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Agents, assumptions and motivations behind REDD+

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Citation for published version (APA):
Lovera-Bilderbeek, A. S. E. (2017). *Agents, assumptions and motivations behind REDD+*.

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3. The Development of the REDD+ Regime

3.1 Introduction

This chapter presents the development of the REDD+ regime as a subsystem to the international climate regime. It reviews the literature, international legal instruments and policy documents and interviews with 61 actors in the REDD+ regime. It describes how policies to address deforestation and forest degradation were integrated into the UNFCCC and its Kyoto Protocol (3.2), how the proposal for a REDD+ regime was introduced in the UNFCCC (3.3), and the subsequent development of the REDD+ regime itself (3.4). It ends with an analysis of the current status of the REDD+ regime in light of the outcomes of UNFCCC COP-21 in Paris (3.5).

3.2 The Incorporation of Forests in the UNFCCC and its Kyoto Protocol

Contrary to what has sometimes been claimed (Alvarado and Wertz-Kanounnikoff, 2007; Wertz-Kanounnikoff, 2007; Okereke and Dooley, 2010; Srivastava, 2011; Cerbu et al., 2011), forests have been an integral part of the UNFCCC regime from the start. Countries were urged to reduce the loss of forests and other carbon sinks through UNFCCC Article 4.1.d and developing countries could apply to the financial mechanism of the UNFCCC, the Global Environmental Facility (GEF), for financial support to do so (McDermott et al., 2010). In 1995, UNFCCC COP-1 decided to initiate negotiations on a protocol to the Convention that would include quantified legally binding emission reduction commitments for the countries that contributed most to the global warming problem (Bausch and Mehling, 2006), and included an agenda item on so-called Land Use, Land Use-Change and Forestry (LULUCF). Interviewees have pointed out that the agreement to include LULUCF was central to the adoption of the Kyoto Protocol,³⁸ as the US, which participated in these negotiations until the end, could not agree to a 7% reduction of GHG emissions if they could not include reductions from their LULUCF sector, which they estimated as representing at least half their overall target (Hoehne et al., 2007; see also Fry, 2011).³⁹ Hence, the Kyoto Protocol agreed to include the sector, through a process that was “typified by confusion, manipulated science, obfuscation and poor decision making” (Fry, 2002: 159).⁴⁰

There was no time prior to 1997 to negotiate all the technical rules and modalities regarding LULUCF, so the Parties to the UNFCCC requested the IPCC to elaborate a special report on this matter. The report, a combination of scientific and legal analyses, was published in 1999 and formed the basis for two years of complex and highly polarized negotiations⁴¹ (see also Fry, 2011). The EU expressed concerns about the methodological complications related to the inclusion of forest conservation in the Kyoto Protocol (Fry,

³⁸ Kyoto Protocol to the United Nations Framework Convention on Climate Change, Kyoto, 1997.

³⁹ Interview 45, June 2013.

⁴⁰ Interview 43, June 2013.

⁴¹ Interview 45, June 2013.

2011), but countries like Japan and Norway took over the role of LULUCF champions after the US publicly announced its intention in 2001 not to join the Protocol. Especially Japan was interested in LULUCF, as its energy sector was relatively efficient, so it was not able to commit to significant reductions in that sector⁴², and also EU countries became gradually more in favor of using LULUCF credits (Fry, 2011).

The LULUCF negotiations were so polarized that many see them as the main cause of the collapse of the negotiations at UNFCCC COP-6 in 2000 in The Hague (Fry, 2002; Karsenty, 2008; Palm, 2008), although uncertainty about the political situation in the US at the time of the conference also played a role in the tensions. The chairman of the COP, then Minister Jan Pronk of the Netherlands, tried to save the situation by proposing the option that avoiding deforestation and combating land degradation would be recognized as actions that could be funded through the Adaptation Fund, but no agreement was reached on this proposal at the time (Fry, 2002; Karsenty, 2008; see also 3.4). The resumed COP in 2001 in Bonn reached political agreement on at least some of the LULUCF-related questions. The subsequent withdrawal of the US from the Kyoto Protocol implied a significantly increased negotiating power for Japan and other pro-LULUCF countries as the survival of the Protocol now depended on their willingness to ratify the instrument (Fry, 2002; Bausch and Mehling, 2006). Moreover, all Parties realized that another round of failed negotiations would bring the entire future of the Kyoto Protocol into jeopardy (Boyd and Schipper, 2002). At COP-7 in December 2001 in Marrakesh, which was marked by a non-transparent and confused negotiation process, an agreement on almost the entire package of rules regarding LULUCF was reached (Boyd and Schipper, 2002; Levin et al., 2008; Palm, 2008).⁴³ The environmental integrity of these Accords, which partly depend on the good faith of the Parties as far as the accounting rules are concerned, is questionable (Boyd and Schipper, 2002; Jacquemont and Caparros, 2002; Fry, 2002).

For those countries adopting legally binding quantified emission reduction commitments, the Marrakesh Accords allowed the inclusion of reforestation, afforestation as well as forest conservation and a range of other forest-related activities in the emission calculations. However, an exception was made as far as the possibility of using forest conservation projects in the newly established Clean Development Mechanism (CDM) was concerned (Levin et al., 2008; Fry, 2008).⁴⁴ The CDM is at the heart of the so-called “cap-and-trade” regime established by the Kyoto Protocol, through which the industrialized countries included in Annex 1 of the Protocol take up legally binding quantified emission level reduction obligations, but are allowed to use so-called “flexible mechanisms” to reach them. These mechanisms include emissions trading through carbon markets, joint implementation and the CDM (Wettestad, 2009). The idea behind this scheme is that it would provide a strong economic incentive to look for the most low-cost and efficient initiatives to reduce GHGs (Grubb et al., 2011). Through the CDM Annex 1 countries are allowed to buy carbon offsets produced through emission reductions in developing

⁴² Interview 43, June 2013; interview 45, June 2013.

⁴³ FCCC/CP/2001/13/Add.1, see <http://unfccc.int/resource/docs/cop7/13a01.pdf#page=54> (last visited 21 December 2016).

⁴⁴ An earlier proposal by the US and the EU excluded all LULUCF activities from the CDM in exchange for a more comprehensive accounting of domestic LULUCF activities, but this proposal was rejected. (Fry, 2002).

countries, which can be counted as meeting part of their own emission reductions.⁴⁵ The CDM is considered to represent the largest segment of the flexible mechanisms and as such it was initially highly successful. In the first year since it started registering projects in November 2004 around 1965 projects were registered (Wettestad, 2009).

The formal reasons why forest conservation projects were excluded from the CDM were related to the technical aspects that are further elaborated in Chapter 4: the risks of leakage and non-permanence and the difficulties to properly calculate the impact of the LULUCF sector on emissions (Karsenty, 2012; Stephan and Paterson, 2012), or establish a reference level against which to calculate emission reductions. However, some interviewees as well as scholars have pointed out that the huge potential of the LULUCF sector and the subsequent risk that the global carbon market would be flooded with forest conservation credits was perhaps the main underlying reason for exclusion, especially for the EU, Brazil and the Alliance of Small Island States (AOSIS) (Streck et al., 2009b; Dutschke, 2010; McDermott et al., 2010; Fry, 2011).⁴⁶ They feared that oversupply of credits would lead to a dramatic drop in the carbon price, while a high price was considered essential to ensure a strong economic incentive for emission reductions in other sectors. As the emission targets for Annex 1 countries had already been agreed upon prior to 2001, the inclusion of avoided deforestation in the CDM in Marrakesh would not have contributed to additional reductions (Bond et al., 2009). The potential of the LULUCF sector also formed an important reason not to include entire sectors, but only specific activities in the flexible mechanisms.⁴⁷ An additional concern was related to sharing the burden and responsibility for historical GHG emissions (Stephan and Paterson, 2012).

Countries like Costa Rica, whose main potential for emission reductions was forest conservation, were disappointed that forest conservation was excluded from the CDM (Boyd et al., 2008).⁴⁸ While this position was shared by some of the large conservation NGOs (see 8.3) many other NGOs opposed sinks in the CDM due to concerns about the potential environmental and social impacts of using a vulnerable ecosystem upon which some of the most economically marginalized groups in society depended as an offset for industrial emissions (Graichen, 2005; McDermott et al., 2010). For them, the inclusion of reforestation and afforestation projects in the CDM was the worst of possible scenarios (Boyd, 2009; personal observation), also because there is no clear standard for sustainable development in the CDM (Gupta et al. 2008) and the contribution of reforestation and afforestation projects to sustainable development is considered questionable (Holm, 2007).

To address the problem of permanence (see 4.3.4), it was decided to create a special class of temporary carbon credits for LULUCF-related CDM projects. Such temporary

⁴⁵ The Project cycle for LULUCF and other projects that are allowed in the CDM entails the following: the project needs to be described in a project design documents which is validated by an accredited operational entity against the validation requirements that have been adopted by the Parties to the Kyoto Protocol. Subsequently the project is registered by the Executive Board of the CDM, which also decides on the baseline and monitoring methodologies to be used. Once the project is in its implementation stage a different operational entity verifies based on the monitoring reports by the project participants how much carbon sequestration has taken place. This is thereafter certified by the verifying entity, which certifies this amount and requests the Executive Board to issue the corresponding amount of carbon credits (Graichen, 2005).

⁴⁶ Interview 43, June 2013; interview 45, June 2013.

⁴⁷ Interview 43, June 2013.

⁴⁸ Interview 3, December 2011; interview 24, September 2012; interview 40, December 2012.

credits⁴⁹ only postpone the obligation to reduce emissions, they do not fulfill them. After a certain period, they will have to be replaced by permanent credits, which means that they are relatively unattractive for carbon brokers (Stephan and Paterson, 2012). Moreover, it was decided that industrialized countries are not allowed to offset more than 1% of their emissions (using a 1990 baseline) through afforestation and reforestation projects (Bozmoski and Hepburn, 2009; Streck et al., 2009b).⁵⁰ As a result, reforestation and afforestation projects never became popular. By 2012 they constituted only 0.7% of the total volume of Certified Emission Reductions issued for all CDM projects (Gupta and Sanchez, 2012).

COP9 and COP-10 in 2003 and 2004 respectively continued to further refine the rules and modalities for LULUCF projects in general, making it easier for small-scale CDM LULUCF projects to be approved. However, they did not re-address the issue of financing forest conservation projects (Bausch and Mehling, 2006; Boyd et al., 2008; Palm et al., 2008). The Marrakesh Accords were adopted at the first Meeting of the Parties (MOP) to the Kyoto Protocol in 2005, a conference that was marked by disappointment about stricter conditionalities being imposed on funding through the GEF, the official financial mechanism of the UNFCCC (Schipper and Boyd, 2006). Carbon sinks received an additional blow by the so-called linking Directive of the EU, which was adopted in 2005.⁵¹ In this Directive, the EU decided to exclude all LULUCF projects, including reforestation and afforestation projects, from its internal Emissions Trading Scheme, due to concerns about the temporary nature of the credits and the potential environmental impacts of invasive alien species and genetically modified trees that might be used in reforestation and afforestation projects (Graichen, 2005; Bozmoski and Hepburn, 2009; Streck et al., 2009b). Thus, a fertile ground was created for the sentiment that forests were excluded from the CDM, or even sentiment that forests were excluded from the climate regime in general (Schipper and Boyd, 2006; Alvarado and Wertz-Kanounnikoff, 2007; Wertz-Kanounnikoff, 2007; Basnet, 2009; McDermott et al., 2010; Cerbu et al., 2011).⁵²

3.3 The Development of the REDD+ Regime

The concept of “compensated reductions” had already been discussed by various scholars, including in a well-known article by Santilli et al. (2005). Several scholars and policymakers see this article as the starting point of REDD+ (Skutsch et al., 2007; Karsenty et al., 2012),⁵³ although others have pointed out that the LULUCF agreement in 1997 already laid

⁴⁹ Two different types of temporary credits were created for afforestation and reforestation projects; temporary certified emissions reductions (tCERs), which expire every 5 years, and long-term certified emissions reductions (lCERs) which expire at the end of the crediting period of the project for which they were issued, or earlier if the carbon sequestered is emitted before the end of the project (Graichen, 2005, Boyd et al., 2008, Streck et al., 2009b).

⁵⁰ FCCC/CP/2001/13/Add.2, Decision 17/CP.7 Modalities and procedures for a clean development mechanism. United Nations, see https://unfccc.int/files/meetings/workshops/other_meetings/application/pdf/17cp7.pdf last visited 23 December 2016).^{11 SEP}

⁵¹ Directive 2004/101/EC of 27 October 2004 amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms, [2004] OJ L338/18.

⁵² Interview 40, December 2012.

⁵³ Interview 24, September 2012; interview 25, September 2012.

the foundations for REDD+,⁵⁴ and REDD+ like proposals featured in earlier literature (e.g. Andersson and Richards, 2001). In fact, the idea of financial compensations for reducing deforestation was already proposed and widely debated at UNCED 1992.

The proposal for a regime to reduce emissions from deforestation was further promoted by NGOs at the UNFCCC COP in 2004 (Allan and Dauvergne, 2013). At a Seminar of Government Experts on the future of the climate regime organized by the UNFCCC in June 2005 PNG proposed to include avoided deforestation in international carbon markets (Fry, 2007). Subsequently, the proposal for compensated reductions was formally introduced in the UNFCCC negotiations by PNG and Costa Rica on behalf of the then eight members of the newly formed CfrN at COP-11 in Montreal (Fry, 2007; Sasaki and Putz, 2009; Cashore et al., 2010).⁵⁵

The original proposal by the CfrN also asked for re-opening the Marrakesh Accords to allow for the inclusion of avoided deforestation in the CDM (Fry, 2007; Angelsen, 2008b). Brazil, on behalf of the G77 and China, subsequently succeeded to convince other countries to continue discussions on reducing deforestation under the Convention itself, which meant that the discussion did no longer address a possible renegotiation of the Marrakesh Accords of the Kyoto Protocol. (Schipper and Boyd, 2006; Fry, 2007; Angelsen, 2008a). Countries like Costa Rica decided to accept this option as they realized it was the only feasible compromise.⁵⁶ Parties also decided to continue discussions under the Subsidiary Body on Scientific and Technical Advice (SBSTA) rather than the Subsidiary Body on Implementation (SBI), which meant that the discussion would initially deal with relatively less controversial methodological issues and not with the trickier issue of finance (Schipper and Boyd, 2006; Fry, 2007; Wertz-Kanounnikoff, 2007). As such, the revised proposal received remarkably broad support (Schipper and Boyd, 2006; Allan and Dauvergne, 2013).⁵⁷

The timing of the introduction of a regime for reducing deforestation benefited from the fact that the Montreal COP-11 was marked by a sphere of optimism and collaboration following the adoption of the Marrakesh accords, which gave countries the feeling that the main controversies around LULUCF were solved.⁵⁸ Many people considered the proposed new forest regime as a win-win solution for both tropical forest countries themselves and industrialized countries. Tropical forest countries and several NGOs⁵⁹ saw it as a significant potential funding source for the forestry sector in times when forestry funding had been declining – some even saw it as “a pot of gold at the end of the rainbow” (Fry, 2007: 355; see also Angelsen, 2008b). It has also been suggested that industrialized countries saw it as an “ideal option” to avoid changing lifestyles, energy systems or industrial production processes (Allan and Dauvergne, 2013: 1314)⁶⁰ and business-as-usual in general.⁶¹ Other academics argued that low-cost offsets would allow industrialized countries to take on higher reduction commitments (Stephan and Paterson,

⁵⁴ Interview 45, June 2013. See also <http://medioambientetur.blogspot.com/2011/09/reducing-emissions-from-deforestation.html> (last visited 15 March 2015).

⁵⁵ Interview 9, March 2012; interview 45, June 2013.

⁵⁶ Interview 40, December 2012.

⁵⁷ Interview 1, October 2011.

⁵⁸ Interview 11, March 2012; interview 45, June 2013.

⁵⁹ Interview 38, December 2012.

⁶⁰ Interview 33, December 2012.

⁶¹ Interview 57, December 2013.

2012). Another political tendency that worked in favor of the new regime was the gradual acceptance by an increasing number of countries of the idea that developing countries would have to contribute to climate change mitigation too, despite the principle of common but differentiated responsibilities (CBDR) (Kulovesi and Gutierrez, 2009; see also 6.8).⁶² Meanwhile, even the more critical NGOs and social movements that had been campaigning passionately against the inclusion of avoided deforestation in the CDM were not squarely opposed to the proposal to Reduce Emissions from Deforestation (RED) when it was originally introduced, also because it was considered an improvement as compared to the original proposal to compensate for “avoided deforestation”, which raised a number of questions regarding baselines and additionality (see 4.3.2.). Rather, most of them, while skeptical, focused their opposition on the option that such reductions might be financed through carbon offsets.⁶³ It was not until the 2010 World People’s Conference on Climate Change and the Rights of Mother Earth in Cochabamba, Bolivia,⁶⁴ that the majority of social movements and social justice NGOs, and the Bolivian Government itself, started to take a principled stand opposing all forms of REDD+ as a forest policy that was inherently based on a neoliberal, market-based conservation ideology.⁶⁵

At the subsequent meeting of the SBSTA in 2006, Brazil formally introduced a proposal to compensate reduced emissions from deforestation (RED) through a fund rather than carbon markets (Schipper and Boyd, 2006; Fry, 2007). These proposals were further elaborated at a UNFCCC workshop in Rome, Italy, in August 2006 and a workshop in Cairns, Australia, in March 2007 (Fry, 2007; Dutschke, 2010). The proposal for compensated reductions received further impetus from the fourth assessment report of the IPCC (IPCC, 2007) and the influential report of the Stern Commission on the Economics of Climate Change (Stern, 2006).⁶⁶ The latter report strongly supported reducing deforestation as a relatively inexpensive climate change mitigation policy with multiple benefits (Spence et al., 2008; Skutsch and McCall, 2010).⁶⁷ The Stern report also alerted the private sector on the potential business opportunities of an avoided deforestation mechanism.⁶⁸ At the UN Summit on Climate Change organized by UN Secretary General Ban Ki-Moon in September 2007, the Secretary General personally highlighted the need to address emissions from deforestation (Aguilar, 2007; Spence et al., 2008). A similar conclusion was reached by the Major Economies Meeting on Energy Security and Climate Change, which was convened in the same month by the US (Fry, 2007; Aguilar, 2007).

⁶² Interview 45, June 2013; interview 54, November 2013.

⁶³ See for example the position of FOEI of 2008, <http://www.REDD+-monitor.org/2008/10/29/foei-forests-are-more-than-carbon/> and its current position, <http://www.foei.org/resources/publications/publications-by-subject/forests-and-biodiversity-publications/the-great-REDD+-gamble-2> (last visited 28 May 2015).

⁶⁴ <https://pwccc.wordpress.com/2010/04/24/peoples-agreement/> (last visited 20 April 2015).

⁶⁵ For example, the GFC formally decided it opposed all forms of REDD+ at its annual coordination group meeting in January 2010 only.

⁶⁶ See also

<http://medioambientesur.blogspot.com/2011/09/reducing-emissions-from-deforestation.html> (last visited 15 March 2015).

⁶⁷ Interview 8, December 2011; interview 9, March 2012.

⁶⁸ See also

<http://medioambientesur.blogspot.com/2011/09/reducing-emissions-from-deforestation.html> (last visited 15 March 2015).

The organization of the first Forest Day by the Indonesian-based Centre for International Forestry Research (CIFOR) parallel to the Bali conference is seen to have played a role in creating support for the RED proposal (Wertz-Kanounnikoff, 2007; see also 8.7).⁶⁹ The proposal was included in, and further elaborated as part of, the overall negotiations on what became known as the “Bali Action Plan”, the two-track negotiation process COP-13 adopted in 2007 to reach and elaborate a successor agreement to the Kyoto Protocol and what was called a “framework for long-term cooperative action” (Fry, 2008; Humphreys, 2008; Spence et al., 2008; Kulovesi and Gutierrez, 2009). It formed the start of an intense two years of negotiations. The Bali Action Plan included a mandate to further elaborate a mechanism that would provide policy approaches and positive incentives for forest conservation, and for the sustainable management of forests and forest restoration.⁷⁰

The proposed new regime was called REDD+ to express the fact that it would cover the Reduction of Emissions from Deforestation, forest Degradation and promote conservation, sustainable forest management and the enhancement of forest carbon stocks. The fact that the mechanism would not only address deforestation but also forest degradation, conservation, sustainable management and the enhancement of forest carbon stocks was the result of a compromise between the original proponents of REDD+, countries like PNG and Brazil that faced high deforestation rates, and countries like India and the Central African countries, which had relatively low deforestation rates and thus little to gain from a mechanism that would provide results-based payments for reducing deforestation only (Dutschke and Wertz-Kanounnikoff, 2008; Allan and Dauvergne, 2013).⁷¹ The expanded scope also increased the number of potential beneficiaries (Allan and Dauvergne, 2013) and thus the number of countries supporting REDD+. Moreover, the Bali Action Plan included an element that supported the possibility for REDD+ to be considered in adaptation policies (Fry, 2008).

3.4 The Early Years of REDD+

Some interviewees pointed out that the contents of the Bali decision were rather simplistic from a forest sector point of view,⁷² which was partly due to the fact that relatively few forestry sector specialists were involved in the UNFCCC negotiations at that time.⁷³ They suggested that many climate policymakers assumed that reducing deforestation was something that was easy to implement.⁷⁴ Negotiators realized that there were still quite some issues to be resolved, though, so the Bali Action Plan was complemented by a specific Decision⁷⁵ that identifies a whole range of methodological issues that still had to be resolved by the SBSTA. These included assessments of changes in forest cover and the effectiveness of actions, demonstration of reduction in emissions from forest degradation, proper establishment of reference levels for estimating reduced emissions, and the

⁶⁹ Interview 3, December 2011; interview 4, December 2011.

⁷⁰ Decision 1/CP.13 in FCCC/CP/2007/6/Add.1.

⁷¹ Interview 9, March 2012; interview 40, December 2012.

⁷² Interview 8, December 2012; interview 33, December 2012.

⁷³ Interview 8, December 2012; interview 9, March 2011; interview 33, December 2012.

⁷⁴ Interview 33, December 2012.

⁷⁵ Decision 2/CP.13 in FCCC/CP/2007/6/Add.1.

potential implications of displacement of emissions, especially when actions were to be financed through carbon offsets (Streck et al., 2009b; see also Chapter 4).

Despite these methodological questions that were to be resolved, the Decision also encouraged Parties to undertake demonstration activities and other efforts to address the drivers of deforestation immediately, and suggested that the results of these activities might be taken into account in future payments (Levin et al., 2008). The Decision also invited industrialized countries to provide support to such demonstration activities. These demonstration actions and REDD+ in general subsequently received a significant boost by the announcement of the Government of Norway at COP-13 in Bali in 2007 that it would provide a total of 3 billion Norwegian Krone per year over a period of 5 years in support of REDD+ (USD 2.7 billion in total)⁷⁶ (Johns et al., 2008; Niles et al., 2009; Sun Park et al., 2013).⁷⁷ Norway was and still is by far the main donor to REDD+ (see 7.4) even though other donor countries soon followed with financial commitments. At COP-14 in 2008 Germany pledged USD 52 million to REDD+ through its International Climate Initiative; at COP-15 in 2009 the US announced a commitment of USD 1 billion to REDD+; and in 2010 Australia followed with commitments of in total USD 931 million (Sun Park et al., 2013). Another commitment that supported the REDD+ agreement in Bali itself was the announcement of the World Bank of a Forest Carbon Partnership Facility (FCPF), which would provide financial support to countries to make them “ready” for REDD+.⁷⁸ Despite the fact that the launch was accompanied by loud protests of a large group of NGOs and social movements that opposed the involvement of the World Bank in REDD+, the FCPF policy of providing relatively small “Readiness grants” to several dozens of countries⁷⁹ secured broad support for REDD+ amongst those countries (Wertz-Kanounnikoff, 2007; Den Besten et al., 2014).

The Bali decisions triggered a flurry of negotiations, funding commitments and demonstration activities related to REDD+ (Johns et al., 2008; Wertz-Kanounnikoff, 2008, Streck et al., 2009b). In May 2009, there were already 44 REDD+ demonstration activities and 65 REDD+ Readiness activities (Wertz-Kanounnikoff, 2008). Two influential British reports added to the REDD+ boost: another report by Professor Nicholas Stern on the key elements of a global climate change agreement, which dedicated a full chapter to financing emissions reductions from deforestation (Stern, 2008), and the so-called Eliasch review “Climate Change, Financing Global Forests” prepared for the UK Prime Minister in 2008, which concludes amongst others that the long-term net benefits of halving deforestation could amount to USD 3.7 trillion (Eliasch, 2008; Lederer, 2012). Both reports contain a strong plea for the inclusion of forests in global carbon markets, with Eliasch claiming that it would reduce the overall costs of climate mitigation with 50% by 2020 and with up to 40% by 2050 (Eliasch, 2008). Literature from the period 2007-2009 shows a

⁷⁶ USD 2.7 billion is the amount according to the exchange rates in 2007. It is worth noting the value of the Norwegian Krone declined significantly in 2014 and 2015, 15 billion Krone would be worth only USD 1.7 billion in July 2016. See <https://www.oanda.com/currency/converter/> (last visited 21 July 2016). So the slow disbursement of funds has impacted the amount of funding available.

⁷⁷ See <http://www.regjeringen.no/en/dep/md/Selected-topics/climate/the-government-of-norways-international-why-a-climate-and-forest-initiative.html?id=547202> (last visited 28 May 2015) for more information.

⁷⁸ See <https://www.forestcarbonpartnership.org> (last visited 28 May 2015).

⁷⁹ By 2015 no less than 47 countries have been selected to receive support from the FCPF, <https://www.forestcarbonpartnership.org/REDD+-countries-1> (last visited 28 May 2015).

strong confidence that REDD+ would be part of an ambitious post-2012 climate agreement, and especially North American and European scholars expressed strong hopes that REDD+ would be financed through mandatory carbon markets, which were expected to receive a significant financial boost from the ambitious targets the 2009 Copenhagen Climate COP was supposed to agree upon (Skutsch et al., 2007; Johns et al., 2008; Angelsen, 2008b; Streck et al., 2009b).

Alas, while negotiations on REDD+ itself progressed relatively smoothly in 2008 and even 2009 (Streck et al., 2009b), the overall climate negotiations soon became impossible to manage, if only because countries submitted more than 1000 pages of formal text proposals that ended up in no less than 200 pages of official negotiation text to be resolved by December 2009 (Kulovesi and Gutierrez, 2009). Despite ten official negotiation sessions, by mid-2009 it was clear that it would be almost impossible to reach a comprehensive agreement at COP-15 in December 2009 in Copenhagen (Kulovesi and Gutierrez, 2009; Massai, 2010; personal observation). After two weeks of intense discussions the negotiations collapsed dramatically at the final plenary session. The Copenhagen Accord, which had been the result of informal negotiations between US President Barack Obama and a select group of major emitting countries, and which included clear support for REDD+, was not adopted in the COP plenary by some of the countries that had not participated in the informal talks through which this accord was elaborated (Massai, 2010; Lesniewska, 2010).

3.5 REDD+ on the Road to Paris

The effects of the global economic crisis since 2008, which led to reduced emissions and thus reduced demand for carbon offsets in general, and the failure of the US government itself to agree on a clear climate policy had profound impacts on global carbon markets, where prices collapsed significantly (Peters-Stanley et al., 2011). While the UNFCCC process was still determining whether or not any future mandatory carbon market would include REDD+ offsets, the voluntary carbon market had already established REDD+ offsets. Forest carbon offset projects were relatively popular on voluntary carbon offset markets, and about 79 REDD+ Readiness activities and 100 REDD+ demonstration activities had been established by October 2009 (Cerbu et al., 2011, see also 5.4). However, especially within the EU, the crisis on the carbon offset market added to existing concerns that the large quantity of carbon offset credits that could potentially be generated by reduced deforestation would flood their internal market, thus suppressing carbon prices even further (Bozmoski and Hepburn, 2009; Karsenty, 2012). This convinced the EU to exclude forest carbon offsets from its internal Emissions Trading System (ETS) (Stephan and Paterson, 2012).⁸⁰ As the ETS represented the cornerstone of the global carbon market, hopes that REDD+ would soon be financed through carbon markets started to fade away (Newell, 2012). With especially the FCPF continuing to finance national REDD+ Readiness activities that were strongly oriented toward a potential sale of forest

⁸⁰ EC (2008) Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss. Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Com(2008) 645/3. European Commission, Brussels.

carbon offset credits in a future carbon market, some negotiators started to question “ready for what?”⁸¹

However, REDD+ was not dead yet. While expectations were initially low (Allan and Dauvergne, 2013), the 2010 COP took place in Cancun, Mexico, a forest-rich country that had an existing, reasonably well-functioning PES mechanism. According to some interviewees, the President of Mexico decided to turn REDD+ into one of the priorities for the Cancun COP.⁸² REDD+ was also seen as “low-hanging fruit”⁸³ in so far that it was relatively less controversial than many other aspects of the post-2012 agreement. In a conference marked by strategic chairmanship, the COP adopted a compromise outcome of the ad hoc working group on long-term cooperative action that included an elaborate decision on REDD+.⁸⁴ Noteworthy is that most negotiations took place in an informal setting, the so-called white room. Bolivia, which by then had developed a strong position against REDD+, carbon markets and any climate agreement that was insufficient to limit global warming to less than 1.5 degrees, had decided not to participate in these informal talks as it considered this process undemocratic.⁸⁵ When the outcomes of the white room were to be presented to the plenary of the Ad Hoc Working Group on Long-term Cooperative Action (AWG LCA), Bolivia wanted to protest, but its lead spokesperson, Pablo Solon, was called away for a bilateral meeting with the COP President, just before the working group plenary started.⁸⁶ When he realized that the meeting had started he tried to rush back, but the room was overcrowded and guards tried to stop him from entering the room. His co-negotiator tried to protest against the adoption of the results of the informal white room negotiations during the official meeting, but she was ignored and the results of the white room were adopted and forwarded to the plenary.⁸⁷ At the plenary Bolivia protested again, but they were overruled, also because they were isolated in their protest at that time.⁸⁸ In the end, the Cancun agreement was adopted with a footnote that takes note of the objections of Bolivia.

The REDD+ Decision encourages developing countries to address forest loss and requests them to develop a national strategy or action plan, a national forest reference emission level and/or forest reference level, a national forest monitoring system and a system for providing information on how the relevant safeguards are being addressed. While placing these recommendations “in the context of the provision of adequate and predictable support, including financial resources”⁸⁹ the Decision itself is vague on where such support should come from. Rather, it requests the (AWG LCA) to “explore financing options”.⁹⁰

The Decision determines that REDD+ should be implemented in three phases. The first phase is to develop national strategies or actions plans; the second phase is to implement them; and the third phase is to evolve these implementation efforts “into

⁸¹ Interview 22, September 2012. Several countries also openly asked this question at the 11th meeting of the FCPF from 28-30 March 2012 in Asuncion, Paraguay (personal observation).

⁸² Interview 31, December 2012.

⁸³ Interview 33, December 2012; interview 40, December 2012.

⁸⁴ Decision 1/CP.16 in FCCC/CP/2010/7/Add.1.

⁸⁵ Interview 60, June 2014.

⁸⁶ Interview 60, June 2014.

⁸⁷ Interview 60, June 2014.

⁸⁸ Interview 60, June 2014; interview 62, May 2015.

⁸⁹ Decision 1/CP.16 in FCCC/CP/2010/7/Add.1, Par. 71.

⁹⁰ Ibid. Par. 77.

results-based actions that should be fully measured, reported and verified”.⁹¹ The Decision also includes an elaborate appendix with 11 guidelines and 7 safeguards, including safeguards that address biodiversity and respect for the knowledge and rights of Indigenous Peoples and local communities.⁹² Lastly, the COP requested the SBSTA to elaborate a work program on a number of outstanding matters, including identifying drivers of forest loss, establishing adequate reference levels and forest monitoring systems and developing modalities for measuring, reporting and verifying (MRV) forest-related emissions and removals.

In the subsequent years, the AWG LCA and the SBSTA continued to work on their respective mandates related to REDD+. Little progress was made at COP-17 in 2011 in Durban or COP-18 in Doha, which focused on the controversial issue of financing sources for REDD+ (Newell, 2012; Allan and Dauvergne, 2013). However, at COP-20 in Warsaw in 2013 both processes succeeded to produce COP decisions. These compromise agreements were non-specific. The drivers of forest loss, for example, were addressed through a Decision that is not even a page long and that mainly notes the “complexity of the problem”.⁹³ The Decision on reference levels leaves it up to countries themselves to develop the reference level they consider appropriate, and whether they would like that reference level to be technically assessed in the context of results-based payments.⁹⁴

As analyzed in 4.3, the non-specificity of these decisions seriously compromises the effectiveness of REDD+ (see also Humphreys, 2008). The negotiations on reference levels for REDD+ took place parallel to complex negotiations on reference levels for LULUCF in the AWG on the Kyoto Protocol, and the LULUCF negotiations regularly influenced the REDD+ negotiations, leading to a situation in which both the industrialized countries that were Party to the Kyoto Protocol and developing countries had a strong interest in flexible approaches to reference levels for the forest sector (Fry, 2011).

As the heart of the REDD+ mechanism is formed by results-based payments, the non-specificity of the decision on finance⁹⁵ has even more serious consequences for the effectiveness of the mechanism. In fact, the 2010 Cancun agreement on REDD+ explicitly states that REDD+ activities are contingent on “adequate and predictable support”,⁹⁶ but no firm agreement has been reached as yet that would ensure the predictability of support, or its adequacy (McDermott, 2014). The 2013 Decision merely requests various potential funding sources to provide finance for REDD+ in compliance with previous UNFCCC decisions, and limits itself to establishing an information hub on the web platform of the UNFCCC website as far as concrete actions are concerned. Moreover, even that action is subject to the availability of financial resources.⁹⁷

The question whether REDD+ actions will be financed primarily through public funds or through forest carbon offset markets has been and continues to be one of the most controversial questions in the negotiations. A 2012 report commissioned by the EU outlines four major policy options: (a) a global market-based mechanism, (b) a project-based approach, (c) a centralized funding scheme and (d) an international fund to invest in policies and programs (Karsenty, 2012). These options are described in Table 3.1.

⁹¹ Decision 1/CP. 16 in FCCC/CP/2010/Add.1.

⁹² Ibid.

⁹³ Decision 15/CP.19 in FCCC/CP/2013/10/Add.1.

⁹⁴ Decision 13/CP.19 in FCCC/CP/2013/10/Add.1.

⁹⁵ Decision 9/CP.19 in FCCC/CP/2013/10/Add.1.

⁹⁶ Decision 1/CP. 16 in FCCC/CP/2010/Add.1.

⁹⁷ Decision 9/CP.19 in FCCC/CP/2013/10/Add.1.

Table 3.1 Financing options for REDD+

| Financing option | Description |
|-------------------------------|--|
| Global market-based mechanism | REDD+ countries are awarded ‘carbon assets’ for reductions in emissions from REDD+ activities below a national baseline. Industrial countries (and/or companies) can purchase these credits, possibly to offset their own industrial emissions and meet compliance targets for GHG reductions. |
| Project-based approach | Certified emission reductions from projects are traded on a global market. Differs from the first approach in that projects can be credited directly, rather than accounting for emission reductions on a national level. |
| Centralised funding scheme | An international fund rewards governments or programs for changes in deforestation rates, or reduced emissions from REDD+ activities, below a national baseline. |
| International fund | An international fund is used to finance investment in sectoral and extra-sectoral policies and measures. Performance is assessed against policy implementation indicators rather than through changes in deforestation rates against a baseline. |

Source: Prepared on the basis of Karsenty, 2012: 31.

The above categories are not rigid or mutually exclusive. In fact, many countries have allowed REDD+ projects to be financed through the voluntary carbon offset market while they are in process of developing a national REDD+ program to be financed through either public funds or potential carbon markets in the future, an approach that is called the “nested approach”. (Karsenty, 2012, see also 5.4).

The financing options for REDD+ raise the question of whether REDD+ should be considered a market-based or a non-market based approach. It is often suggested that REDD+ will only be market-based if it is primarily financed through carbon markets, but one could argue that results-based payments is based on the concept of markets for environmental services, which reflects an inherently market-based, or at least market-oriented, approach (see 5.2). This has been the position of the Bolivian government since 2010, which has frequently opposed REDD+ as a market-based mechanism and proposed a Joint Mitigation and Adaption Mechanism as a non-market based alternative instead.⁹⁸

While REDD+ itself can be classified as a PES system, not all countries have established their own national PES mechanisms to further share the payments the government receives, or expects to receive, with forest owners and other actors on the ground (see 5.2). The nature of REDD+ is further complicated as there has been a tendency to reclassify both voluntary forest carbon offset projects and national government policies and programs that were established prior to the regime’ adoption as REDD+ (see 4.3.2).

⁹⁸ See https://unfccc.int/files/bodies/awg-lca/application/pdf/3_bolivia_ws_REDD+_bkk_august_2012.pdf (last visited 17 July 2016).

Table 3.2 REDD+ support according to donor and recipient countries

| Countries that received more than USD 100 Million in REDD+ support according to REDD+ donor countries | REDD+ support received according to donor countries in USD million | REDD+ support received according to recipient country itself in USD million |
|---|--|---|
| Brazil | 1486.74 | 862.33 |
| India | 727.95 | 0 |
| Indonesia | 710.66 | 189.20 |
| China | 524.36 | 61.34 |
| Guyana | 268.33 | 9.92 |
| Mexico | 212.43 | 70.98 |
| Dem. Rep of Congo | 210.16 | 54.60 |
| Tanzania | 158.92 | not reported |
| Laos | 136.71 | 31 |
| Philippines | 111.87 | not reported |
| Peru | 111.30 | not reported |
| Viet Nam | 107.15 | 36.32 |
| Cameroon | 100.91 | 10.67 |

Source: Voluntary REDD+ Database.⁹⁹

The Stern (2006) and Eliasch (2008) reports strongly promoted mandatory carbon markets as the major funding source for REDD+, in the expectation that it would generate up to USD 33 billion per year (Eliasch, 2008: 75), but in reality only a fraction of REDD+ finance has been generated through carbon markets (see 5.4). Industrialized countries claim to have contributed significantly to public finance for REDD+, but discussions in the REDD+ Partnership about the REDD+ Voluntary Database revealed that there is a significant gap between the USD 7.59 billion in funding they claim to have contributed to

REDD+¹⁰⁰ and the USD 4.68 billion recipient countries claim these donors have contributed to REDD+ until 2015, both of which are significantly below the USD 33 billion level.¹⁰¹ This is because, inter alia, industrialized countries redefine existing financial support for forest conservation or even just forest cover monitoring as REDD+ support.¹⁰² As a result, countries like India that do not have a formal REDD+ program are listed in the database as significant recipients of REDD+ support.¹⁰³ Table 3.2 describes some of the differences between REDD+ support reported by donor countries and recipient countries.

While the negotiations on many other climate-related issues did not produce any draft resolutions before the Paris COP in December 2015, the final meeting of the

⁹⁹ See <http://www.fao.org/forestry/vrd/data/by/recipients> and <http://www.fao.org/forestry/vrd/data/by/funders> (last visited 21 December 2016).

¹⁰⁰ <http://www.fao.org/forestry/vrd/by/funders> (last visited 28 May 2015).

¹⁰¹ <http://www.fao.org/forestry/vrd/by/recipients> (last visited 28 May 2015).

¹⁰² Interview 47, June 2013.

¹⁰³ According to data provided by funders to the voluntary REDD+ Database of 28 May 2015 India had received USD 722.95 million in REDD+ funding, while India itself reported zero support. See <http://www.fao.org/forestry/vrd/data/by/funders> (last visited 28 May 2015). According to the 2016 overview USD 76.18 million has been committed to India by four different donors, but nothing has been disbursed as yet. See: REDD+ Voluntary Database, <http://www.fao.org/forestry/vrd/download/en/> (last visited 16 July 2016).

Subsidiary Bodies in June 2015 agreed on the last outstanding issues regarding the REDD+ regime. This concerned further guidance on safeguard information systems, alternative policy approaches such as joint mitigation and adaptation approaches, and non-carbon benefits.¹⁰⁴ This did not automatically mean that REDD+ would be included in the Paris Agreement. In fact, the paragraph referring to the REDD+ regime was subject to intense negotiations until the last moment. It was primarily Panama, represented by the former negotiator for PNG (see 7.2), which strongly pushed for the inclusion of the following reference to the REDD+ regime:

“Parties are encouraged to take action to implement and support, including through results-based payments, the existing framework as set out in related guidance and decisions already agreed under the Convention for: policy approaches and positive incentives for activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries; and alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, while reaffirming the importance of incentivizing, as appropriate, non-carbon benefits associated with such approaches.”¹⁰⁵

As a compromise, the final Article only provides a generic description of REDD+ without clearly establishing a REDD+ mechanism or even using the abbreviation REDD+, which featured in earlier drafts.¹⁰⁶ It is also worth noting that the description of the REDD+ regime is accompanied by a description of alternative policy approaches to conserve forests, including joint mitigation and adaptation approaches for the integral and sustainable management of forests, thus formally providing equal status to REDD+ and its main alternative, the joint mitigation and adaptation approach.

3.6 Conclusions

This chapter has described the development of REDD+ as a subsystem under the global climate regime. It has taken a legal approach, analyzing the official positions of countries and how they resulted in a legal agreement around a result-based mechanism to pay for reduced deforestation and forest degradation, conservation, sustainable forest development and enhanced carbon sequestration. It analyzes how the REDD+ proposal was originally proposed by PNG on behalf of the CfrN, but that it received significant political impetus due to the financial commitment by Norway to provide up to USD 3 billion funding for REDD+ at the COP where the Decision to develop the regime was taken. It also concludes that there is a legal ambiguity in the UNFCCC regime and the 2015 Paris Agreement about whether such payments should be financed through public funds provided by industrialized countries, or through markets in forest carbon offsets and that

¹⁰⁴ FCCC/SBSTA/2015/2/Add.1. See

<http://unfccc.int/resource/docs/2015/sbsta/eng/02a01.pdf> (last visited 7 July 2016).

¹⁰⁵ Article 5.2, Paris Agreement, see

http://unfccc.int/files/essential_background/convention/application/pdf/english_paris_agreement.pdf (last visited 7 July 2016).

¹⁰⁶ E.g. FCCC/ADP/2015/L.6.

the consequences of this ambiguity are that there is uncertainty about the future of the REDD+ regime in general.

The following chapters will address REDD+ from an international political perspective. They will first discuss the assumptions of scholars and key actors in the REDD+ regime about the effectiveness, efficiency and equity of this mechanism and subsequently explore which actors have played a key role as agent behind the REDD+ regime, and what their main motivations and strategies were.