

Designing REDD to Maximize Cobenefits

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Structure of Presentation

- I. Brief Overview of REDD's Promise for Cobenefits & Regulating Issue Linkages

- II. Challenges and Risks of REDD

- III. Options to Improve REDD's Impact Beyond Mitigation

Part I

Brief Overview of REDD's Promise (Beyond Carbon):

Regulating Linkages

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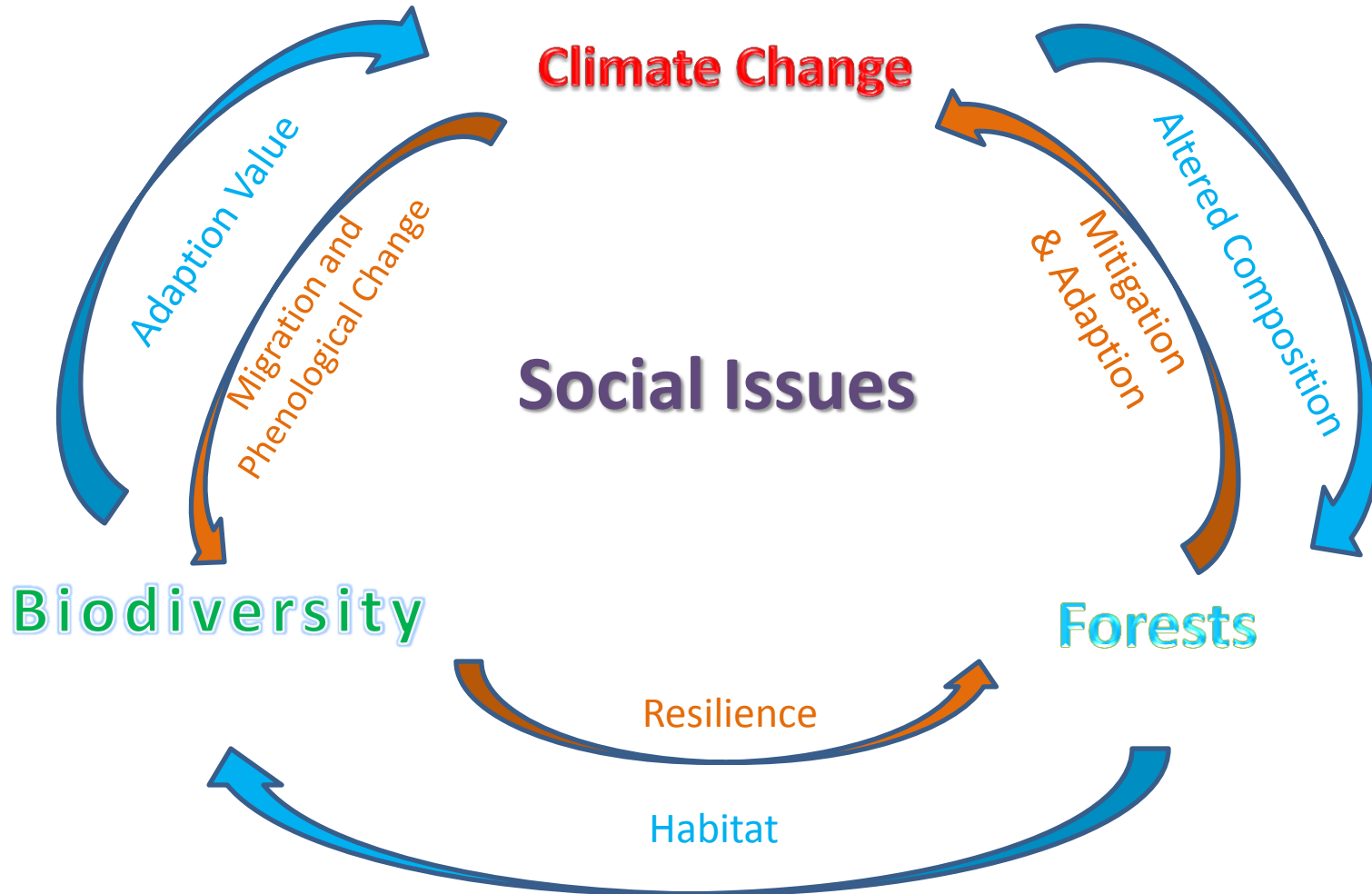
Cobenefits

The Promise of REDD: Regulating at the Linkages

- REDD provides an opportunity to fill gaps in traditional international environmental regulation.
- REDD can be developed to support holistic forest improvements, cutting across issue areas.
- REDD that reaches beyond carbon can provide a counter to legal fragmentation of existing international environmental regimes.

Linkages

Interdependent Issues



The Promise of REDD: Cobenefits

- Through linking issues, REDD can be a means of enlisting the climate regime to provide benefits for:
 - Biodiversity
 - Social Issues (governance, poverty alleviation, etc)
 - Adaptation
- Example: Enhancing biodiversity protection through the climate regime.

Climate Change Regime

REDD: Financial Incentive for Preservation

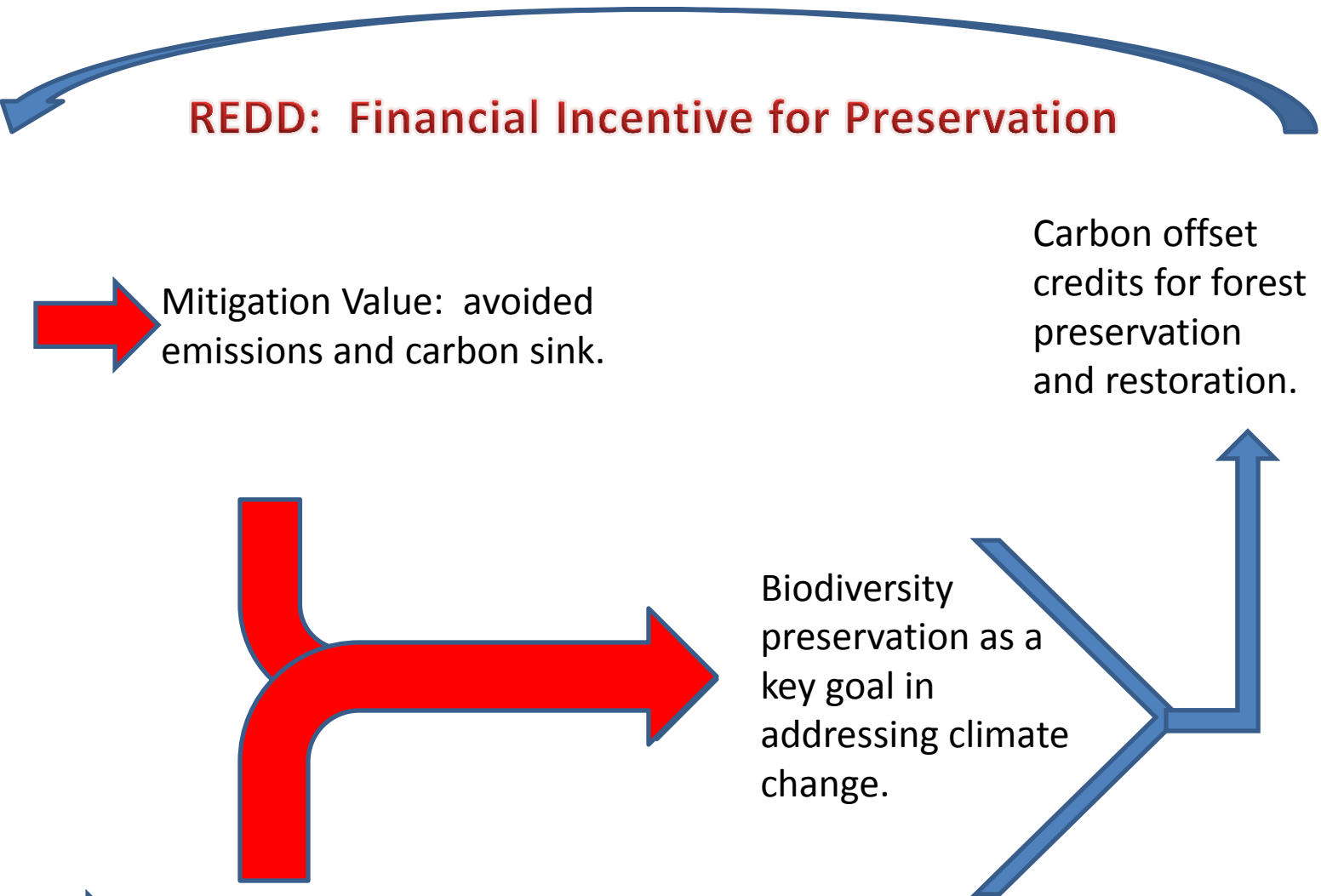
Carbon offset credits for forest preservation and restoration.

Biodiversity preservation as a key goal in addressing climate change.

Mitigation Value: avoided emissions and carbon sink.

Adaptation Value: resilience to weather impacts, preserving ecosystem services, offsetting biodiversity loss caused by climate change.

Biodiverse Primary Forests



REDD & Cobenefits: A Contingent Promise

- Powerful financial incentive that may succeed where prior international forest law has floundered for decades *if* market forces are harnessed to promote cobenefits.
- REDD will not *inevitably* provide cobenefits for biodiversity preservation or socioeconomic improvement.

Design matters.

Part II

Challenges and Risks of REDD

Risks of REDD for Cobenefits

- Biodiversity Risks:
 - Potential for “carbon farming”
 - Misalignment of carbon & biodiversity priorities
 - Threat of leakage to high biodiversity forests
- Socioeconomic Risks:
 - Distributional concerns & exacerbating inequities
 - Exclusion of forest-dependant peoples from forests
 - Concentration of benefits
 - Reduction/Destruction of ecosystem services
 - International inequity: high-risk investment areas

Challenges of REDD for Cobenefits: Overcoming Drivers of Deforestation

- Direct Drivers:
 - Agricultural Expansion (Industrial & Subsistence)
 - Timber Extraction (Industrial & Subsistence; Legal & Illegal)
 - Infrastructure Development (Sustainability?)
- Indirect Drivers:
 - Poverty
 - Land Tenure Questions
 - Weak or Corrupt Governance

Beyond Mitigation: Sustainably Overcoming Drivers

Key Sustainability Issues in REDD Design:

- Creating alternatives to meet needs driving deforestation
- Avoiding impacts on significant non-forest ecosystems
- Improving institutional capacity
- Supporting adaptation of forests

Part III

Options to Improve REDD's Impact Beyond Mitigation

Options to Improve REDD's Impact Beyond Mitigation

- Soft Law Approach: Encouraging Cobenefits (continuing along current trajectory)
- Hard Law Approach: Mandate for Cobenefits
- International Incentives for Cobenefits
- National Preferences for Cobenefits

Current Trends in REDD Negotiation Regarding Cobenefits

- Draft language from COP-15:
 - AWG-LCA draft “affirms” several principles that should “guide the implementation” of REDD, including that REDD should:
 - “Facilitate sustainable development, reduce poverty and respond to climate change in developing country Parties”
 - “Be consistent with the adaptation needs of the country.”
 - AWG-LCA draft “further affirms” safe guards that should be “[promoted] [and] [supported],” including :
 - “Transparent and effective national forest governance structures, taking into account national legislation and sovereignty,”
 - “Full and effective participation of relevant stakeholders,” and,
 - “Actions that are consistent with the conservation of natural forests and biological diversity, ensuring that [REDD] actions . . . are not used for the conversion of natural forests, but are instead used to incentivize the protection and conservation of natural forests and their ecosystem services, and to enhance other social and environmental benefits.”

Options to Improve REDD's Impact Beyond Mitigation

- Based on the AWG-LCA draft, current trends:
 - Provide only “soft” protections and encouragements for key cobenefits without any enforcement or incentives.
 - May prove no more successful than the efforts to promote SFM through soft forest law agreements over the past several decades.

Options to Improve REDD's Impact Beyond Mitigation

- International Mandate for Cobenefits:
 - Problem: Unlikely
 - Little momentum to add controversial mandates to already difficult REDD negotiations
 - Problem: Risky
 - May reduce overall participation in REDD
 - Viewed as too invasive? Intrusion on sovereignty?
 - May disadvantage countries with less resources
 - Too expensive or burdensome?

Options to Improve REDD's Impact Beyond Mitigation

- ~~• Soft Encouragement of Cobenefits~~
- ~~• International Mandate for Cobenefits~~
- International Incentives for Cobenefits
- National Preferences for Cobenefits

International Incentives for Cobenefits

- Two-step process:
 1. Create a certification option that will enable identification of projects with a high-level of cobenefits.
 2. Provide financial incentives to develop and purchase credits from certified projects.

International Voluntary Certification: Linking to Climate Regime

- Provide internationally-approved certification criteria for third-party verification. Potential to involve non-state certifying entities in design and implementation.
- Establish mechanisms for approval and recognition of certified projects.
- Establish financial incentives targeted at cobenefits, to be triggered by certification and approval.

Certification of Cobenefits

- Defining Certification:
 - Biodiversity Enhancement:
 - Biodiversity priority areas
 - Threatened species
 - Re-establishing key habitats & corridors
 - Socioeconomic Sustainability:
 - Key ecosystem services
 - Sustainable livelihoods
 - Governance:
 - Community management & benefit sharing
 - Combating illegal logging
 - Adaptation:
 - Ecological
 - Human communities

Certification of Cobenefits: Model & Example

- Climate, Community, and Biodiversity (CCB) standards:
 - Voluntary REDD
 - Include options for “Gold Level” certification for exceptional community benefits, exceptional biodiversity benefits, and adaptation benefits.
 - Experience here could inform development of UNFCCC-linked certification.
 - Regulatory Market REDD
 - REDD+ Social and Environmental Standards: Standards under development for certifying national policies & measures could provide a basis for certification under the UNFCCC regime

Incentives for Certification of Cobenefits

- Providing Benefits for Certified Projects/Measures:
 - Biodiversity Enhancing:
 - International funding for implementation
 - Funding to increase marketability of credits (reduce costs)
 - Socioeconomically Sustainable:
 - International funding to support development of cobenefit activities
 - Investment for livelihoods
 - Investment for governance development

Funding Benefits

- Benefits attached to certification could come directly from the climate regime through mechanisms similar to readiness and adaptation funds.
- Funds should be raised through market-linked mechanisms – a tax on credit transfers.
- Supplemental donor funding should be encouraged.

Additional Incentive: National Preferences

- Domestic measures in buyer countries' compliance requirements can enhance REDD's benefit through preference for projects with high cobenefits.
- National preferences can be created with or without an internationally-approved certification system.

National Preferences: Domestic Measures to Enhance REDD

- Designing a U.S. Preference for Cobenefits:
 - EPA would have authority to define what international carbon credits would qualify as offset credits under most proposed legislation.
 - EPA could use this authority to prioritize projects with high cobenefit levels.
 - Allow only REDD projects that meet EPA-set standards for cobenefits. Standards would be similar to certification standards and require verification.
 - Projects with less cobenefit value would only be permitted as U.S. offsets when supply of preferred credits is exhausted.

Conclusion

- REDD holds great promise for regulating at the linkage of issues (biodiversity, climate change, human well-being) and providing cobenefits.
- Mitigation-focused REDD may not provide net cobenefits.
- To realize REDD's cobenefit promise, we need real financial incentives for creating high cobenefit projects.

Thank You!

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