



WWF

BRIEFING

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Safeguarding the natural world

# TACKLING EMISSIONS FROM FORESTS

For the World Forum on Enterprise and the Environment

## Emissions from deforestation and associated impacts

Forests have major economic and ecological values as a provider of natural resources, are home to as much as 90% of the world's terrestrial biodiversity and are a source of livelihoods for over 1 billion of the world's poorest people, providing raw materials for food, shelter and fuel. In addition, forests have a vital role to play in the fight against climate change, with estimates that deforestation and forest degradation are responsible for up to one fifth of global greenhouse gas emissions. This has led to efforts to reduce emissions from deforestation and forest degradation – known as “REDD+” through recognising the value of the environmental service provided by forests.

In 2005, Papua New Guinea and Costa Rica presented a proposal from the “Coalition for Rainforest Nations” for reducing greenhouse gas emissions from deforestation to the United Nations Framework Convention on Climate Change (UNFCCC). Following widespread consensus that any future agreement under the UNFCCC should include measures that seek to reduce deforestation in tropical countries, this was included in the Bali Action Plan (at COP-17 in 2007) and, in 2010, an agreement on REDD+ was reached at the Cancun climate talks. The objective was to “slow, halt and reverse forest cover and carbon loss” through putting in places policies and creating financial incentives for developing countries to implement REDD+, to counter the financial incentives to clear and degrade forests.

While there are outstanding issues that need to be further defined, the agreement in Cancun provides a global framework for REDD+, alongside further developments, such as the REDD+ Partnership which was established in May 2010 and more than 70 countries have signed up to, with the aim of scaling up REDD+ actions and finance. And with

developing countries progressing with developing REDD+ plans and developed countries having pledged in the region of \$4.5 billion to support this during the next few years, there is currently considerable momentum towards implementing REDD+.

Given the wider values of forests, it is vital that efforts to implement REDD+ are implemented in a way that, at minimum, does not undermine these values and ideally provides additional benefits. WWF has developed 5 guiding principles for REDD+ to achieve this:

- Climate – contributes to greenhouse gas emission reductions with national goals working toward a global objective
- Biodiversity – maintains and/or enhances forest biodiversity and ecosystem services
- Livelihoods – contributes to sustainable and fair development by strengthening the livelihoods of forest-dependent communities
- Rights – recognises and respects the rights of indigenous peoples and local communities
- Fair and effective funding – mobilises immediate, adequate and predictable resources for action in priority forest areas in an equitable, transparent, participatory and coordinated manner

## REDD+ AND THE RELATIONSHIP TO COMMODITIES

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A recent blog by CIFOR was titled “REDD+ needs to change the way we think about forests”. This is very much the case when considering the commodities that come from forests or compete with forests for land, such as timber, palm oil and soy. One of the biggest drivers of land use change is agriculture, with a 2010 paper stating that “efforts need to focus on reducing deforestation for industrial-scale, export-oriented agricultural production, concomitant with efforts to increase yields in non-forested lands to satisfy demands for agricultural products”. Illegal logging is typically under-pinned by poor governance – which is recognised as an underlying cause of deforestation. And so, efforts to tackle emissions from forests will not be successful without efforts to address these drivers of deforestation. This was recognised in the Cancun decision on REDD+ which “Encourages all Parties to find effective ways to reduce the human pressure on forests that results in greenhouse gas emissions, including actions to address drivers of deforestation”.

## OPPORTUNITIES FOR LINKING REDD+ AND COMMODITIES

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### **Supporting a shift to sustainable production**

The move to value forest-carbon provides an opportunity to create an incentive to shift the production of commodities from being an activity that contributes to deforestation and forest degradation, towards responsible forest management and sustainable production of agricultural commodities. Often there is no premium available for responsible produced commodities and so valuing environmental services, through schemes such as REDD+, has the potential to provide an incentive.

### **Building off ongoing activities and processes**

There is an opportunity to build off processes used to ensure responsible forest management and sustainable production of commodities and so help to stream-line efforts to put these processes into practice. For example, the use of the High Conservation Value Areas assessment can provide a framework on which to base social and environmental safeguards for REDD+. Similarly, the multi-stakeholder platforms for the Voluntary Partnership Agreements can act as platforms to facilitate full and effective participation of relevant stakeholders in REDD+, while the wider efforts under the FLEGT programme will help to strengthen governance, which is a vital foundation for REDD+.

## CHALLENGES AND POTENTIAL MEASURES TO UNBLOCK THEM

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### **Different dialogues**

More recently there has been a move to ensure that efforts to implement REDD+ are better linked to addressing the drivers of deforestation, in particular relating to agriculture. However, often these two areas are debated and developed through very different fora and actors, limiting the opportunities for looking at commonalities and ways to ensure complementarity. The development of national REDD+ programmes in a number of developing countries provides a potential opportunity through which to do this, while pilots activities can help to test and demonstrate how REDD+ can work alongside the production of commodities as part of the shift towards a green economy. For example, Acre state in Brazil has developed a state-wide law to increase the value of the environmental services provided by the forest, with an initial focus on carbon. The programme aims to benefit all major segments of the rural population, including indigenous peoples, traditional communities (such as rubber tappers) and small-scale farmers. A range of benefits will be provided, according to each target group and include performance-based cash payments, financing to support community-based initiatives and institutions, and technical assistance to intensify agricultural production, improve forest management and increase the value of sustainably produced agriculture and forest products.

### **Demonstrating emissions benefits**

With a focus on climate mitigation, there is a clear need for activities that are incentivised under REDD+ to demonstrate clear benefits from an emissions perspective. Therefore, when considering the responsible production of commodities, there is a need to ensure that there is a real reduction in emissions. This will vary depending on the type of forest and the management approach used, and so without having clear evidence of this, there is a risk that these activities may be supported without delivering real climate benefits, or that all activities will simply be dismissed as contributing to emissions.

A further risk is that there may be pressure to allow for loopholes that would incentivise activities that genuinely do not deliver – for example, in some countries there is a push to include palm oil plantations as forests and so not account for the emissions associated with converting forests into palm oil plantations, despite the fact that typically a plantation will contain much less carbon than a natural or semi-natural forest. For this reason, it is important that the safeguards agreed in Cancun are properly

implemented and that further guidance is developed to ensure that loopholes are not created.

### **REDD+ may not compete against the drivers of deforestation**

While a number of donor countries have pledged “fast-start” funds for REDD+, in most cases these funds run to 2012 and there are few funding commitments beyond this. This leaves uncertainty about a long-term financial incentive through REDD+. A lack of demand and a clear price signal for REDD+ have been identified as a key barrier to scaled-up investment in REDD+ in various fora, and underpins the need for an overarching policy framework, including commitments to long-term financing, to provide certainty and create this price signal for REDD+.

A further challenge is that in many cases incentives for activities that clear and degrade forests are seen to be greater than the potential incentives that REDD+ offers (for example, there was opposition to the Indonesian moratorium on logging in primary forests and dredging in peatlands, with opponents arguing that REDD+ was less lucrative than palm oil, pulp and timber). Again, the lack of adequate and predictable finance feeds in to this dynamic, but beyond that the continued – and increasing – demand for commodities that drive deforestation and forest degradation and the competing interests in land use. A workshop on forest bonds, co-hosted by WWF, identified that carbon revenues alone will not be sufficient. To reach the necessary scale and to deal with the breadth of investments that need to be made, there is a need to aggregate cash flows from various sources, such as ecosystem service markets, green commodity markets, and revenues associated with regulation. Aggregating multiple cash flows also helps diversify the investment and lower the risk. Beyond this, measures to address demand-side drivers of deforestation are absolutely vital if REDD+ is to be effective.

