

## Remarks by Frances Seymour

### Session 3: Rights, Rules, and Emission Reductions: Clarifying what it really means to be “REDD-ready”

#### Rights & Resources Initiative and Chatham House Dialogue on Forests Governance & Climate Change

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Thanks to RRI and Chatham House for hosting this seminar, and to John Hudson for freeing me from the tyranny of Powerpoint. The one risk is that without a script to follow, I'll channel my father the Baptist minister and start pounding pulpit calling on all of us to repent of our REDD-related sins.

I'll begin by defining a readiness threshold for REDD, then talk about how readiness implicates both forest countries and the international community, and close with some observations about synergies between the REDD agenda and the rights agenda with illustrations from the results of CIFOR research.

#### Defining a REDD readiness threshold

In his opening remarks this morning, Duncan Brack mentioned a choice between solving forest governance challenges “simultaneously or before” implementing REDD. Some commentators here today and others I have heard speak in recent months have come down squarely in the “before” camp: one slogan is “No rights, no REDD”. They have suggested that the poor governance and injustices characteristic of the forest sector must be resolved before REDD activities can start. In light of the “trampling of rights” and violence related to forests detailed in Arvind Khare's opening address this morning, this is certainly a legitimate position, and one to which I am sympathetic.

But my patience is tempered by three additional considerations:

- (1) The risks that come with no action on REDD. It's now clear that without action on forest-related emissions, the international community has no chance of keeping global warming below the 2 degree maximum target. Exceeding that threshold would have catastrophic implications for millions of people, including many of the same communities that would be put at risk by REDD.
- (2) REDD poses “upside” opportunities in the form of co-benefits such as livelihood improvements and maintenance of ecosystems services important to many rural communities.
- (3) Many of us have spent our entire professional careers seeking to achieve what we now talk about as “REDD readiness”: transparency of forest information, participation in forest-related

decision-making, tenure reform, community-based forest management, effective forest law enforcement, and other forest governance objectives. And while there have been some successes, I fear that at the current pace of change, it would take another generation before these efforts would be complete.

So I put forward the proposition that we choose Duncan's "simultaneously" option, and exploit what's different about REDD to align incentives and provide the finance necessary to accelerate progress toward REDD readiness. What's different about REDD is the prospect of significant performance-based payments to the governments of forest countries.

In a different forum, Marcus Colchester recently asserted about REDD, "It's the political economy, stupid". I think there's reason for cautious optimism that the prospect of significant, performance-based payments to change the political economy of forest management over time. The example of the Forest Law Enforcement, Governance, and Trade (FLEGT) initiative's experience negotiating Voluntary Partnership Agreements (VPAs) with the governments of forest countries is instructive. Once threatened with the loss of valuable markets for timber products, forest countries have been willing to come to the table and undertake gap analyses of necessary reforms in forest governance. The forest governance indicators being developed by World Resources Institute (WRI) could provide a tool for such a process in the context of REDD.

A first threshold for readiness would thus be not when the process of tacking forest governance is complete, but rather when:

- A basic framework of safeguards and accountability mechanisms is in place so as to identify risks to vulnerable people and ecosystems in advance, and have avenues for recourse when things go wrong;
- The government is willing to engage in a transformational change agenda that would be necessary for REDD effectiveness over time; and
- Affected communities are sufficiently informed and have sufficient capacity to represent their interests as REDD policies and programs are formulated and implemented. (The recent developments in Ghana just described by Kyeretwie Opoku suggest that this test has not yet met in the context of national REDD strategy development in his country.)

### **Implications for the international community**

REDD readiness is a term usually applied only to forest countries. But REDD readiness implicates the policies and practices of both forest countries and the international community in a number of ways.

First, international institutions have a role to play in developing and implementing safeguards and accountability mechanisms, such as those discussed in the previous session for the World Bank's Forest Carbon Partnership Facility (FCPF) and the United Nations REDD Programme (UN-REDD).

Second, as mentioned by speakers from the floor in the first session, the international community has to contribute to controlling the demand-side drivers of deforestation and degradation. FLEGT is an

example of such an effort targeted at forest products; similar efforts are needed for biofuels and other internationally-traded commodities that are often produced at the expense of forests.

Third, the international community needs to coordinate various initiatives related to REDD. The example just provided of a national FLEGT VPA process unconnected to a national REDD strategy process two doors down the hallway in the same ministry is instructive. While national governments have a responsibility to “connect the dots”, the international community can help.

Fourth, the international community must put sufficient finance on the table to make it worth the while of forest nations to make major changes in forest management. We know that billions of dollars in revenue lost to illegal logging and other forest crime has been left on the table because in many instances, those amounts have not provided governments with sufficient incentive to change the political economy of the forestry sector. So the numbers for REDD finance sufficient to do the job will be large.

Fifth, the international community needs to learn lessons from past efforts of the international community to leverage domestic reform inside and outside the forestry sector. For example, the experience of structural adjustment lending illustrates the limitations of heavy-handed conditionality to induce meaningful reform. The willingness to walk away, mentioned earlier in the context of Global Environment Facility (GEF)-funded projects, is an important factor.

Sixth, there needs to be a seriousness on both sides of the bargain about the performance basis of REDD payments. We can't expect business-as-usual forest finance to result in anything other than business-as-usual forest-based emissions and injustice.

Let me provide one example of the challenges ahead. Forest nations and the international community will need to agree on national institutions for managing REDD revenues. Some of my CIFOR colleagues are currently completing a study of Indonesia's Reforestation Fund, and the lessons it provides that are relevant to managing REDD funds.

As some of you may know, the World Bank/International Monetary Fund (IMF) insisted that the Reforestation Fund be subject to an independent audit in the aftermath of the East Asian financial crisis a decade ago. The audit report detailed gross mismanagement and misappropriation of funds earmarked for forest management. And yet to this day, the report has never been disclosed to the public nor its implications discussed.

In the intervening years, the Government of Indonesia has developed a number of institutions and mechanisms – such as an independent audit agency and a corruption eradication commission – that are beginning to subject entities such as the Reforestation Fund to public scrutiny and to prompt successful prosecutions for misconduct.

Clearly, the international community should support such institutions in the interest of Monitoring, Reporting, and Verification (MRV) for REDD finance. MRV is needed not just for emissions reductions, but for finance as well.

## REDD/Rights Synergies

As Jim Penman said this morning, “it is essential to address rights for REDD effectiveness”. We actually know quite a bit about the potential for synergies between the REDD agenda and the rights agenda, and how to exploit them.

One way in which rights are essential to REDD effectiveness is that clear property rights on the part of the “seller” are necessary for the implementation of Payments for Ecosystem Services (PES) schemes, which could form an important part of national REDD strategies. A CIFOR colleague has recently done some analysis in Brazil showing that if you overlay forest areas where direct payments for avoided forest emissions would be financially viable (that is, the opportunity costs of alternative land uses are less than conservatively-estimated carbon prices) with forest areas where land tenure status is appropriate for PES (in other words, non-protected areas where there is a clear owner), only 25 percent of Brazil’s remaining forests would qualify.

According to analysis conducted by RRI, Brazil is the country that has made the most progress in recognizing the forest resource rights of indigenous and local communities. So if there is significant work to be done in Brazil’s forests to clarify tenure, you can imagine how much remains to be done elsewhere in order to create conditions for REDD effectiveness.

Other CIFOR colleagues are currently completing research conducted in 11 countries where community rights to forest resources have been recognized to a greater or lesser extent. Overall, the news is good, in that in many cases, forest-related livelihood benefits have increased while forest condition has been maintained, or forest condition has improved significantly while livelihood benefits have not decreased.

But the research has also revealed significant challenges that constrain realizing these livelihood and environmental benefits. For example, many communities have had to divert significant energy to defending their rights from other interests, even though those rights were secure on paper. And communities that have tried to engage with international markets to realize the benefits from their new forest assets have often been overwhelmed by the institutional requirements necessary to do so. The lessons for REDD are clear: Statutory forest tenure reform is just the first step, and needs to be accompanied by providing communities assistance with defending their rights, and building the institutions necessary to translate those rights into livelihood benefits.

Let me close with a brief look ahead to CIFOR’s REDD-related research agenda. Thanks to support from two of the governments represented on this panel (the United Kingdom and Norway), CIFOR is launching a global comparative research project on the first generation of REDD initiatives at national and sub-national levels. We hope to be generating research results such as those mentioned above early and often to inform policy-makers and practitioners regarding how to get REDD right – including the rights necessary for effective and equitable REDD. We look forward to sharing them with you.

Thank you.