

# Implications of the REDD negotiations for forest restoration

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The United Nations has proclaimed 2010 to be the International Year of Biodiversity, and people all over the world are working to safeguard this irreplaceable natural wealth and reduce biodiversity loss. This is vital for current and future human wellbeing. We need to do more. Now is the time to act.

Prepared by

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## Summary

This briefing provides an update on negotiations under the climate change convention on REDD (Reducing Emissions from Deforestation and forest Degradation), and their relevance to forest restoration. It has been prepared as part of the REFORLAN project, European Community Sixth Framework Programme contract number 032132. REFORLAN has carried out research on dry forest restoration in Mexico, Chile and Argentina. Hence this briefing has a particular focus on these countries.

The REDD concept has now expanded to REDD+, encompassing also “conservation, sustainable management of forests and enhancement of forest carbon stocks”. This opens an opportunity for carbon-focused forest restoration efforts.

It would be wise to monitor national REDD+ strategies as they develop, and offer feedback to encourage the inclusion of forest restoration where this would offer both carbon and biodiversity benefits. Both the major intergovernmental funds supporting REDD+ readiness and pilot activities, the UN-REDD Programme and Forest Carbon Partnership Facility (FCPF), have biodiversity objectives and could be willing to support forest restoration activities. Of the REFORLAN countries, all are FCPF members, and Argentina and Mexico now have ‘observer status’ within UN-REDD. Mexico most frequently uses the language of biodiversity conservation and forest restoration in its submissions to UNFCCC and technical documents.

## Negotiations under UNFCCC

At the 11th Conference of Parties (COP) of the UN Framework Convention on Climate Change (UNFCCC) in 2005, an agenda item on “Reducing emissions from deforestation in developing countries and approaches to stimulate action” was introduced by Papua New Guinea and Costa Rica with the support of eight other developing countries (Chile included). These and other developing countries have been working together to promote REDD through the *Coalition for Rainforest Nations*. Since 2005, discussions have focused on monitoring and reporting of emissions, and possible financial mechanisms to support REDD through transfers from developed to developing countries. At COP 13 in 2007, Parties agreed to strengthen efforts on REDD (UNFCCC 2007). REDD was also to be considered by the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA), the group mandated to propose future agreements on implementing the Convention. Around this time, several international and bilateral funds were established to support developing countries in preparing for REDD.

The most widely reported text to arise from UNFCCC COP15 is the Copenhagen Accord agreed by a subset of prominent countries (UNFCCC 2009a), but this is only ‘noted’ by the full set of Parties to the Convention. A legally binding agreement between all Parties is now hoped for at COP 16 in Mexico, from 29 November 2010.

The Accord agrees in principle that countries should cooperate to limit the global mean temperature rise to less than 2°C and leaves space for some initial targets for individual developed countries (to be finalised by 31 January 2010). The work of

### *How does REDD differ from the CDM?*

Forest restoration projects have long been eligible for carbon finance under the Clean Development Mechanism (CDM, in developing countries) and Joint Implementation mechanism (JI, in developed countries), under the afforestation/reforestation (A/R) category\*. Reforestation projects are only eligible under CDM where forest loss occurred prior to 1990. Only a very small number of forest projects have been approved (eight registered by October 2009). Others have been rejected because of issues such as additionality or leakage (displacement rather than avoidance of carbon emissions).

Barriers to forestry projects include the technical, often slow and time consuming process of CDM registration, and the identification of buyers for the relatively low-value temporary credits yielded by forestry projects under CDM. A cooperative forestry department and national decision on CDM forest definitions is also required. Under national definitions, degraded areas that retain some tree cover are often still counted as 'forest', and so not eligible for A/R under CDM.

The developing REDD+ process encourages countries to consider their land use policy as a whole, including reforestation as well as REDD. In many cases, monitoring, reporting and leakage assessment will be coordinated at a national scale. The drive to improve national capacity and develop national REDD+ strategies should remove some of the institutional barriers that have plagued forestry projects under the CDM.

\* *Under UNFCCC's Kyoto Protocol, forest restoration or creation in areas that have not been forested in the last 50 years is known as 'afforestation' – otherwise, it is 'reforestation'.*

negotiating a new climate agreement will continue under the Ad-hoc Working Groups. However, as the Accord has not been adopted by COP, the 2°C target will not necessarily be brought forward into the main negotiations.

In the series of meetings leading up to COP15, the AWG-LCA made better progress on REDD than on many areas (UNFCCC 2009c). Bringing this together with work under SBSTA (UNFCCC's Subsidiary Body for Scientific and Technological Advice), UNFCCC has considered both REDD methodology, and policy approaches. The AWG-LCA negotiations and subsequent COP Decision on methodological guidance as submitted by SBSTA (UNFCCC 2009b) formally broadened the scope of REDD from reducing emissions. Parties are now discussing REDD+, which encompasses the following list of activities (UNFCCC 2009c):

- (a) Reducing emissions from deforestation;
- (b) Reducing emissions from forest degradation;
- (c) Conservation of forest carbon stocks;
- (d) Sustainable management of forest;
- (e) Enhancement of forest carbon stocks.

Hence, forest restoration<sup>1</sup>, afforestation and reforestation activities could be eligible under the category 'enhancement of forest carbon stocks'.

There is common agreement that a developing country would be recompensed based on changes to its forest carbon balance, but no decision on whether the financial mechanism involved will be market or fund-based. It is still to be negotiated whether the different activities (a) to (e) will be reported on and compensated in the same manner as one another. Some Parties wish to retain a distinction between activities that reduce emissions, and those such as forest restoration that sequester carbon; perhaps with REDD activities entering a carbon market, but conservation and enhancement relying on a fund. Others would prefer to see a full forest carbon accounting approach on a national level, with a single method and source of finance.

The current 'Policy approaches and positive incentives' AWG-LCA text on REDD+ has various 'bracketed'

<sup>1</sup> Forest restoration is not defined under UNFCCC. A common definition is: to re-establish the presumed structure, productivity and species diversity of the forest originally present at a site. In time, the ecological processes and functions of the restored forest will closely match those of the original forest (Gilmour *et al.* 2000).

sections for further discussion, but there is widespread agreement on principles, environmental and other safeguards, and a phased approach to implementation (UNFCCC 2009c). The safeguards exclude activities involving the conversion of natural forests from REDD+, despite concerns during the AWG-LCA meeting that this would be permitted. Agreement is still needed on topics such as methods of finance, the extent to which Parties are requested to undertake specific actions on strategy, monitoring and reference (baseline) emissions levels, and whether or not REDD should form part of Nationally Appropriate Mitigation Actions (NAMAs).

The progress of the AWG is reflected in the Copenhagen Accord. It states “*We recognize the crucial role of reducing emission from deforestation and forest degradation and the need to enhance removals of greenhouse gas emission by forests and agree on the need to provide positive incentives to such actions through the immediate establishment of a mechanism including REDD-plus, to enable the mobilization of financial resources from developed countries*”. It commits to “*Scaled up, new and additional, predictable and adequate funding ... to enable and support enhanced action on mitigation, including substantial finance to reduce emissions from deforestation and forest degradation (REDD-plus), adaptation, technology development and transfer and capacity-building...*”, for which “*developed countries commit to a goal of mobilizing jointly USD 100 billion a year by 2020*”. A Copenhagen Green Climate Fund under the Convention is anticipated, but individual commitments to the fund are still to be determined, and the failure of the Accord to be adopted as a COP Decision leaves its conclusions in doubt.

As the negotiations proceed slowly forward, the Convention has requested countries to undertake preparatory and pilot work towards REDD+, on a voluntary basis. Finance for these activities has been made available to selected countries through the Forest Carbon Partnership Facility (FCPF) housed at the World Bank, the UN-REDD Programme<sup>2</sup>, and other bilateral agreements. Site- and subnational pilot projects are also being funded by NGOs and the private sector.

## **REDD policy in Argentina, Chile and Mexico**

### ***Negotiating positions***

Of the REFORLAN countries, Chile was a member of the original group of developing countries that have ignited the REDD debate within the UNFCCC. However, it has not always signed up to subsequent Coalition statements.

Chile was the only one of the three countries to make a submission on land use, land-use change and forestry reporting to the AWG on Further Commitments for Annex I Parties under the Kyoto Protocol 8 in June 2009; the most relevant point is that it does not wish to see the clear-felling of planted forest reported as deforestation, so long as an equivalent area of land is planted elsewhere.

Mexico and Chile argued in a submission to COP 13 that countries should have the option to engage in REDD through a national or project-based approach (with leakage

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<sup>2</sup> The United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries

avoidance strategies). They emphasised the importance of private sector involvement and payment of credits to project scale regardless of national targets. This preference is likely to be reflected in the development of their national REDD strategies.

At SBSTA30 in June 2009, Parties submitted various statements on REDD+ in response to a previous Decision. Mexico was one of the few Parties to submit an opinion on the role of indigenous peoples and local communities in REDD. As well as calling for informed consent, capacity building, a role in monitoring, implementation and share in the financial benefits from REDD, it proposes that “*co-benefits such as biodiversity protection and conservation and other ecosystem services, as well as cultural integrity should be taken into account and promoted when designing alternative production activities to be carried out in indigenous peoples and local communities’ territories*”. In separate submissions, Mexico and Argentina called for a wide range of capacity building efforts, none of which explicitly mentioned forest restoration or biodiversity.

Mexico will host the next UNFCCC COP in December 2010, with the now-traditional Forest Day running alongside it. These events may result in a burst of activity on forests and carbon, following the pattern set by Indonesia, which announced several forest-related initiatives at COP 13, hosted in Bali.

#### ***Access to intergovernmental funds***

The REDD+ funds that are being made available through the FCPF, UN-REDD and other sources are initially intended to foster ‘REDD-readiness’: that is, to support the development of national strategies for REDD+ implementation and forest cover and carbon monitoring systems. The readiness strategies cover the appropriate use of carbon finance to achieve emissions reductions, and sometimes the attainment of co-benefits such as biodiversity. Pilot projects are also being supported, typically involving site-scale forest-related activities.

**Table 1: National participation in REDD readiness mechanisms and Coalition for Rainforest Nations (UN-REDD 2009, World Bank 2009)**

<b>Country</b>	<b>Forest Carbon Partnership Facility (FCPF)</b>	<b>UN-REDD Programme</b>	<b>Coalition for Rainforest Nations</b>
Argentina	<b>Yes</b> – accepted Oct 2008.	Joined <b>2009</b> at UN-REDD Policy Board 3 – currently has unfunded ‘observer status’	No
Chile	<b>Yes</b> – accepted March 2009	No formal engagement	<b>Yes</b> (signed up to original 2005 submission to COP)
Mexico	<b>Yes</b> –accepted July 2008.	Joined February <b>2010</b>	No

At the time of writing, these strategies are in preparation or newly produced, so feedback to increase the likelihood that REDD programmes will support the restoration of natural forests would be timely.

Argentina, Chile and Mexico are all amongst the 37 developing countries accepted for support by the FCPF (Table 1). Mexico was the first to join, and the most advanced in its progress through the World Bank process. FCPF has a two-phased approach, with the current Readiness Mechanism phase to be followed by the setup of a Carbon Finance Mechanism. Each country has submitted a Readiness Plan Idea Note (R-PIN) that sketches out its proposed activities under the first phase.

Whilst none of the REFORLAN countries are amongst the first nine pilot countries to be supported by UN-REDD, Argentina and Mexico have now joined the UN-REDD Programme. Funding has not yet been allocated to enable full participation of these and other ‘observer’ countries that joined after the first pilot phase, but several additional sources of funds for UN-REDD have recently been announced.

The FCPF updated the definitions in its Charter in October 2009, so that REDD now indicates REDD+. The only reforestation activity that FCPF was initially willing to envisage financing were plantations on ‘degraded land’, aiming to reduce pressure on natural forest and thus emissions from deforestation (World Bank 2008). The new, broader goals indicate that a wider range of reforestation and restoration activities may be funded. The goals include testing ways to sustain or enhance livelihoods of local communities and to conserve biodiversity within the approach to REDD.

The UN-REDD Programme also aims to support the full range of REDD+ activities, and has a strong emphasis on the co-benefits of REDD such as biodiversity. Forest restoration activities should be viable within the Programme provided that they form part of the country’s National Joint Programme (NJP). At the time of writing, the observer countries are not yet at the stage of producing an NJP.

Of the FCPF countries, Mexico seems most likely to be willing to envisage forest restoration efforts as part of its REDD+ programme. In its R-PIN, Mexico describes its Strategic Forestry Program for 2000-2025, and a number of initiatives that already promote reforestation through commercial plantations and forest restoration. It states that *reforestation and commercial plantations are expected to have an effect in the medium to long term*, by providing an alternative source of forest products, and suggests *mainstreaming ecosystem conservation and restoration in sectoral policies outside the forest sector, such as for agricultural or transportation*. Argentina’s R-PIN for FCPF mentions its National Program for Native Forests Protection, whose objectives include *reforestation and restoration plans for degraded native forests*, but does not explicitly include these measures as part of its proposed implementation of REDD. Chile’s R-PIN does not mention the issue.

## **Opportunities and risks for forest restoration**

The REDD+ landscape can be confusing, with emerging models ranging from a top-down approach, concentrating on changes to national forest policy and institutions, and a project-based approach, aiming to trial REDD+ measures before scaling up to a national basis. Forest restoration could form part of either approach, but is only likely to be a common REDD+ measure in regions or countries where the carbon benefits are likely to be more cost-effective than for equivalent reductions in deforestation. Countries that are still rapidly deforesting are unlikely to see forest restoration as an urgent objective, unless the deforestation is yielding very high value products, and so would be particularly costly to limit.

The challenges for conservationists and forest restoration practitioners as national REDD+ policy develops are likely to include:

- ensuring that the afforestation and reforestation efforts prioritise forest restoration over development of commercial plantations
- ensuring that the selection of new forest areas meet conservation as well as carbon objectives
- ensuring that reforestation methodologies, including species selection and ongoing site management, meet (or do not harm) local conservation objectives
- identifying opportunities to propose specific restoration projects with dual carbon and conservation objectives under the REDD+ framework
- demonstrating the value of the co-benefits arising from ecological restoration to assist in each of the above.

A specific risk for dry forest ecosystems is that there is a perception that compared to tropical moist forests, they are not especially valuable for carbon storage, and thus not a target for REDD+ efforts. In the short-term, it would be valuable to identify, review and highlight existing estimates of carbon stocks in dry forest ecosystems in comparison to alternative land uses in these areas. In the longer term, more data on this topic is clearly needed, including carbon in both above and below-ground biomass, and soil carbon to the extent that it is vulnerable to land use change.

There is also a knowledge gap on the likely response of carbon stocks in forests and alternative land uses to a warming climate. Site managers may have a better idea for their location of the likely responses to a certain degree of warming, for example through hydrological constraints to carbon sequestration. The related risks and opportunities are clearly site and climate dependent – in some sites, it may be possible to argue that forest restoration will further reduce emissions under a warming scenario in comparison with the performance of existing land cover.

In conclusion, it is critical for conservation professionals to pay attention to the development of national negotiating positions and REDD+ policy frameworks over 2010, and provide strong feedback if these prove prejudicial to biodiversity conservation. Unintentional consequences can easily arise from negotiators' focus on and understanding of carbon rather than on the full suite of ecosystem services.

## **Appendix: assessing the viability of forest restoration proposals under REDD+**

To access REDD+ resources, programme or project managers may need to be prepared to undertake substantial preparatory work. It will be necessary to understand what the national process is for REDD+ finance, as this is likely to vary between countries, and is still in development. However, there are some tasks that can be carried out in advance to get an idea of possible eligibility for any given project.

To qualify for REDD finance, it is likely that projects must

- give a defensible estimate of carbon sequestration potential through time
- identify that carbon sequestration is cost-effective – i.e., the project costs will be outweighed by the carbon finance gains
- demonstrate additionality – that is, show that the project would not be taking place without carbon finance
- demonstrate that the carbon gains are verifiable through monitoring

Various software tools are available to help in the project feasibility assessment and planning phase (Table 2). Largely, these have been designed for REDD or for CDM projects, rather than for REDD+ per se, but many of the calculations should be transferable. It would make sense to test the utility of these different tools before expending effort on compiling data to assess feasibility of a specific project or programme. The testing will clarify which data are most necessary and whether new tools are required.

A compendium of tools and guidance on planning and monitoring REDD+ at the national scale is available at [http://unfccc.int/methods\\_science/redd/items/4531.php](http://unfccc.int/methods_science/redd/items/4531.php), and may be helpful for those planning programmes of work over larger spatial areas.

Some forest restoration projects have already obtained private finance, ahead of the intergovernmental process, by becoming certified through a standard accepted in the voluntary carbon market. The most appropriate examples are probably the CCB (<http://www.climate-standards.org/>) and VCS (<http://www.v-c-s.org/>) standards. It is yet not clear how these private sector schemes will be integrated into national REDD+ frameworks.

**Table 2: software tools for planning and implementing REDD+ activities**

Tool	Intended uses				Tool cost / any restrictions	Website	
	Activities covered (A/R, REDD, REDD+) <sup>1</sup>	Project design and feasibility <sup>2</sup>		Co-benefits considered?			
		Carbon emissions estimates	Financial recompense? Cost of activities?				Other factors
CCBA REDD Financial Feasibility Tool	REDD	Calculates gross emissions reductions from avoided deforestation	Evaluates financial feasibility of projects in terms of: - carbon credits from emissions reductions; - potential economic returns; and - cost of developing a project design document using the CCBA or SocialCarbon standards.	-	Not directly; but CCBA standards do cover biodiversity	Free, just register (name, institution, email)	<a href="http://www.climate-standards.org/projects/redd.html">http://www.climate-standards.org/projects/redd.html</a>
Open Source Impacts of REDD Incentives Spreadsheet (OSIRIS)	REDD	Compares emissions reductions across countries/regions	Looks at revenue impacts of alternative approaches (focused on comparing alternatives rather than predicting magnitude of impacts with certainty)	Considers institutional barriers to national REDD participation	Biodiversity – considers possible reduction in mammal and amphibian extinctions with and without REDD	Free	<a href="http://www.conservat-ion.org/osiris/Pages/overview.aspx">http://www.conservat-ion.org/osiris/Pages/overview.aspx</a>
CDM additionality tool (pdf)	A/R	--	Advice on working out whether the proposed project activity, without the revenue from the sale of temporary CERs (tCERs) or long-term CERs (ICERs), is economically more or less attractive than at least one of the other land use scenarios	Shows how to demonstrate additionality in a project	Considers barriers including: environmental, social, investment, institutional, technological, local tradition, prevailing practice, organisation, tenure/property rights	Free, but not applicable to small scale A/R activities	<a href="http://www.carbonpositive.net/viewfile.aspx?fileID=161">http://www.carbonpositive.net/viewfile.aspx?fileID=161</a>
ENCOFOR CDM project tools (pre-feasibility, feasibility & documentation stages)	A/R	Calculates change in carbon storage over time based on input of biomass data.	Two economic analysis tools: one involving questions and checklists to consider risks and feasibility, and one involving calculations and analysis to determine credits, overall profits and costs.	Extensive toolkit. Tools/manuals on land suitability, project size optimisation and project design	Encourages environmental, social and institutional impact assessments (mainly via questions and checklists)	Free	<a href="http://www.joanneum.at/encofor/tools/tool_demonstration/Tools.htm">http://www.joanneum.at/encofor/tools/tool_demonstration/Tools.htm</a>

<sup>1</sup> A/R = afforestation/reforestation, REDD = reducing emissions from deforestation and forest degradation, REDD+ = reducing emissions from deforestation and forest degradation, conservation and enhancement of forest carbon stocks, and sustainable management of forest)

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