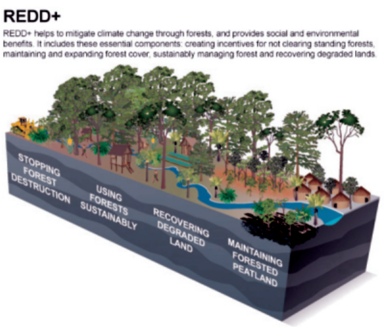
4 POLICY BRIEF

November 2010

Ministry of Environment

# REDD+





## Executive summary

REDD (Reducing Emissions from Deforestation and Degradation) is an innovative mechanism evolving from the climate debate. It aims to halt and reverse global deforestation by identifying and placing a financial value on the carbon sequestration benefit of forests, and then paying for the 'avoided deforestation'. Countries are moving ahead on REDD, despite the methodological challenges to the accurate measurement of avoided deforestation. Pakistan faces a high rate of deforestation and aims to reverse this dismal trend. Active engagement in REDD is a unique opportunity to support this national priority. However this needs to be driven by a focused strategic plan and supported by a scaling up of national human, as well as technical, capacity.


## REDD: the promising frontier

The rapid deforestation of tropical forests is thought to account for 20% of global greenhouse gases (GHGs) and is a major issue in ongoing climate debates. In the face of this challenge, the REDD (Reduction in Emissions from Deforestation and Degradation) concept is simple: to provide financial rewards for 'avoided deforestation'. The devil, however, is in the detail. Transforming REDD from a concept into a reality means confronting complex and unresolved issues.

REDD has taken centre stage in the fight against climate change since it was first proposed in 2005 by Costa Rica and Papua New Guinea at the 11th Conference of the Parties (COP 11) to the UN Framework Convention on Climate Change (UNFCCC) on behalf of the Coalition for Rainforest Nations. The REDD initiative aims to offer performance-based payments to forest owners and users, not only arrest the trend of deforestation, but also to motivate a reversal of that trend to preserve this resource.

While debate on many REDD issues continues, the concept itself has expanded to become the REDD+ mechanism, encompassing sustainable forest management and the enhancement of forest carbon stocks. REDD+ is garnering a much wider support base in climate change negotiations and is progressing along a two pronged track: the *UN negotiations track and the REDD readiness tracks.*

## REDD+ in UN negotiations

Discussions in the UNFCCC negotiations track take place within the Ad-Hoc Working Group on Long Term Cooperative Action (AWG-LCA). This was established at COP 13 in Bali to provide a structured negotiations platform for a post-2012 climate framework.

REDD+ received a special mention in the Copenhagen Accord – the non-binding political statement emerging from COP 15 in 2009, which called for the immediate establishment of REDD+. UNFCCC Secretariat Chief Yvo de Boer described REDD+ as being “oven ready”.

There is now consensus on the operationalization of REDD+ in three phases:

- **Readiness phase (2010-2012):** enacting national strategies supported by appropriate capacity building.
- **Pilot phase or Investments phase:** 'learning by doing' through pilot projects. This is underway in some countries, before the enactment of international rules.
- **Implementation or Operations phase (2013-2020):** performance-based payments are made, either by direct funding or via links to the global carbon market, leading to the global implementation of REDD+.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A host of unresolved issues remain, however.

*Uniform application and accountability.* A global mechanism requires a level playing field for uniform application and an effective system to ensure accountability and credibility of REDD+ credits. These are not yet in place.

*Specifying a REDD goal.* REDD aims to reduce global deforestation, but by how much, and by when? Various targets are being proposed, such as halving deforestation by 2020, or halting it entirely by 2030.

*Funding requirement and mechanisms.* Funds for the 'readiness' phase are on the table, with $4 billion pledged since Copenhagen. However, the funding for the implementation phase (2013-2020) is not yet in place, and the costs are projected to vary from $7 to $28 billion per year to halve global deforestation (CIFOR, 2008).

*Permanence, liability and leakage.* Emissions reductions under REDD must be permanent, so that trees saved this year are not felled next year. The liability for non-permanence needs to assigned and any leakage or 'emissions displacement' needs to be estimated and controlled.

*Geographic scale.* Should the REDD boundaries be set at the project, sub-national or national levels, or should a 'nested' approach be used  starting at sub-national level and phasing up to national level?

*Baselines.* The baseline to be used to credit reduced emissions is a contentious issue. Options include selecting an historical baseline for deforestation over a designated period, or a projected baseline that is a realistic forward projection of deforestation, or a crediting baseline for emissions below which a country (or project) is rewarded.

## REDD+ readiness track

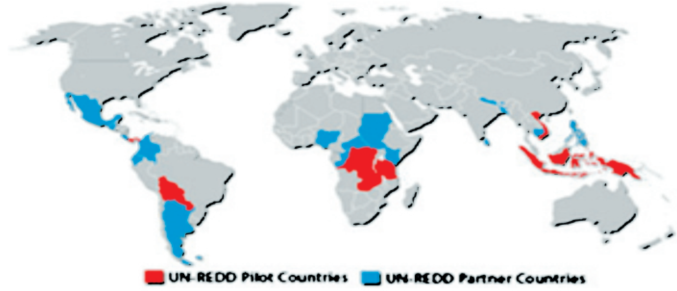
This track has emerged from the UN negotiations track and runs parallel to it. While a workable REDD+ framework is still being negotiated, a number of countries are already out in front, participating in pilot REDD+ schemes.

This track is supported by two leading institutional initiatives: the World Bank's Forest Carbon Partnership facility and the UN-REDD programme. These have large areas of overlap and seem to be competing for the same sphere of influence.

The Forest Carbon Partnership Facility is a $250 million fund launched by the World Bank at COP 13 in Bali and assists 37 developing countries to build capacity to implement REDD+ activities.

Similarly the UN-REDD programme (Figure 1) aims to enhance the capacity of developing countries through 'learning by doing' pilot projects. Current funding for REDD+ readiness is focused on nine pilot countries, and 18 partner countries can access the programme's online resources to share knowledge and to network.

**Figure 1: UN-REDD Global Coverage**




*Funds for the REDD readiness phase:* The exact methodology to disburse the $4 billion pledged to date is not clear. However, a REDD+ Partnership group was created in Oslo in May 2010  a partnership of 58 developed and developing countries that will collaborate on REDD+ efforts, with the UN-REDD programme and World Bank Forest Carbon Partnership acting as the joint Secretariat.

Donor funds are likely to be administered through this partnership. While there are some doubts as to whether pledging promises still stand in the absence of a comprehensive climate agreement, the REDD+ Partnership group is providing a fresh impetus.

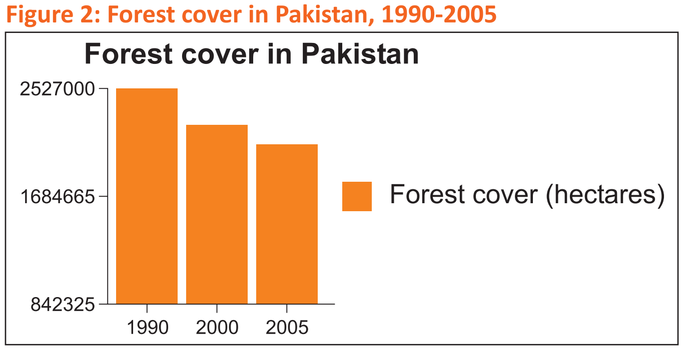
The implementation stage between 2013 and 2020, however, will require much more money and its funding sources remain unclear. The global carbon market is a potential source of REDD+ finance, and a number of carbon funds have mushroomed in the forestry sector that aim to use the voluntary market place as a route to a future REDD+ market. Such forestry credits are discounted, given the lack of market clarity and the absence of globally agreed rules, but provide a valuable learning experience in a nascent market.

## Pakistan and REDD

Pakistan stands to benefit considerably from the REDD+ mechanism as a result of two worrying trends:

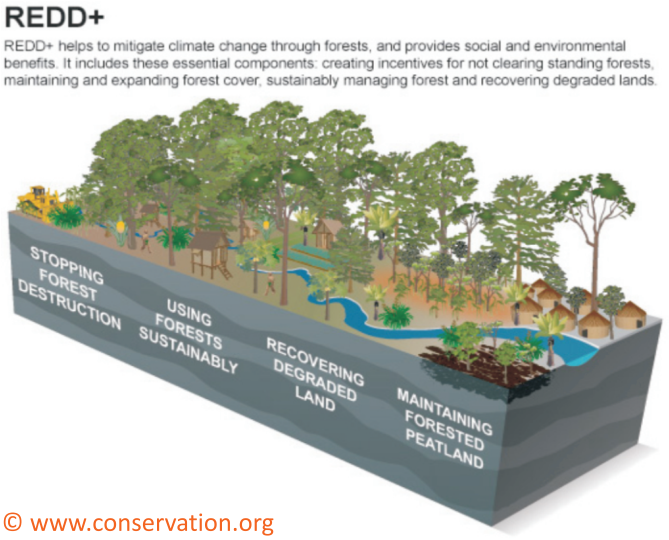
- Pakistan has only 3.3 million hectares of forests and planted trees  equivalent to just over 4% of its total land area, according to the best available estimates from GIS and Remote Sensing-based tools. This relative forest cover area is one of the lowest in the world and dismal even within South Asia.
- Pakistan's forest resources are dwindling, with the amount of forest declining by just under 2% in the 1990s, but by more than 2% in just five years, from 2000 to 2005

**Figure 2: Forest cover in Pakistan, 1990-2005**




**Source: Forest Resource Assessment and the State of the World's Forests, FAO**

an extremely high deforestation rate according to UNEP's Asia Pacific Environment Outlook.

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The Government is striving to reverse these negative trends and aims to increase Pakistan's forest cover to 6% by 2015. In line with this ambition, the country aims to assess the current state of forest cover and use this to develop appropriate policies (Government of Pakistan, 2009-2010).

Pakistan could, therefore, benefit from REDD+, which aims to reward the reversal of high deforestation. The current and future carbon value of the forests in Pakistan, however, must be identified accurately and quantified financially to prepare for an international REDD+ regime. Rough estimates point to potential earnings of between $94.74 million and $315.8 million per year if deforestation is halted completely. This estimate reflects the limited data available and provides only an indicative, and perhaps conservative, estimate. The actual potential could be far greater, depending on the carbon price and the sectors included under REDD+.

## Current REDD+ engagement by Pakistan

Given the potential, Pakistan is working to align itself with the global architecture on REDD+ and is also taking domestic steps to internalize the carbon value of its forests.

- Pakistan is an active member of the Coalition of Rainforest Nations  the group that launched the REDD debate.

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- Pakistan is a signatory to the initial REDD+ proposal submitted by a group of 23 countries from the Rainforest Coalition through the AWG-LCA in Accra in 2008.
- Pakistan has launched a unilaterally financed Mega-Carbon sequestration project in all of its four provinces and also including Azzad Jammu and Kashmir, which could, potentially, overlap with REDD+ objectives.

However, the country is not yet prepared to deal with REDD+, given the absence of an enabling policy framework and weak monitoring, reporting and verification capacity, and these challenges need to be addressed.

## Evolving a REDD+ Strategy for Pakistan

While REDD+ itself is in a state of progressive flux, Pakistan needs to move now, by adopting a pro-active plan of action on both the UN negotiations track and the REDD+ readiness track.

First, Pakistan should actively pursue its membership in the UN-REDD programme as well as in the REDD+ Partnership group, both of which directly feed into the UNFCCC negotiations process and support REDD+ development at the global level. This will enable the country to apply for readiness funding and participate in a cohesive process that can influence the negotiations to its advantage.

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Second, this engagement should lead to a national Readiness exercise for REDD+, with appropriate capacity development to include the following:

- assessing the latent national carbon stock present in Pakistan's existing forests, including the financial value attainable through the carbon market.
- identifying specific REDD+ project opportunities through a focused scoping instrument, such as the REDD Opportunities Scoping Exercise (ROSE) tool, which identifies priority activities and key constraints.
- addressing technical carbon accounting issues to improve data by applying latest techniques such as satellite imagery and GIS mapping of forests.
- assessing the proportion of emissions resulting from degradation as opposed to deforestation activity.
- analysing the policy, legal and technical requirements for REDD+, including the national baseline and institutional roles and responsibilities.
- Creating the institutional framework to handle contentious issues such as leakage and enactment of MRV capacity.

The Readiness exercise should lead to a National REDD+ policy and strategy. This would aim to build a transparent and institutionalised framework to attract investments and capitalise on the country's forestry carbon potential. It should:

- lay out the institutional and priority parameters for REDD+ investments, including legislative cover
- ensure participation of relevant stakeholders, especially indigenous forest communities, by delineating their role and rights as custodians of the forests and engage them in decision making
- streamline the payment for environmental services
- provide an impetus for a 'learning by doing' phase to enhance national capacity and strengthen carbon accounting and MRV procedures, with pilot project established, ideally, in National Parks and nature reserves.

The country needs to stay on top of negotiations on a host of REDD+ issues, including definitions of 'leakage', 'baselines', 'verification', and 'permanence', all of which have a bearing upon the relevance of REDD+ for Pakistan.

Pakistan's strategy at COP 16 in Cancun should be to ensure its engagement in any future REDD+ market framework. Through the Coalition of Rainforest Nations platform, Pakistan is already supporting the market based REDD+ framework. It needs to continue that engagement and position itself to attain funding for 'readiness', while actively exploring linkages with the global carbon market.

There are a number of key positions that Pakistan should take at COP 16.

- Pakistan should support the establishment of a REDD+ Mechanism and the establishment of a REDD+ Window in any new Climate Change Fund/Mechanism.
- Pakistan should seek a definition and recognition of the special needs of countries with low forest cover.
- Pakistan should push to ensure that REDD+ decisions go beyond the readiness phase to an agreement on a work programme covering the next three years.
- Although the exact figure is not yet known, Pakistan may well have large proportionate emissions as a result of forest degradation this should be kept in mind as forest accounting procedures are finalized.
- With its high level of state owned forest but a correspondingly high level of forest growth in the private forestry sector, Pakistan should support an approach that integrates the national and sub-national level credits in a proposed 'nested' approach under REDD+. This would be in line with national interests.
- Given the high historic deforestation rates it would be in Pakistan's interest to support the consideration of the historic baseline approach.

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## How can CDKN help Developing Countries?

The Climate and Development Knowledge Network (CDKN) aims to help decision-makers in developing countries design and deliver climate compatible development. We do this by providing demand-led research and technical assistance, and channelling the best available knowledge on climate change and development to support policy processes at the country level.

Climate & Development Knowledge Network


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