



- The first phase sets the framework for REDD+ with the development of enabling conditions. This includes both formulating a plan and developing the required infrastructure (eg monitoring and reporting capacity). The World Bank Forest Carbon Partnership Facility (FCPF) and UN-REDD are already providing grants to countries for developing such plans and are likely to remain sources of funding. There are also a growing number of bilateral agreements, including several under Norway's International Climate and Forest Initiative (see below for further information).
- The second phase has two strands. Firstly, it is clear that in many countries there are a number of measures which will need to be undertaken which are integral to achieving REDD+ but are not directly linked to a particular forest area or rate of forest loss. This includes activities such as improving governance and building institutional capacity. Funding for this strand will be activity-based and is likely to come from international and bilateral funds. The second strand of a second phase is pilot projects to undertake activities aimed directly at controlling emissions from forest degradation and loss. Payments for this strand are likely to be results-based (though possibly based on proxies rather than on actual emission reductions achieved) and may come from either funds or market sources.

- The third and final phase is the implementation of a national programme (potentially through sub-programmes and projects within a country) to achieve the planned reductions in emissions from forest loss. Payments in Phase 3 will be entirely results-based payments based on actual reductions in emissions achieved. It is still unclear where the money to make these payments will come from since this has still not been agreed within the UNFCCC negotiations.

The fast start financing currently available will mainly be used to support Phase 1 and Phase 2 allowing countries to move more rapidly to Phase 3 once a global mechanism for REDD+ is agreed under the UNFCCC.

### 3. CURRENT ACTIVITIES

Whilst the global architecture is currently under negotiation within the UNFCCC, there are a number of intergovernmental and multilateral early action initiatives aimed at funding and developing REDD+ programmes with a particular focus on the first and second phases. Approximately US\$4 billion of funding has been pledged to date for these activities. EU contributions to this US\$4 billion are approximately US\$1.5 billion.

#### REDD+ Partnership

The REDD+ Partnership was launched in early 2010 as a follow-up to the Copenhagen negotiations, and to build on the positive momentum created. It is made

#### Box 3: Financing REDD+

There is agreement with respect to REDD+ that forest countries should be compensated for reducing emissions from their forests. There is less agreement about exactly where the money will come from or how it will be paid and there is still no clear EU position on this<sup>2</sup>.

##### Sources of finance

There are potentially several different sources of finance for REDD+. The main ones are:

1. **INTERNATIONAL FUNDS:** these funds are similar to development aid. They come from national governments and are paid out either through direct bilateral agreements or through multilaterals such as the World Bank or GEF. The initial \$4 billion pledged by countries within the REDD+ Partnership (see Section 3) is this type of funding and the money will be paid out via these various mechanisms (and will not be paid out through the Partnership itself).
2. **COMPLIANCE-BASED FUNDS:** these funds are linked to compliance with developed country commitments to reductions in emissions of greenhouse gases:
  - *Government purchase of credits:* Within the Kyoto protocol developed countries (Annex 1 countries) have legally binding targets for emission reductions.

If developed countries do not meet their targets and emit more than their allowance they have to buy carbon credits. These credits can come from two sources:

- > From other developed countries that have emitted less than their allowance and can sell the emissions allowances they haven't used;
- > From projects to reduce greenhouse gas emissions undertaken in countries which don't have emission reduction targets – often referred to as carbon offsets.

Payments for REDD+ could be financed through the purchase of REDD+ carbon offsets by developed country governments in order to meet national targets.

- *Company-based payments for credits:* as a means of meeting domestic targets in developed countries, industrial sectors which emit large amounts of greenhouse gases are given their own emission targets with each company receiving an allocation of emission allowances. Some developed countries have set up emission trading schemes, which replicates the principles of the Kyoto Protocol country level emissions trading scheme described above at company level. The EU Emission Trading Scheme is one of these with several national or state-level schemes in other countries. Depending on the rules adopted in such emissions trading schemes, companies could buy REDD+ carbon credits to offset their emissions either directly from REDD+ country governments or from projects and sectors within REDD+ countries.
- *Emission allowance auctions:* developed countries can opt to auction some (or all) of the available emission allowances for particular sectors and allocate a

<sup>2</sup> The 21 October 2009 Council Conclusions (para 31) say that the EU 'considers that verified emission reductions could in the medium term be used for compliance subject to strict quantitative limitations and could, in light of experience gained, and after thorough review, in the medium to long term be phased into the international carbon market under the condition that market integrity is preserved, and robust measurement, reporting and verification requirements are met,' leaving room for interpretation as to when the EU would be ready to consider the use of REDD units as an offset as well as the exact conditions for it.



up of over 70 countries including the main developing and developed countries with an interest in REDD+. This includes all the developed countries that have pledged fast start finance and all the developing countries interested in implementing REDD+. The Partnership aims at supporting the commitments made in Copenhagen and increasing coordination on fast start financing for REDD+. The partnership offers the opportunity to advance discussions about how REDD+ will work and to develop and test approaches for delivering REDD+ results. The partnership does not disburse funding directly. EU Members of the Partnership are: Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Slovenia, Spain, Sweden and United Kingdom. (further information from: [www.reddpluspartnership.org](http://www.reddpluspartnership.org))

## UN-REDD

The United Nations Collaborative Programme on REDD launched September 2008, is a Collaboration between three UN agencies (FAO, UNEP, UNDP) to work on REDD-related activities which aims to support readiness activities and develop guidance and standardized approaches based on sound science. Currently the programme has chosen 12 pilot countries and has approved a total of US\$ 51.4 million for eight of those countries. EU countries which have contributed funding for UN-REDD include Denmark and Spain. (Further information from [www.un-redd.org](http://www.un-redd.org))

## Forest Carbon Partnership Facility (FCPF)

The FCPF is a partnership of 37 developing and 14 developed countries (including several EU Members

proportion of the income generated to specific climate-related activities including REDD+. In this case the funds raised would be paid into a fund which would then be used to support REDD+ activities rather than being paid directly to a country government or a REDD+ project.

Compliance-based funding, particularly the company-based approach to buying and selling carbon credits, is often referred to as 'market-based payments'.

3. VOLUNTARY FUNDS: One other potential source of funding is the voluntary carbon market where companies and other organisations without legal emission targets voluntarily buy carbon credits in order to offset activities they are undertaking. This is common in the aviation sector (which is currently outside the targets agreed) as well as for many organisers of conferences and international events but is unlikely to generate large amounts of money.

### Activity-based versus results-based payments

There are two ways in which funding can be provided. One is to pay for activities. This is the normal approach for most development aid, and is likely to be the main approach for Phase 1 and for the parts of Phase 2 (see Figure 1). Activities to address underlying issues such as poor governance will probably be funded through payment for activities since there is no easy way to measure results in terms of area of forest protected or emissions reduced.

However, in the medium term the intention is that payments should be results-based related to reduced carbon emissions (or increased carbon sequestered) and

only made once clear emission reductions (or enhanced sequestration) has been achieved in practice. This approach is likely to be used for pilot projects in Phase 2 and is proposed as the only form of payment in Phase 3.

### Potential costs and income from REDD+

It is not yet clear how the carbon in forests will be valued. The price per tonne of CO<sub>2</sub> protected or sequestered has huge implications for both the costs and benefits of any REDD+ mechanism. So far the discussion has ranged from US\$5 per tonne (the figure used in the Amazon Fund) to up to US\$20-30 per tonne used in various voluntary projects.

The higher the figure the more potential the mechanism has to compete with other land uses, but the more expensive it will be to implement. Clearly this discussion has significant implications for all countries involved in providing finance for REDD+.

### Issues related to financing REDD+

Since REDD+ monitoring and payments will occur at a national level, crucial issues for the long-term success of REDD+ will be the extent to which mechanisms are established to ensure positive benefits reach forest communities and that forests show up in the state budget in comparison to other uses. The recently published report on The Economics of Ecosystems and Biodiversity (see [www.teebweb.org](http://www.teebweb.org)) highlights failures in this regard.

Financial governance: if there are significant flows of money for REDD+ then issues of financial governance are likely to arise. This is likely to be a particular issue in countries where there is already weak governance.

NOTE: A BRIEFING ON FINANCING OF REDD+ WITH MORE INFORMATION IS BEING DEVELOPED.

States and the EC) as well as NGOs and the private sector. It is administered by the World Bank. The FCPF includes a Readiness Mechanism providing grants and technical assistance for countries to prepare for REDD+, including activities such as analysing the drivers of deforestation and degradation, drafting a national REDD+ strategy, consulting on the strategy, establishing a reference scenario and developing a monitoring reporting and verification system. The FCPF also includes a Carbon Fund, about to become operational, which will pilot incentive payments at a national and sub-national level in pilot countries. EU countries which have contributed funding for the FCPF include France, Finland, Netherlands, Spain and UK. (Further information from [www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)).

#### Forest Investment Program (FIP)

The Forest Investment Program is a partnership between the World Bank, the IFC and the Regional Development Banks and a sub-fund under the Climate Investment Funds. Currently funded at about US\$540 million, it aims to support developing countries' REDD+ efforts, providing up-front bridging finance (grants and loans) for readiness reforms and public and private investments identified through national REDD+ strategy building efforts (eg under FCPF or UN-REDD). The FIP has selected eight pilot countries. EU countries which have contributed funding for FIP include Denmark and the UK. (Further information from [www.climateinvestmentfunds.org/cif/node/5](http://www.climateinvestmentfunds.org/cif/node/5)).

#### Norway's International Climate and Forest Initiative

The Norwegian government has committed to provide approximately US\$0.5 billion per year to fund REDD+ initiatives. This is aimed at providing funding for many of the policy and practical initiatives which are underway. Norway has so far committed to a number of initiatives including both the multilateral approaches above and a number of bilateral agreements. The latter includes pledges of up to US\$1 billion each for the Brazilian Amazon Fund and for the government of Indonesia in return for achieving emission reductions as well as funding for Tanzania and Guyana's REDD investment fund and a commitment of US\$70 million to the Congo Basin Forest Fund (CBFF). (Further information available from [www.miljo.no/climate-and-forest-initiative](http://www.miljo.no/climate-and-forest-initiative))

## 4. ISSUES AND CHALLENGES

Despite the efforts to plan and prepare for REDD+ there are a number of very significant political and technical challenges both at a national and sub national level including:

- **Concluding the negotiations on REDD+:** Negotiations on REDD+ within the UNFCCC are constrained by the slow progress on the wider post-2012 agreement since many of the aspects of this agreement including overall emission reduction targets and finance, institutions and monitoring, reporting and verification are crucial in shaping REDD+.
- **Reducing forest loss in practice:** The idea of REDD+ is a powerful and simple one – reduce forest loss to reduce carbon emissions. However, addressing the underlying issues contributing to forest loss and identifying and addressing both direct and indirect drivers of deforestation is not straightforward in practice even if funding is available, and involves enormous challenges:
  - **Absorptive capacity:** in many countries the ability to implement actions is likely to be a major barrier as there is a lack of adequately trained and experienced personnel and of robust and functioning institutions. Therefore, it will be important to build on existing programmes and initiatives and to involve a wide range of actors in addition to government.
  - **Governance:** A major challenge in many REDD+ countries is poor governance which has the potential to undermine all efforts to implement change. Therefore, one of the most important



Improving forest governance is one of the most important steps in developing an REDD+ programme.

- steps in developing any REDD+ programme is to improve forest governance and control illegal activities (see Briefing Note 3).
- **Conflicting policies and priorities:** The groups benefitting most from REDD+ (eg forest or finance ministry, forestry companies) may not be the same as the ones benefitting from forest loss (eg agriculture or mining ministry, agricultural and mining companies). This can lead to serious tensions and conflicting policies between different parts of government, and between government and non-government actors, seriously hampering progress. It is therefore very important to understand and manage these tensions and to ensure that they are not exacerbated by the availability of REDD+ funding;
  - **Valuing forests:** other land uses such as agriculture, mining and infrastructure can be very profitable making the decision to maintain forest a difficult one economically. Finding ways to value a range of forest services including carbon, biodiversity, water and soil protection can help to build the economic case to keep forests.
  - **Funding:** There is still considerable work to be done on agreeing the source of funding, who will benefit from the funding and how funding will be administered to ensure real carbon savings and prevent forest and biodiversity loss. This is a major challenge where the EU needs to invest in further thinking;
  - **Safeguards:** There has been considerable concern from many quarters including civil society groups, indigenous people and governments about the importance of safeguards for REDD+. The major issues being discussed include ensuring that the rights and resources of indigenous peoples and customary rights holders are adequately recognised and respected, ensuring that any benefits from REDD+ are equitably distributed and ensuring that REDD+ supports the protection of biodiversity.
- Both the World Bank and UN-REDD are actively working on safeguard mechanisms. In addition,

there is an international process underway to develop a set of voluntary standards to address safeguards – the REDD+ Environmental and Social Standards (further information from [www.climate-standards.org/redd+](http://www.climate-standards.org/redd+)). This provides a good overview of the range of issues being considered.

## Contacts and Resources

Within the European Commission DG CLIMA leads on REDD+ with other DGs such as ENV and DEVCO also actively involved.

The European Forest Institute (EFI) has a REDD expert working on linkages between REDD and FLEGT within its existing Forest Governance Facility and they are establishing an EU REDD Facility.

### Some Further Information on REDD+

UNFCCC: The UNFCCC has a REDD web platform which provides information and updates on the official process at: [http://unfccc.int/methods\\_science/redd/items/4531.php](http://unfccc.int/methods_science/redd/items/4531.php)

All the initiatives have websites which provide information on who is involved, where finance is coming from and recent activities as well as many programme documents.

- **REDD+ Partnership:** [www.reddpluspartnership.org](http://www.reddpluspartnership.org)
- **UN-REDD:** [www.un-redd.org](http://www.un-redd.org)
- **FCPF:** [www.forestcarbonpartnership.org](http://www.forestcarbonpartnership.org)
- **FIP:** [www.climateinvestmentfunds.org/cif/node/5](http://www.climateinvestmentfunds.org/cif/node/5)
- **Norway's International Climate and Forests Initiative:** [www.miljo.no/climate-and-forest-initiative](http://www.miljo.no/climate-and-forest-initiative)

**Databases on REDD activities:** A number of databases are being developed to try to ensure that data on what is happening with REDD is easy to find. The REDD+ Partnership is developing a global database which can be accessed from the Partnership website ([www.reddpluspartnership.org](http://www.reddpluspartnership.org)). A global summary of REDD projects can be found at <http://redd-database.iges.or.jp/redd/>.

**Summaries and updates on REDD+:** There are lots of organizations providing summaries of REDD and what is happening. A useful platform created by a network of research institutes and aimed at southern civil society is REDD-net: [www.redd-net.org](http://www.redd-net.org).

**News sites:** A widely used news site covering rainforest issues is Mongabay. It often includes stories about REDD+: <http://rainforests.mongabay.com/redd/>

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This Briefing Note was prepared by Proforest with inputs from EC and Member State officials, the government of Norway and representatives of FCPF and UN-REDD.

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