



**Lessons from REDD+ Preparedness in Colombia, Guyana, Indonesia and Peru.
(Linking WWF FCI past and new programs)**

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**International Financing for REDD+
A Project of WWF US Policy Program**

This is a report of the project “International Financing for REDD,” undertaken by WWF US Policy Program between July 2009 and June 2010, as part of WWF FC NI Program “Engaging Civil Society in REDD+ Programs.

The focus of the “International Financing for REDD” project was: (a) To further UNFCCC parties’ understanding of the role and sequencing of public, private and market funding for REDD; and, (b) To discuss institutional and funding arrangements for REDD+ at international and national level

The project worked by (a) engaging in the international REDD+ discussion in the run up to COP15; (b) producing or participating in the production of technical reviews, reports and proposals; (c) advising WWF network on these issues; and (d) collaborating with WWF country offices in the review of country level arrangements for REDD.

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1. Introduction

During the second half of 2009 WWF US Policy Program “International financing for REDD” project commissioned a series of country case studies to review national level institutional arrangements for REDD+ in Colombia, Guyana, Indonesia and Peru (see Reports No. 3, 4, 5 and 7 in this series)¹. This project was part of a larger WWF Forest Carbon NI program entitled “Engaging Civil Society in REDD+”,

As part of the forthcoming July 2010-June 2013 WWF Forest Carbon NI program “REDD+ for People and Nature” the WWF US Policy Program project “Institutions and funding arrangements for REDD+” will focus on (a) supporting several WWF country programs in the development of institutional and financial arrangements for REDD+ (DR Congo, Indonesia, Peru); (b) supporting capacity building in other REDD+ countries and (c) transferring lessons on REDD+ institutions and financing, both, bottom-up (from the local to the national to the international REDD+ arena), and top-down(from the international to the national and local REDD+ arena). This report aims to bridge the institutions and finance work of the “Engaging Civil Society in REDD+” and the “REDD+ for People and Nature” programs, through a discussion of,

- Findings and lessons from the four country case studies, regarding country level progress in developing REDD+ strategies, institutions and policies.
- The international REDD+ framework that is emerging after COP15 and how would it affect developing countries REDD+ efforts.
- Recommendations regarding how to best support REDD+ institutional and financial developments in the WWF countries included in the new “REDD+ for People and Nature” project, and elsewhere.

2. How to measure progress in national REDD+ strategies, policies and institutions?

There are several issues that should be considered when assessing progress in building national REDD+ strategies, policies and institutions, and below we propose the following check-list,

- **Goals:** How ambitious are the REDD+ goals tabled in the country REDD+ strategy? As a yardstick we resort here to WWF FCI 2050 vision and 2020 goals (see table 1).
- **Principles:** what are the principles that guide the country REDD+ strategies and policies? As a yardstick we resort here to WWF FCI 5 principles for REDD+ (see table 2).
- **Strategies:** Are there in place strategies to address major REDD+ challenges? (see table 3).
- **Institutions and functions:** Will the proposed institutional arrangements be able to take care of all major functions of a REDD+ mechanism? (see table 4)

Below we use this list and the yardsticks proposed in tables 1 through 4 to discuss the findings of the case of Colombia, Guyana, Indonesia and Peru (the full case studies are reports No. 3, 4, 5 and 7 in the list of publications at the end of this document). But, before beginning this discussion, two disclaimers seem necessary,

- Worldwide, efforts to build REDD+ national strategies institutions and regulatory frameworks are in their initial phase, and all parties would agree that a lot remains to be done. Hence it may look unfair to judge current efforts against ideal fully-fledged REDD+ schemes. Nevertheless such comparison is useful if we want to assess where we stand and what remain to be done.
- The four country reviews were completed in late 2009, and we are aware that REDD+ activities have been progressing in all four countries so, although we have received some further information WWF

¹ See a list of the project publications at the end of this document.

Colombia and Guyana offices in the first half of 2010, it may be the case that our end of 2009 assessments do not reflect the latest advancement in each country.

3. Goals in REDD+ national strategies

It is self evident that a national REDD+ strategy should have clear qualitative and quantitative goals, and as a yardstick table 1 showcase the goals proposed by WWF (also the first principle in table 2 refers to establishing and attaining ambitious REDD+ goals).

Table 1. WWF Proposal of Goals for REDD+

| REDD+ GOALS |
|--|
| <ul style="list-style-type: none">• Qualitative (vision) By 2050 The world's forest are valued as integral to solving climate change and conserved for the well-being of all people and the planet, as irreplaceable home for much of the world's biodiversity and essential to the livelihoods and well-being of indigenous people and local communities• Quantitative (goal) By 2020 no net greenhouse gas emission from deforestation and forest degradation |

Source: Reproduced from the vision and goal of WWF FCI Strategy Plan 2010-2013.

From our four countries review and other sources, we conclude that some developing countries have tabled significant country-wide REDD+ goals but they are stated in very different terms, hindering comparability and aggregation. For instance some have no clear deadlines or no clear baseline. Furthermore all fall short of WWF 2020 zero net deforestation goal. More troubling, some countries have stated no REDD+ goal. For example,

- Peru has draft a national forest policy to voluntarily halt deforestation and to sustainably conserve 54 million hectares of forest, and Peru's recent Amazon Forest Conservation Program aims to preserve approximately 80% of the forest coverage in the country. But significant parts of the country are not covered by these plans, and deadlines remain unclear.
- Guyana has pledged that "as long as the right international economic incentives are created, nearly its entire rainforest could be put under internationally verifiable protection, provided that national sovereignty and rights of local Guyanese are not compromised." But in spite of Guyana's REDD+ activism its government has thus far failed to table a quantitative REDD+ goal or a deadline.
- Indonesia has put forward a country-wide goal of reducing by 2020 GHG emissions to 26% below a business as usual trajectory, with the forestry sector expected to contribute half of that.
- Attending COP15, the President of Colombia announced his country's commitment to preserving its forests as part of the solution to climate change, contingent on international cooperation. Yet, thus far Colombia has not tabled to any specific quantitative goal for REDD+

Lessons 1. Regarding Goals in REDD+ National Strategies

From one country to another there are different levels of clarity regarding REDD+ qualitative and quantitative goals. Even so, country REDD+ strategies are a step ahead of the discussions at the COP AWG LCA and at the REDD+ partnership where no mention is made of a world-wide REDD+ quantitative target.

It seems important that WWF and other NGOs keep the pressure on country governments and the COP, and demand that they come up with qualitative and quantitative REDD+ goals at global and country level, even if these goals are conditional on adequate international financing.

4. Principles in REDD+ National Strategies

We discuss here where the four countries' REDD+ plans stand regarding broad REDD+ principles, such as the ones proposed by WWF and other NGOs (see table 2). Actually in this section we discuss principles 2, 3 and 4, since principle 1 on climate is already addressed in the above discussion on goals, and principle 5 on fair and effective funding is directed more to the international than the national level (we will have some comments on it in section 7 below).

Table 2. WWF Proposal of Principles for REDD+

| REDD+ Principles |
|--|
| Principle 1, Climate: REDD+ demonstrably contributes to greenhouse gas emission reductions with national goals working toward a global objective |
| Principle 2, Biodiversity: REDD+ maintains and/or enhances forest biodiversity and ecosystem services |
| Principle 3, Livelihoods: REDD+ contributes to sustainable and equitable development by strengthening the livelihoods of forest-dependent communities |
| Principle 4, Rights: REDD+ recognizes and respects the rights of indigenous peoples and local communities |
| Principle 5, Fair and Effective Funding: REDD+ mobilizes immediate, adequate and predictable resources for action in priority forest areas in an equitable, transparent, participatory and coordinated manner |

Source: Reproduced from the WWF, Greenpeace, and Care "Proposed REDD+ Guiding Principles" distributed at the Oslo Climate Forest Conference, May 2010.

4.1. Supporting biodiversity conservation

Since forests, and particular tropical forests, are among the most biodiversity-rich habitats, REDD+ could deliver major biodiversity conservation. However the reverse could happen, for example, if reforestation for short-term high carbon gain is favored over conservation of mature native forests. That is why REDD+ strategies should explicitly commit to maintain and/or enhance forest biodiversity and ecosystem services – principle 2 in table 2 above—and it is troubling to find that none of the four countries reviewed seem to be giving serious attention to the links between REDD+ and biodiversity. Still some activity is going on, for example,

- Even without country level recognition, the Colombia review mentions several ongoing REDD+ local projects with a biodiversity conservation component.
- Likewise several reports indicate that the WWF country program (e.g. in Indonesia and Guyana²) are working to increase the visibility of biodiversity conservation in the country REDD+ strategies

Lessons 2 Regarding Supporting Biodiversity Conservation

The lack of biodiversity considerations in many national REDD+ strategies and plans marks a worrying trend, and should be addressed with more pressure from WWF and other conservation NGOs, both at national and international levels. Ongoing WWF efforts to increase the visibility of biodiversity issues in the national REDD+ programs of Indonesia and Guyana may result in examples that could be relevant elsewhere.

² Correspondence with Janice Bollers, WWF Guyana Forestry Officer, 7/2/10

4.2. Enhancing livelihoods and respecting local rights

According to principle 3 and 4 (see table 2) REDD+ should (a) contribute to sustainable and equitable development by strengthening the livelihoods of forest-dependent communities; and (b) recognize and respects the rights of indigenous peoples and local communities.

The good news is that in all the countries reviewed government and REDD+ stakeholders acknowledge the importance of addressing these issues. The not so good news is that most countries are still far away from solutions that are acceptable to all parties. For instance:

- Peru has been criticized as the Amazon Basin country that offers the least protection for Indigenous People (IP) territorial rights.³ For example current regulations grant local people the use but not the ownership of their traditional lands, an arrangement that is inconsistent with international norms on indigenous rights that Peru has ratified. The government REDD+ Readiness Plan Idea Note (R-PIN) has been criticized for lacking consultation with indigenous communities.⁴ Likewise, the R-PIN includes no specifics regarding which parties could be granted environmental service rights that would allow them to receive REDD+ payments. Furthermore the case study authors state that Peru REDD+ initial discussions have benefited from a highly engaged and enthusiastic civil society, but that recent tension between local communities and the central government has led to a decrease in the political feasibility of REDD+⁵
- In **Indonesia** local governments have limited authority in forest management issues, which complicates gaining local support for REDD+ programs, and thus far indigenous peoples have had limited access to information and consultation activities. As recent as May 2010 the press reported a widespread belief among civil society groups that, despite rhetoric, the Indonesian Ministry of Forestry has failed to address civil society concerns and that public consultation measures were failing short of expectation.⁶

On the other hand Indonesia is probably the only country that has publicly stated how future REDD+ incomes would be divided, and what portion of it would go to local communities. In May 2009 Indonesia passed a regulation entitled “Permenhut P. 36/Menhut-II/2009” that establish a formula to distribute REDD+ earnings among the central government, project developers and local communities. Although many have voiced skepticisms, the fact that this is a government regulation and not just a ministerial decree does show that Indonesia is serious about addressing benefits sharing issues. Other positive signs of Indonesia’s commitment to equitably distribute REDD+ benefits are that: (a) the Ministry of Finance is in charge of designing REDD+ payment distribution systems, and (b) that the percentage of REDD+ revenues that the government allocated to itself in the above mentioned regulation was smaller than the percentages allocated to communities and developers (the latter two were nearly the same).

- In Guyana the government has committed to a substantial number of national and sub-national consultations that began in 2008 and should continue through 2010, with special targeting of indigenous and forest communities.⁷ A country-wide low carbon development strategy (LCDS) has been drafted and a country-wide land use framework is being developed). Even with these advances, the process remains contested. Some Amerindian communities (that have jurisdiction over approximately 14% of Guyana

³ http://www.thereddesk.org/sites/default/files/resources/pdf/2010/REDD_in_indigenous_Territories.pdf_p4

⁴ Peru case study p. 8

⁵ REDD+ in Peru: Reflections on Progress” Presentation at WWF-US, 1/13/10

⁶ <http://www.redd-monitor.org/2010/05/25/world-banks-fcpf-in-indonesia-fails-to-address-civil-society-concerns/#more-4705>

⁷ The GFC has already commenced Sensitization Meetings targeting communities in all of the 10 administrative regions, initial consultation sessions held from September 2008 to January 2009. Planned consultations for 2010 to sensitize as well as receive feedback from all key stakeholders will target around 141 indigenous and forest communities across the different administrative regions of Guyana, covering all forested areas.

territory) have staged rallies opposing the LCDS, claiming that the process was moving too quickly for them to discuss amongst themselves and bring back their views to the public consultations.

- Colombia seems to present a mixed situation. On the one hand IP rights are well advanced, and it is estimated that almost half of Colombia's natural forest lands are under indigenous and black communities' common property schemes that are fully recognized by the country legislation. Hence local communities and IPs could be in a strong position to become REDD+ plus providers and collect REDD+ payments. On the other hand on-the-ground, respect for local communities and IP territorial rights is murky and official REDD+ discussion have remained mute about them.

Lessons 3 Regarding Enhancing Livelihoods and Respecting Local Rights

Most (but not all) countries' initial REDD+ efforts acknowledge the importance of these issue, but thus far no one seems to have settled them to the satisfaction of a majority of its IPs and local communities. Because some countries seem more advanced than others (e.g. Guyana LCDS) there may be room here for South-South learning activities.

At the international level, NGOs have actively lobbied to strengthen social safeguards in the AWG-LCA negotiation text, in the new REDD+ partnership discussion, and at the existing or proposed funds for REDD+

All these activities that should continue and linking the national and international discussion could be an important leverage. For example by advocating that international social safeguards become a minimum threshold for national REDD+ strategies, and/or using local and national experiences to lobby the international discussion on safeguards..

5. Key REDD+ Strategies

While many REDD+ strategic and policy issues would be country specific, there is a small core of key strategies that should make part of all REDD+ national programs; so much so that their absence may raise serious doubt about the breadth and depth of a REDD+ national strategy. In table 3 we list some of these key strategic issues, to guide a discussion of how current national REDD+ efforts are addressing them.

Table 3. Key Strategic Issues for REDD+ Implementation

1. Integration of REDD+ into national development policies
2. Capability to assess existing forest and monitor deforestation and forest degradation
3. Acknowledging and addressing the drivers of deforestation
4. Acknowledging and addressing corruption

5.1. Integration of REDD+ into national development policies

Significantly reducing deforestation will usually require changes in many aspects of a country's economic development; among other reasons because land use change --the major immediate cause of deforestation-- is driven by many national development policies (e.g. policies on rural development, on infrastructure, on energy, on Indigenous population and local communities rights, etc.). Hence one of the cornerstones for a successful REDD+ strategy is the country's determination to move it out of a fringe position (e.g. in the country's conservation agency) and into the center of national development policy making (e.g. the cabinet, the economic

or rural production agencies, a multi-institutional setting) In these regard experiences in the four case studies are as follows.

- **Guyana** has been an early champion of REDD+ and the country's president has personally been involved in a number of national and international activities to promote REDD+ Furthermore the country's new overarching "Low Carbon Development Strategy" (LCDS) recognizes forests as Guyana's most valuable asset and places REDD+ at the center of a national development plan.⁸ The nation has taken key steps, running demonstration projects, nominating pilot REDD+ sites, modifying its National Forest Policy to accommodate REDD+, putting a multi-stakeholder working group/steering committee in place, building strong relationships with international donors and delineating roles and responsibilities for agencies involved in REDD+. As of May 2010, the LCDS Project Management Office and the Office of Climate Change were both established and fully functional, working directly under the aegis of the Office of the President.
- In **Indonesia**, a number of regulations that could provide an umbrella for REDD+ implementation have been developed since 2007. Still, as of late 2009, an integrated government approach to REDD+ was nonexistent and the appropriate or necessary institutional arrangements to manage a national REDD+ program effectively were not in place. Indonesia is currently working on a national design to implement REDD+ but many uncertainties linger regarding the country's overall commitments and capacity to see the process through in the face of powerful vested interests.

As an example of the difficulties in coherently bringing REDD into national development policies, in 2009, and caving to pressures from the oil palm industry, the Government lifted an existing ban on palm oil plantations using peat lands and pulp companies logging native forests. Then, after accepting a \$1 billion grant from Norway, Indonesia reinstated the ban in May 2010.

- **Peru** case study suggests that the Peruvian government has taken important steps in determining how REDD+ would work, and has shown its willingness to support REDD+ local initiatives. Yet a lot needs to be done to develop a countrywide REDD+ policy that encompasses key players such as the Ministry of Economy and Finance and the Ministry of Energy and Mines.
- Regarding **Colombia**, the country seems to be way behind Guyana, Indonesia or even Peru in terms of interest and commitment to REDD+ let alone the integration of REDD+ it into its national development policies. Maybe this is due to the fact that in Colombia rural development in general and the plight of forest in particular, is not seen as central to the country's economic development.

⁸ The third draft of Guyana's Low Carbon Development Strategy was launched on May 24, 2010.

Lesson 4 Regarding Integration of REDD+ Into National Development Policies

Effective integration with national development policies is a must in order to attain ambitious REDD+ goals, but it may be difficult to achieve; consider that,

- In countries where the forest sector is a relatively minor concern (e.g. Colombia) the need for such integration may not be evident
- In countries where forest and land use issues are of paramount national importance (e.g. Indonesia) strong vested interests may work against such integration
- In all countries REDD+ is a novelty and governments have few indicators of how important it may become for the country's future economic development, and how much importance should be given to it right now.

WWF should foster the integration of REDD+ into national development policies through capacity building (e.g. the dissemination of best practices like Costa Rica forest conservation experiences) research (e.g. WWF Mexico recently commissioned a study on the macroeconomic impact of alternative forest conservation policies) and campaign (e.g. WWF campaigns to raise the bar on environmental and social safeguards)

5.2. Capability to assess existing forests and monitor deforestation and forest degradation

For any country, a precondition to engage in REDD+ is to have the capability (either on its own or through partners or providers) to determine carbon stocks and deforestation rates. These are crucial activities for establishing credible national baselines, measuring REDD+ gains, ensuring additionality, avoiding leakage, and having a sound base to collect payments for REDD+ This is an issue recognized by all would-be REDD+ countries, but still progress, as measured by our four case studies, remains uneven.

- **Guyana** has done remarkably well and is currently utilizing satellite images (LANDSAT and CBERS) and supplementary ground forest inventory assessments to determine its current forest cover. Looking forward Guyana plans to monitor forest cover changes every 3-5 years. Additionally, and in May 2010, the Guyana Office of Climate Change stated that the establishment of a system for Independent Forest Monitoring (IFM) was well advanced. In these efforts Guyana is receiving support from Norway, Australia, Conservation International, the International Institute for Environment and Development, and the Clinton Climate Initiative.⁹
- Compared with Guyana measurement and monitoring are much more complicated in **Indonesia**, due to the country's size, geography and fast rate of deforestation. Studies done so far (e.g. a 1990s National Forest Inventory that generated stock tables for all major forest functional classes, and a systematic forest-monitoring program to assess deforestation performed from 2000 to 2006) are either out of date or not sufficiently detailed. Regarding tracking deforestation, Indonesia has very limited experience with monitoring and measuring areas of degraded forests on a regular basis, and very little data exists on the impacts of timber harvesting on carbon stocks.
- Currently **Peru**, like many potential REDD+ countries, lacks the money and technology to assess its forest cover and the country lags way behind Guyana and Indonesia. Forest estimates are only available for the Amazon forest and there are no studies that allow degraded zones to be differentiated from deforested zones. WWF has been developing carbon stock baseline estimates in the Peruvian Amazon in partnership with the Carnegie Institution for Science and using cutting edge LiDAR methodologies.

⁹ Guyana Case Study – p. 6

- Similarly to Indonesia and Peru, **Colombia** has several outdated and non-comparable forest estimates. Basic understandings are lacking, including an accepted definition of what constitute a natural forest. There is the prospect of producing a forest inventory by 2011 and Colombia is receiving some international aid for this endeavor (e.g. the Moore Foundation is providing funding to estimate the deforestation rate and quantify carbon stocks).

Lesson 5 Regarding Capability to Assess Existing Forest and Monitor Deforestation and Forest Degradation

While each of the countries reviewed is making progress, no country has yet in place a forest assessment and monitoring system with sufficient accuracy to support a REDD+ program.

This is an endeavor that could be accelerated if the international community helps develop the necessary technologies and shares them with REDD+ countries. Partnerships with more technologically advanced countries or agencies are crucial, and could be modeled after Guyana's experience, although the Guyana case study notes that other countries might not receive as much international support as Guyana was able to attract due to its early start.

5.3. Acknowledging and addressing the drivers of deforestation

To actually reduce deforestation, every national REDD+ strategy will have to address and overcome the forces and incentives that drive deforestation. Yet, all four countries reviewed fare poorly when it comes to acknowledging deforestation drivers, and fare even worst when discussing what strategies could be used to counterbalance those drivers. For example,

- **Guyana** REDD+ strategy discusses at length how it would work with rural communities to develop sustainable agriculture programs; but Guyana's main driver of deforestation— mining – is mostly overlooked by its REDD+ strategy.
- In **Peru**, the country's REDD+ strategy does a good work listing direct drivers of deforestation and forest degradation, namely agriculture, ranching and logging; but it fails to mention other important direct and indirect drivers, including government infrastructure, mining, and government sponsored development plans, like the new official vision for the development of Peru's Amazon that focuses on agricultural production.¹⁰
- **In Indonesia**, some of the drivers of deforestation that seem to be neglected by the government's REDD+ discussion include the supply/demand imbalance of the timber industry, the demand for palm oil, livelihood needs of local communities, and systemic governance failures as are the lax law enforcement and low capacity in the institutions responsible for protected area management.
- In the case of **Colombia**, according to WWF Colombia there is agreement among experts that agriculture and cattle ranching expansion, colonization, mining, illicit crops and wood extraction are all main drivers of deforestation, but there is no agreement in the levels or magnitudes of deforestation from each driver, and hence no clear priorities for action.

Furthermore, in all four countries, but particularly so in those confronting high levels of deforestation, there is a need to better understand the interactions between drivers of deforestation and the cost of reducing deforestation.

¹⁰ Peru case study – p. 4

In that regard there is an increasing stock of studies that look at the opportunity costs of REDD+ from the perspective of a private landowner, namely studies that assess how much income would a private landowner forego if he decides to leave his forested land in place, since in economic theory this is what REDD+ buyers would have to pay the landowner to convince him to keep the forest in place. Some of these studies are global models and some are local base studies, including several in Indonesia and Peru.¹¹

These studies are a good base to begin estimating the costs of a REDD+ policy but there are many more costs beyond landowners' opportunity costs, and associated transaction costs (costs of negotiation between buyers and sellers). These other costs would include, for example, public costs of enforcing logging regulations, costs of diverting infrastructure and costs of enforcing protected areas. They may include not only monetary costs but also social, institutional and political costs. Without a better understanding of them it will be difficult to appreciate if the proposed REDD+ strategies are going to be effective, how much they are going to cost, and who stands to lose or gain from them.¹²

Lesson 6. Regarding Acknowledging and Addressing the Drivers of Deforestation

Shortcomings when assessing and addressing the drivers of deforestation seem to be of two types. In some cases important drivers of deforestation are not highlighted or not well understood by the country's REDD+ analysis. In other cases the drivers are rightly identified but there are no proposals on how to address them, or there is a clear mismatch between the proposals and the magnitude and dynamics of the driver.

Successfully addressing the drivers of deforestation may require engaging on a more macro-level than has been exhibited thus far, echoing the point made in section 5.1 regarding integration of REDD+ into national development strategies. Furthermore, in countries like Indonesia, where the export sector is a driver of deforestation, actions at the international level (e.g. to discourage international trade in illegal logging products, or to offer a price premium to sustainable produced food and fiber) may be an important part of the solution. WWF may be able to contribute to these developments at national and international scale, through research, policy development and advocacy targeting the public sector, private businesses' trade and procurement practices, and consumers' preferences.

5.4. Acknowledging and addressing corruption

Corruption – namely any type of payback that weakens the rule of law— has long been identified as a major driver of deforestation,¹³ and a recent report finds that “nearly half of the globe's forest area is in nations racked by rampant corruption”¹⁴

Three of our four case studies mention corruption as a major problem, either because it enables current illegal deforestation or because it may jeopardize future REDD+ efforts; and all three agree that, thus far, current REDD+ discussions have failed to address how would REDD+ programs work and deliver in the framework of extended corruption and illegal logging.

¹¹ See Wert-Kanounnikoff (2008) “Estimating the Costs of Reducing Forest Emissions. Working Paper No.42, CIFOR, Bogor, Indonesia

¹² A recent report of the Right and Resources Initiative, raises these issues, see H Gregersen et al (2010) “Does the Opportunity Cost Approach Indicate the Real Cost of REDD+? Rights and Realities of Paying for REDD+” Rights and Resources, Washington DC

¹³ See Kaimowitz D. and Angelsen A (1998) Economic models of Tropical Deforestation, A review” CIFOR Bogor, Indonesia; and Geist, H and Lambin E. (2001) “What Drives Tropical Deforestation? University of Louvain, Belgium

¹⁴ Irland, L. C. (2010) “State Failure and Corruption: Challenges for Forest Policy” ITTO Tropical Forest Updates 19/1

Lesson 7. Regarding Acknowledging and Addressing Corruption

Just acknowledging corruption let alone addressing it, is a pending issue in many national REDD+ initiatives; and WWF may have valuable contribution to do here. For example the authors of the Indonesia case study propose several measures to address corruption in Indonesia's forest sector that may be of interest to other REDD+ countries. They include,

- Reducing the number of transaction points
- Eliminating the use of forestry revenues as a source of funding for political parties by ensuring that forest concessions are allocated independently and REDD+ financial flows are disclosed to the public
- Increasing corporate participation in REDD+ on the condition that specific standards and indicators of good governance are met
- Ensuring compliance of forest concession holders with agreed plans to reduce timber theft, environmental damage from fire, and to guarantee sustainable logging practices
- Enhancing cooperation with Indonesia's major international partners in forest trade and investment in order to help control log smuggling and money laundering
- Working with civil society organizations to build public support for judicial reform and accountability practices to combat corruption in natural resources management
- Establish an independent committee to report on and address corrupt activities

Beyond supporting new analyses and proposals to address corruption, WWF could facilitate South-South capacity building disseminating lessons from countries or sub-national initiatives that have been successful in reducing corruption-related deforestation.

6. Institutions and functions

Most countries have decades, if not centuries old institutions and laws to regulate and manage forest's uses, try to control illegal deforestation, etc. Some time, the promotion of forest uses is under the aegis of a production-oriented agency (e.g. the ministry of agriculture), while protecting forests is the realm of a conservation agency (e.g. the ministry of the environment or national parks agency). In all cases, developing and implementing a country-wide REDD+ strategy will increase the demands on existing forest agencies and most probably result in the creation of new institutions and functions. In table 4 we give a synopsis of institutions and functions that may be needed at national and sub-national level; (although the actual division of responsibilities and functions between national and sub-national institutions will depend on each country's legal and administrative frameworks). Comparing this table with the four country case studies,

- **Peru** seems to be the country best positioned to implement REDD+, in terms of existing institutions and regulatory frameworks. However, developing a coordinated institutional structure for REDD+ and the division of functions between national and sub-national levels are still pending issues.

Table 4. Institutions and Functions of National and Sub-national REDD+ Institutions

(The actual division of responsibilities and functions between national and sub-national institutions will depend on each country's legal and administrative frameworks)

| Oversight Functions | |
|--|--|
| National level Institution(s) | Sub-national level Institution(s) |
| <ul style="list-style-type: none"> • Elaborates national REDD+ strategies and policies • Reviews and approves sub-national REDD+ plans programs and projects • Oversees the implementation and review of the REDD+ strategy • Manages REDD+ international relationship | <ul style="list-style-type: none"> • Elaborates sub-national REDD+ plans programs and projects • Oversees implementation and MRV of sub-national REDD+ plans programs and projects |
| Finance functions | |
| National level Institution(s) | Sub-national level Institution(s) |
| <ul style="list-style-type: none"> • Manages relations with international funding window • Allocates and disburses resources according to REDD+ national strategies and policies • Ensures compliance with nationally and internationally agreed financial, fiduciary and reporting procedures | <ul style="list-style-type: none"> • Manages relations with national funding window (and if authorized, with international funding windows) • Disburses resources to approved REDD+ plans programs and projects • Ensures compliance with nationally and internationally agreed financial, fiduciary and reporting procedures |
| Technical Functions | |
| National level Institution(s) | Sub-national level Institution(s) |
| <ul style="list-style-type: none"> • Puts in place national standards for REDD+ metrics, for MRV and for social and environmental safeguards • Performs regular forest assessments and MRV activities, or delegates them to other entities and reviews and approves results • Manages relations with international REDD+ technical bodies • Provides technical assistance to sub-national programs | <ul style="list-style-type: none"> • Applies national standards for REDD+ metric, for MRV and for social and environmental safeguards • Performs regular forest assessments and MRV activities and forwards outcomes to national authorities • Provides technical assistance to programs and projects |
| REDD+ Implementation Functions | |
| National level Institution(s) | Sub-national level Institution(s) |
| <ul style="list-style-type: none"> • Implements national enabling and readiness activities • Prepares or reviews REDD+ programs and projects in accordance with REDD+ national strategy and policies • Implements REDD+ projects or delegates implementation to sub-national parties | <ul style="list-style-type: none"> • Prepares and implements REDD+ projects in accordance with the REDD+ national strategies and policies, MRV standards and social and environmental safeguards • Submits results to national REDD+ oversight and certification agency |
| Certification and Registry Functions | |
| National level Institution(s) | Sub-national level Institution(s) |
| <ul style="list-style-type: none"> • Puts in place and oversees the national REDD+ MRV and certification standards and procedures • Registers and Certifies MRV REDD+ results • When appropriate, uses the Registry to facilitate payments and distribution of CERs among REDD+ project participants • Manages relations with international bodies | <ul style="list-style-type: none"> • Ensures that sub-national programs and projects comply with national REDD+ MRV and certification standards and procedures • Submits results to national (or in some case international) authorities for approval, registry and certification |
| Accountability Functions | |
| National level Institution(s) | Sub-national level Institution(s) |
| <ul style="list-style-type: none"> • Puts in place and oversees the operation of participatory and consultation mechanisms; and of social, and environmental safeguards. • Puts in place and oversees operation of grievance procedures • Manages relations with international bodies | <ul style="list-style-type: none"> • Ensures that sub-national programs and projects comply with national participatory and consultation procedures and national social, and environmental safeguards • Provides capacity building and facilitation to ensure that local populations are able to use these opportunities |

Source: Based, with changes, in table 5.1. of Streck et al (2009) "REDD+ Institutional options Assessment" Meridian Institute, DC

- **Guyana's** case study claims that, without fundamental improvements in governance and public sector institutional capacity, it will be a challenge for REDD+ in Guyana to be equitable, inclusive, and transparent. As an example the authors mention the limited enforcement capacity of Guyana Geology and Mines Commissions (that is supposed to control mining-induced deforestation).¹⁵
- **Colombia** faces serious institutional problems too, in what seems to be a chaotic and at times, a contradictory regulatory scenario. The many instruments in place that are meant to reduce deforestation don't add up to a coherent or effective framework, and are plagued by poor inter-institutional coordination. The involvement of many weak institutions, lack of political will, governance gridlocks, and a lack of standardized methodologies leads to weak enforcement, legal uncertainties, and illegality. Recently there has been some progress, with environmental authorities attempting to streamline forest management instruments and implement them to a greater extent. Some non-governmental, local level, successes with PES projects also point in the right direction.

Lesson 8 Regarding Institutions and Functions

Comparing table 4 with REDD+ institutional developments in Colombia, Indonesia, Guyana, and Peru renders, at times, a chaotic picture, with several agencies claiming to perform the same function, or important functions being disregarded. In several cases more efforts have been devoted to put in place the institutions to engage with international donors and buyers; while less attention has been given to how to develop the institutions and functions to effectively implement and pay for on-the-ground REDD+ actions. The multiplicity of donor windows and the lack of agreed international standards have certainly added to the confusion. Two areas that seem particularly underdeveloped are the division of functions between national and sub-national institutions, and strengthening technical capacities to perform the assigned functions.

WWF could help strengthen institutional development in REDD+ countries through (a) top down approaches, namely bringing to the national and sub-national attention the experiences and guidelines developed at international level; (b) bottom up approaches, namely elevating to national and international forums the local level experiences and demands; (c) South-South cooperation, since there are countries that are clearly more advanced; and (d) specific analytical and policy interventions to give saliency to institutional and functional issues that are high in WWF list of concerns (e.g. accountability functions, certification and registry functions, technical functions etc.)

- In **Indonesia** many unsolved institutional issues derive from tensions between local and central government agencies, with conservation and management of protected areas becoming battlegrounds between local people and the state, which is certainly not a good starting point for REDD+ negotiations.¹⁶ A few years ago, Indonesia decentralized forest management to local authorities. Subsequently, many local authorities were perceived to have wastefully and unsustainably issued forest use permits as a way to raise short-term revenues. As a reaction, forest management was recently re-centralized. However, there is no evidence to suggest that the central government has performed any better than local governments.¹⁷ In the current administrative setting local authorities can only recommend forest-related actions, but have no decision-making or enforcement power. This exclusion of local actors has raised many concerns about Indonesia's ability to effectively implement REDD+, and also to protect the livelihoods of forest-dependent peoples, and a June 2010 report argues that the new

¹⁵ Correspondence with Janice Bollers, WWF Forestry Officer, 7/2/10

¹⁶ "Moelione, M. and Yuliani, L (2009) "My rights, your obligations: Questions of equity in Indonesia's protected areas" Chapter 10 in Campese, J. et al "Rights based approaches: exploring issues and opportunities for conservation" CIFOR, Bogor, Indonesia

¹⁷ Indonesia case study – p. 6

REDD+ policies do nothing to break away from the legacy of traditional forest policies, which led to unfettered deforestation and threatened the livelihoods of local people.¹⁸

7. The international dimension

7.1. Recent International trends

On the one hand Copenhagen COP15 failed to produce the global climate agreement, or the global REDD+ mechanism that many parties and partners to the UNFCCC were looking for. On the other hand, in the aftermath to COP15, countries South and North remain committed to REDD+, substantial funding has been pledged, and the REDD+ Partnership agreed at the May 2010 Oslo Climate Forest Conference may offer a new international platform to push the REDD+ agenda forward.

Even so, advances will probably be piecemeal, as major uncertainties linger regarding: (a) REDD+ targets and commitments (b) funding arrangements: where will the money to pay for REDD+ come from? And how can we ensure equity and efficiency in REDD+ funding? (c) Early actions: how can we scale up REDD+ during 2010-2015 as the world transitions to a new climate agreement? and, (d) Institutional design: who should do what and how? All these issues will remain the bread and butter of REDD+ developments during the next few years. As of July 2101 a short-term assessment of the international arena should include,

- Regarding COP negotiations, there are hopes that a REDD+ international mechanism would be an issue that parties could agree on at the forthcoming COP16 (Cancun November 2010). But there are many hurdles to overcome, beginning with the fact that the current REDD+ negotiation text is not a standalone piece but part of the larger AWG LCA negotiation text. Plus, if parties agree to carve it out and negotiate a stand-alone REDD+ mechanism, the current three pages long text has been so emaciated that it actually says very little. Consider that, (a) it has no quantitative REDD+ goals; (b) it has no quantitative financing commitments; (c) references to social and environmental safeguards are still under brackets; and (d) all the text is drafted as a soft suggestions not as binding agreements (e.g. it makes extensive use of terms like “encourage” and “request”)¹⁹
- Significant technical advances, including in forest monitoring, carbon measurement and REDD+ MRV. This is an area that has enjoyed continued progress, both inside the UNFCCC-SBSTA and outside it, and is poised to deliver the technical solutions needed to support result based REDD+. Of course, a lot of technology transfer, training and scaling up is still needed.
- The Paris - Oslo forest conferences have recently resulted in a REDD+ Partnership that by the end of May 2010 has been endorsed by 58 countries, and registered developed countries’ funding pledges of 4 billion USD. It is too early to assess what role this REDD+ Partnership will play. Thus far the partnership text and the list of agreed activities are minimalistic, and the partnerships seems to act more as a stage for parties to announce their bilateral activities rather than becoming an new mechanism with a significant agenda of activities on its own.
- Multilateral funding windows. In the post COP15 vacuum the role of the existing multilateral REDD+ funds, namely the FCPF, the UN-REDD and FIP/CIF has been growing, with donors, recipient countries and NGOs alike increasingly turning to them for funds, guidelines, or to demand that multilateral funding windows adopt better or stringent procedures. This trend will continue, at least in the short-run, and may cement a central role for these funds and institutions in any future global climate deal.

¹⁸ See Accra Caucus on Forests and Climate Change (2010) “An Alternative Vision to Reducing Deforestation. Case Studies from the Accra Caucus, at http://www.rainforestfoundationuk.org/files/Accra_Report_English.pdf

¹⁹ The REDD+ text in the AWG LCA negotiation document is currently divided between two short paragraphs in chapter I and 2 and a half pages chapter VI).

- Bilateral funding windows. Amidst increasing attention to multilateral funds it is interesting to note that in the 2010-2012 horizon the three multilateral REDD+ funds mentioned above are posed to manage less than a quarter of the funds pledged for REDD+ by donor countries (less than 1 billion USD managed by FCPF Un-REDD and FIP/CIF against 4 billion USD of pledges). Actually, some big donors on their own are several times larger than the multilateral funds. For example in 2010-2012 Norway or USA are posed to disburse more REDD+ funding on a bilateral base, than all three multilateral funds together. The bottom line here is that, in the absence of a global agreement tracking and influencing the performance of some large bilateral donors may be as important (or even more important) than tracking and influencing the performance of multilateral funds.
- Markets for REDD+ carbon are not here yet. Both voluntary and regulated market demand for REDD+ carbon is still very limited, and chances are that it will remain limited for several more years. On the one hand there are demand limitations (e.g. the Kyoto protocol did not include REDD offsets and there is no clarity if there is going to be a Kyoto 2, or how much allowance for REDD offsets will be built in the EU climate policy and in the eventual US climate policy). On the other hand, there are supply limitations too, as many practitioners argue that REDD countries will not be able to deliver offset quality REDD+ carbon until well advanced in the REDD+ process (usually referred to as REDD+ Phase III).

7.2. Some developing countries demands

Adding to the top-down analysis of what the international REDD+ negotiations can tell to country level REDD+ programs, our country case studies highlighted some bottom-up demands, namely what developing countries would like to see happening at the international level. These demands include,

- Long term funding availability: In the four countries authorities repeatedly pointed out that, before embarking on costly and far reaching REDD+ programs, developing countries need reassurances that there will be a medium and long-term demand for REDD+.
- Capacity building with no strings attached: At a recent address to the FCPF meeting held in Guyana, Guyana's president pleaded for an early release of no-strings-attached funds for capacity building.²⁰ His point was that donors were creating a Catch 22 situation where developing countries were not able to qualify for the funding that would allow them to grow capacities to qualify for that funding.
- Technical support: all case studies register a need for international assistance to build local capacity to monitor changes in forest cover and carbon stocks.
- Rules of the game: All four case studies report that REDD+ countries need international REDD+ policies and incentives to be better clarified in order to help REDD+ nations develop well targeted policies. This is especially true regarding funding issues, but it is also true in other areas like MRV methodologies, or international markets for sustainable forest products.
- Social and environmental safeguards: Developing countries' NGOs and other social and environmental stakeholders would like to see the international community applying pressure on REDD+ countries to ensure high standards of social and environmental safeguards as well as stringent anti-corruption measures.
- Tackling deforestation drivers outside the REDD+ countries: REDD+ could benefit from international efforts to address international drivers of deforestation; for example by enacting international measures that discourage illegal timber trade, and encourages trade on sustainable produced food, fiber and wood products.²¹

²⁰ Correspondence with Janice Bollers, WWF Forestry Officer, 7/2/10

²¹ Indonesia case study – p. 22

8. Institutional, policy and financial issues in the FCI “REDD+ for People and Nature” program

The forthcoming Forest Carbon NI program “REDD for People and Nature” (July 2010 – June 2013) has a strong focus on promoting on-the-ground local level REDD+ initiatives, although through its 8 projects it balances activities at the local, national and international level. Here we focus on the intersection between the “Institutions and funding arrangements” project (see table 5); and the three country-level projects (see table 6).

Table 5. Goals and Intervention Strategy in the Institutions and Funding Arrangements Project of the “REDD+ for People and Nature” program

| | |
|--|---|
| Goals (a) At the local level: to support the funding and institutional design of the sub-national projects and extract from them lessons that can be scaled up to the national and international level; (b) At national level: to support WWF country offices to develop effective and equitable National REDD+ strategies and institutions (c) At the international level: to help develop, and bring to the REDD+ negotiations, WWF perspectives on funding and institutional arrangements, with a strong conservation and livelihood concern | |
| Top-Down Intervention Strategy | Bottom-Up Intervention Strategy |
| 1. International level: the project brings WWF perspectives to influence international REDD+ agreements and practices | 3. International level: the project brings WWF perspectives and national and sub-national insights and frameworks to influence the international REDD+ agreements and practices |
| 2. National level: The project brings WWF perspective and knowledge of international REDD+ to the national REDD+ strategies discussion and helps increase national- international coherence | 2. National level: The project brings WWF perspective and sub-national insights and frameworks to influence the design of national REDD+ strategies and help increase national- sub national coherence |
| 3. Sub-national Level: The project brings WWF perspective and international and national frameworks to the discussion of sub-national arrangements in WWF projects and helps increase sub national – national coherence. | 1. Sub-national developments The project brings WWF perspective to the development of sub-national institutional and funding arrangements and elicits lessons and insights that can be used to inform the national REDD+ strategy. |
| South-South Intervention Strategy | |
| Sub national and National level: the project activities bring together experiences and practitioners from developing countries to share and develop their REDD+ strategies | |

Table 6. Three Country Projects' Goals

| |
|---|
| <p>A. Country: Democratic Republic of Congo (DRC)</p> <p>B. Project title: Community participation and mobilization for REDD+ at landscape level in the Lac Tumba region</p> <p>C. Three years project goals:</p> <ul style="list-style-type: none"> • Develop and deployment of community based REDD+ monitoring system • Promote local understanding of the implications and opportunities of national REDD+ policies when implemented at the local landscape level • Develop a pilot REDD+ mechanism in Lac Tumba that is able to achieve REDD+, claim payments for it, and distribute them to the local communities in a fair and equitable way. |
| <p>A. Country: Indonesia</p> <p>B. Project title: Securing the Heart of Borneo's (HoB) forest for carbon and environmental services through equitable benefit sharing mechanism and market transformation</p> <p>C. Three years project goals:*</p> <ul style="list-style-type: none"> • To establish sub-national equitable benefit-sharing mechanism which compensates communities for safeguarding and managing forests and services • To secure the inclusion of traditional community forests and Indigenous Population (IPs) in equitable benefit-sharing • To develop MRV procedures accessible to the local population • To Create enabling local, national and international conditions to support green development in HoB |
| <p>A. Country: Peru</p> <p>B. Project title: Promoting REDD+ Readiness in Peru: Supporting the creation of key enabling conditions for REDD+ to work as an innovative finance mechanism that delivers forest conservation and poverty alleviation in Madre de Dios.</p> <p>C. Three years project goals:</p> <ul style="list-style-type: none"> • A sub-national REDD+/PES programme put in place in the Madre de Dios Region (MDD) under the joint coordination of the Regional Government and indigenous and farming community representatives • An affordable, technically feasible and effective regional participatory monitoring system designed and tested in coordination with the national and regional governments • An integrated communications strategy is in place to foster the active engagement of indigenous communities, forest dependent people and other key local stakeholders. |

* The Indonesia project has actually 15 goals. We have reproduced here only those that seem more relevant to the issue of institutional and financing arrangements.

Finally, comparing the lessons of the country case studies, the state of international REDD+ initiatives, and the goal of the “REDD+ for People and Nature” country projects we come up with some additional focus for the financing and institutions arrangements projects, as presented in the below box.

Lessons 9 Regarding how the financing and institutional arrangements project can better support the three national projects

All three WWF 2 country projects have a strong focus on developing sub national REDD+ initiatives. But after COP15 the fact is that supportive international and national frameworks are still far from being in place, hence

1. All three “REDD+ for People and Nature” local projects would benefit if their countries advance their national REDD+ strategies and institutions.
2. Likewise, the ability of these three local level projects to actually collect and channel payments for local REDD+ activities will depend, to a large extent, on the advancement of international institutional and financial arrangements for REDD+
3. At the same time the local activities of the three projects may generate important lessons for national and international institution design and operation.

Consequently, supporting advancement on these three interlinked issues will be part of the focus of the financing and institutional arrangement project initial year. Regarding the baseline for points 1 and 2 above, as of early 2010

- Indonesia and Peru are more advanced in developing national REDD+ institutions (see the discussion above and Reports 5 and 7). DRC lags behind.
- Indonesia and the Congo Basin have garnered substantial international funding commitments for REDD+. Peru lags behind (but have recently strike some interesting local level REDD deals)

Annex 1
International Financing for REDD
A Project of WWF US Policy Program
List of Publications

All these publications can be downloaded from WWF Connect or copies can be obtained from Melissa Tupper Melissa.Tupper@wwfus.org or Pablo Gutman Pablo.Gutman@wwfus.org

- Report No. 1 P. Gutman; “The State of REDD+ Negotiations and Possible Outcomes at COP15. A September 2009 Update”
- Report No. 2 C. Loisel; “REDD+ Initiatives Outside the UNFCCC. An October 2009 Update”
- Report No. 3 A. Sen; “National Institutional Arrangements for REDD. Case Study Guyana” November 2009
- Report No. 4 T. Blanco Freja (cord.) “National institutional Arrangements for REDD. Case Study – Colombia” November 2009
- Report No. 5 M. Cigaran Tolmos (cord.) “Challenges, Opportunities and Critical Aspects Regarding the Possible Implementation of REDD+ in Peru” December 2009
- Report No. 6 P. Gutman “Funding for Developing Countries’ REDD+ in the US Climate Change Legislation. A December 2009 Update”
- Report No. 7 F. Ardiansyah (cord.); National institutional Arrangements for REDD+ Case Study – Indonesia” December 2009
- Report No. 8 P. Gutman and D. Patterson; “Lessons from REDD+ Preparedness in Colombia, Guyana, Indonesia and Peru. (Linking WWF FCI past and new projects)
- Report No. 9 M. Ibararan and R. Boy “Multiplier and distributive effects of large-scale REDD+ policies in Mexico” June 2010

Related publication by a partner institution, with the participation of this project staff

- C. Streck, L. Gomez-Echeverri, P. Gutman, C. Loisel and J. Werksman” REDD+ Institutional Options Assessment, Meridian Institute, 2009. Available at www.REDD-OAR.org