Drawing lessons from Norway’s REDD+ interventions

Since the COP meeting in Bali in 2007, Norway has stood out as the principal donor of REDD+ money. Learning from the Norwegian experiences can prove useful for other donors. This brief treats a number of interesting issues raised in the first evaluation reports of the Norwegian efforts.

Clarity and transparency

Donors should seek clarity and transparency with respect to their aims for REDD+ investments and the phased approach so as to avoid confusion regarding their expectations and justifications. Definition of details can facilitate and speed up the process and contributes to planning security for all.

The phased approach, described in table 1, was widely accepted and finally adopted by COP16 in Cancún, not least because it allowed for a progressive approach to REDD+ and for the final decision on finance mechanisms to be deferred (Tipper et al., 2011). However, it has not yet been determined whether the approach applies to individual countries or to the whole REDD+ regime. Norway was allegedly the principal contributor to the phased approach yet there is some confusion as to what is Norway’s position on market-based funding. NIFCI is recommended to promote a discussion on the details of the phased approach (Tipper et al., 2011). Defining in more detail what the phases should contain would help clarifying what measures are needed in each phase. This could bring greater conformity in expectations on REDD+.

No agreement, no REDD+?

The risk of failure to reach an overall climate agreement within the UNFCCC framework must be taken into account in REDD+ investments. It can help mitigating the effects if it comes true.

The greatest overall risk related to NIFCI is that no climate change agreement is achieved (Tipper et al., 2011). This risk can be attributed to all REDD+ donors and investors. If no agreement is achieved REDD+ risks continuing as an increasingly fragmented interim process (Tipper et al., 2011). What it would mean to REDD+ countries and donors is difficult to foresee. However, taking this risk into account could help mitigating the effects if no agreement is achieved and the risks come true. In the best case scenario REDD+ preparations would be useful also without a REDD+ mechanism and a global climate change agreement. Donors need to find a balance between investing in general and specifically REDD+ targeted activities.

REDD+ - aid or service

It is important to be clear on the nature of REDD+ investments; to what extent are they ODA and to what extent are they PES? This distinction can have implications for the allocation and use of funds.

The evaluators note that there is a lack of clarity as to whether the Norwegian support to Brazil and Guyana comes in the form of a purchase of environmental services or in the form of results-based ODA which has reduced emissions as one of its aims (Tipper et al., 2011). While the agreement with Guyana...
has been described as a purchase of environmental services, it lacks some of the necessary legal and technical provisions for PES. This ambiguity has caused some confusion among parties and stakeholders. Channeling REDD+ money through the ODA budget requires meeting general objectives of development cooperation and OECD-DAC. At the same time, payments for ecosystem services require a tight definition of what the service consists in and clarity of ownership. Some question the appropriateness of using ODA funding for creating a market-based REDD+ mechanism. Others interpret it as a signal that Norway is questioning market-based funding. Clarifying these issues could contribute to raising the credibility of NICFI.

Donor coordination
It is crucial for donors to coordinate investments and activities with each other in line with the Paris Declaration in order to achieve effective use of means and avoid duplication of efforts.

In the Paris Declaration on Aid Effectiveness (OECD, 2005) donor countries commit to aligning development support with national strategies and coordinate efforts with other donors. Within the NICFI framework, Norway supports REDD+ interventions through a variety of funding channels, including multilateral initiatives such as the UN-REDD and the FCPF and bilateral agreements with a number of countries. The evaluators found a lack of clarity on how NICFI is applying its own key policy recommendations (Results-based approach; a national approach; a phased approach; a broad approach; a tiered approach to MRV; biodiversity safeguards and; effective participation of indigenous peoples and local communities,) to all investments, multilateral and bilateral (Tipper et al., 2011). There is a fear among civil society organisations that bilateral agreements made outside of the UNFCCC processes may undermine the process and overlook the necessary safeguards. The evaluators also found a fear that pursuing bilateral agreements might lead to fragmentation and lack of coherence in REDD+. NICFI was therefore recommended to support the development of a coherent and consistent model for REDD+ (ibid).

Respecting national sovereignty
Donors must tread lightly and be conscious of the balance between emphasising safeguards such as stakeholder involvement and respecting for national sovereignty.

Donors have a role to play in enforcing the importance of stakeholder involvement in the REDD+ process. However, it may be a delicate balancing act for REDD+ donors not to interfere too much in national affairs. The REDD+ process is an international concern and many REDD+ countries worry that it might threaten their sovereignty. The Norwegian general position, yet not necessary in line with priorities and values, is that in order to achieve national ownership of the REDD+ processes, investors must accept the decisions that host governments make, although they may not always like them (Solheim, 2011). According to the evaluators however, Norway is sometimes too passive, or lacking power, in relations with REDD+ country governments, in the name of sovereignty. NICFI is criticised for lacking clarity in expectations on low carbon strategies and action plans as well as on safeguards for indigenous rights and biodiversity (Tipper et al., 2011).

Building MRV capacity
MRV is a core element of transparent emissions accounting and allocation of funds in a performance based system. There is a great need for continued support to MRV capacity and technical development.

Developing MRV systems is a core element in the first phase of the phased approach (Angelsen et al., 2009) and is recognised by the evaluators as crucial to long term success of REDD+. MRV is fundamental for creating reference levels on country-specific emissions, which in turn are needed for climate effectiveness, cost effectiveness and for performance-based distribution of funds. While this view holds low controversy and has changed little since the Bali Action Plan (Tipper et al., 2011), many details regarding MRV still need to be resolved.

NICFI has persistently argued for a MRV methodology that facilitates incremental improvement, uses conservative estimates where data is lacking and provides incentives for improvements over time (Grassi et al., 2008).
This is reflected in the formulation of their bilateral agreements and through their engagement in multilateral organisations. However, much work still remains also in the most advanced countries such as Brazil, especially in strengthening national capacities. The development of REDD+ would be hampered in those countries that lack MRV capacity (e.g. inventory programmes, remote sensing monitoring, permanent plots), hence targeted fund-based support to these countries is of high importance (Tipper et al., 2011).

Seeking policy coherence

REDD+ donors have a lot to win from seeking policy coherence beyond REDD+ interventions. In addition to supporting REDD+ objectives it can contribute to credibility and acceptance for investments in donor countries and REDD+ host countries. Demand side measures within donor countries can be a way to demonstrate policy coherence and increase credibility.

Among the risks Norway faces when investing in REDD+ is that of losing domestic public support (Tipper et al., 2011). Achieving successful, demonstrable results is one way of avoiding this. Another way is to demonstrate general policy coherence. While policy coherence is a demand often placed on REDD+ countries, it may be equally important for donor countries wanting to gain public support for their investments. Policy coherence can at the same time contribute to REDD+ objectives from the demand side. Supply-side REDD+ measures aim to stop deforestation where it takes place. However, demand-side measures could be equally important for reducing the pressure on forests by reducing demand for products whose production lead to deforestation. Especially for countries aiming to take the lead in REDD+ investments, demand-side action could increase the credibility of interventions. In the long run this may influence political support and taxpayers’ willingness to pay for the initiative as well as the credibility of REDD+ interventions in host countries.

References


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Key recommendations

- Donors should seek clarity and transparency with respect to their aims for REDD+ investments and the phased approach.

- The risk of failure to reach an overall climate agreement within the UNFCCC framework must be taken into account in REDD+ investments.

- It is important to be clear on the nature of REDD+ investments; to what extent are they ODA and to what extent are they PES?

- It is crucial for donors to coordinate investments and activities with each other in line with the Paris Declaration in order to achieve effective use of means and avoid duplication of efforts.

- Donors must tread lightly and be conscious of the balance between emphasising safeguards such as stakeholder involvement and respecting for national sovereignty.

- MRV is a core element of transparent emissions accounting and allocation of funds in a performance based system. There is a great need for continued support to MRV capacity and technical development.

- Taking demand side measures and seeking policy coherence beyond REDD+ interventions can contribute to credibility and acceptance for investments in donor countries and REDD+ host countries.

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