REDD: An introduction

REDD, or reduced emissions from deforestation and forest degradation, is one of the most controversial new issues in the climate change debate. The basic concept is simple: governments, companies or forest owners in the South should be rewarded for keeping their forests instead of cutting them down. The devil, as always, is in the details.

The idea of making payments to discourage deforestation and forest degradation was discussed in the negotiations leading to the Kyoto Protocol, but it was ultimately rejected. REDD developed from a proposal in 2005 by a group of countries calling themselves the Coalition for Rainforest Nations. Two years later, the proposal was taken up at the Conference of the Parties to the UNFCCC in Bali (COP-13). An agreement on REDD is planned to be made at COP-15 which will take place in Copenhagen.

The "Bali Action Plan" calls for:

> "Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries".

The above paragraph (paragraph 1b(iii)) is referred to as "REDD-plus". It is worth reading closely, because so far it is the only agreed text we have on REDD. "REDD-plus" includes activities with potentially extremely serious implications for indigenous people, local communities and forests:

> **1.**"conservation" sounds good, but the history of the establishment of national parks includes large scale evictions and loss of rights for indigenous peoples and local communities.
> **2.**"sustainable management of forests" could include subsidies to commercial logging operations in old-growth forests, indigenous peoples' territory or in villagers' community forests.
> **3.**"enhancement of forest carbon stocks" could result in conversion of land (including forests) to industrial tree plantations, with serious implications for biodiversity, forests and local communities.

In order to prevent abuses under REDD, we would hope, as an absolute minimum, to see that the UN is ensuring that international human rights instruments are reaffirmed in any agreement on REDD. Particularly important are the UN Declaration of the Rights of Indigenous Peoples and the concept of Free Prior Informed Consent. Unfortunately, the negotiations so far are going in the opposite direction. In December 2008, at COP-14 in Poznan the US, Canada, New Zealand and Australia opposed any reference to Indigenous Peoples' rights in the negotiating text and the draft text was duly weakened.

The issue of how REDD is to be funded is the next area of controversy. Three main mechanisms are proposed for financing REDD: carbon trading; a fund; and a mixture of the two.

Proponents of carbon trading argue that market forces are causing forest to be destroyed to make way for agricultural crops, cattle ranching, oil palm plantations or pulpwood plantations. So what we need to do is to create market signals that make the forest worth more standing than cut. "Only a market-based approach, with REDD credits tradable for developed country emission reductions, will generate enough money to incentivise forest protection," argues the Royal Society for the Protection of Birds in the UK, to give one example from many.

But financing REDD through carbon trading would mean that the North can delay effective and radical action to stop the burning of fossil fuels by offsetting its emissions with carbon stored in forests. Trading forest carbon allows pollution to continue somewhere else. The result is no reduction in emissions. If the measurements of carbon stored are inaccurate, or if deforestation is stopped in one area but increases somewhere else as a result (described as "leakage" in the jargon of the climate negotiations), then the emissions will be increased by the activity seeking the offset and by the deforestation. If financed through carbon trading, REDD will create world's biggest loophole – effectively allowing industry to continue polluting.

While there has not yet been any agreement on how REDD is to be financed, a look at some of the main actors involved suggests that there is a serious danger that it will be financed through carbon trading. The role of the World Bank is of particularly concern, given its fondness for carbon trading. Back in 2004, Ken Newcombe, then Senior Manager of the World Bank's Carbon Finance Business, explained to journalists at the Carbon Expo in Cologne that "The World Bank is reducing the risk for private investors." (Newcombe has now left the World Bank and has set up his own carbon trading company, C-Quest Capital.)

The World Bank's main mechanism for promoting REDD is a new scheme, launched in Bali in 2007: the Forest Carbon Partnership Facility (FCPF). Under the FCPF, countries produced R-PINs (Readiness Plan Idea Notes). The Bank has accepted 25 of these R-PINs and these countries are now producing R-Plans (Readiness Plans) which provide the framework for REDD in these countries.

The World Bank is also financing three REDD-type projects through its BioCarbon Fund.

Meanwhile, there's the FIP (Forest Investment Program) which is part of the World Bank's SCF (Strategic Climate Fund), which in turn comes under the CIF (Climate Investment Funds).

Then there's UN-REDD, which was set up by UNDP, UNEP and FAO. That is running pilot projects in Bolivia, Democratic Republic of Congo, Indonesia, Panama, Papua New Guinea, Paraguay, Tanzania, Viet Nam, and Zambia. It recently promised US$18 million to five of these countries.

Several governments are involved in REDD initiatives. The Norwegian government has committed US$600 million a year to support REDD activities. Australia is involved in REDD projects in Australia and Vanuata. The German technical cooperation agency (GTZ) is setting up projects in Indonesia and Laos.

Brazil has created the Amazon Fund. Brazil has said that its forest conservation projects will not generate any carbon credits – but at the same time, the government talks about net deforestation (which it can get away with because under the UN definition a forest and a plantation are the same thing) and it is trying to weaken the CDM's cut off date for conversion of forests to plantations – through arguing that forests that have been logged to smithereens are "forests in exhaustion" which require replanting in order to store carbon. This would provide a massive subsidy for clearcutting followed by the establishment of industrial tree plantations.

Outside the multilateral and bilateral spheres, there is an ever-increasing number of private sector projects. These are supported by organisations such as The Nature Conservancy, Conservation International, WWF US, Environmental Defense Fund, Woods Hole Research Center, CIFOR, Winrock International, Wildlife Conservation Society.

Examples include the Noel Kempff Climate Action Project in Bolivia set up in 1997 by TNC, Fundación Amigos de la Naturaleza (FAN), the Bolivian government, and three energy companies (American Electric Power, PacifiCorp, and BP Amoco). Merrill Lynch is funding the Ulu Masen project in Sumatra. Marriot Hotels is involved in the Juma Sustainable Development Reserve in Brazil.

And of course there are a series of voluntary standards springing up to certify that all of this is "sustainable", including the Voluntary Carbon Standard and the Climate, Community and Biodiversity Alliance. Certifiers such as SmartWood, SGS and TÜV Süd see promising new markets to sell their "expertise".

Several carbon traders are looking forward to profiting from an increased trade in carbon, such as EcoSecurities and Caisse des Depots (which partly owns Europe's biggest spot market for EUAs, BlueNext in Paris) .

There are several concerns about the way REDD is currently developing:

- Failure to recognise Indigenous Peoples' rights in the UNFCCC.
- Failure to consult with Indigenous Peoples and local communities (for example in the FCPF).
- The UN definition of forests fails to differentiate between plantations and forests, meaning that companies could replace forests with monoculture tree plantations and still qualify for subsidies under REDD.
- "Technical" issues: Baselines, measurements, additionality, leakage, permanence.
- There is a serious risk of increasing corruption: in the South, where large sums of money could pour into some of the most corrupt regimes on the planet as well as in the North, where a new sub-prime market in forest carbon could be created.
- There is a risk of increased deforestation in the build-up to Copenhagen. For example, earlier this year, Indonesia allowed pulp companies to log native forests and allowed oil palm plantations to be established in peat swamps. Guyana is threatening that it could increase the rate of deforestation unless it is compensated for not doing so through REDD.
- Trading carbon stored in forests would create an enormous loophole allowing greenhouse gas emissions to continue. There is also a high likelihood that allowing forest carbon to be traded would lead to a crash in the price of carbon.
- Trading forest carbon would also fail to address climate change – we need to find ways to stop burning fossil fuels, not create massive new loopholes to allow the pollution to continue.