

Overseas Development Institute

Forests, poverty and REDD

Presentation by Leo Peskett (ODI) for the Poverty and Environment Partnership (PEP) side event Forest Day, December 8th, 2007; 16:00-17:30, Ayodya Resort, Nusa Dua, Bali.

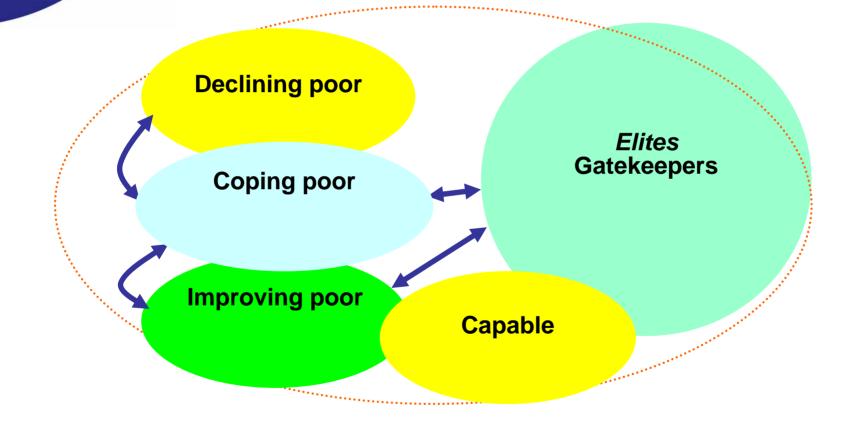


Overview

- 1. What do we mean by pro-poor REDD?
- 2. Understanding forest-poverty linkages in a REDD context
- 3. What are the poverty implications of the alternative REDD proposals?
- 4. What can be done to promote 'pro-poor' REDD? What are some guiding principles, criteria, and indicators?



What do we mean by 'propoor' REDD?



Source: Hobley 2007



Pro-poor REDD or 'no harm' REDD?

1) Moral argument, but is it enough?

2) Interests of the market (or fund?)

- > Poverty-permanence relationship?
- Reputational risk issue
- > Higher price?

3) Trade-offs with adding the poverty objective?



Understanding REDDpoverty linkages

- Existing experience from regulatory, fund and marketbased approaches to forest management in developing countries
- Investor risks in relation to achieving REDD



Experience from regulatory, fund and market approaches (1)

Approach	Examples of experience	Solutions?
Regulatory	•Tenure reform is not enough in low governance situations	 Strengthening legal institutions and access to legality
	•'Double standards' e.g. in community forestry access rights	 Clarity over rights to benefits
Fund	•Can be more centralised and less flexible – 'blue print' development	•Flexible assessment procedures; competitive bidding processes
	 Often suffer from high corruption and rent seeking behaviour 	 Improving accountability e.g. 'paper trails'; 3rd party oversight
	•Often parallel funding structures not aligned with government budgets of PRSPs	 Integration into wider development processes



Experience from regulatory, fund and market approaches (2)

Approach	Examples of experience	Solutions?
Market	•Buyers often in better position to negotiate	 Information provision and support
	•High transaction costs can effect market access	•Simplified systems (but a trade off with elite capture?)
	 Conflict through in-migration in areas where benefits are 	 More widely dispersed payments; conditionalities on payment delivery
	•Elite capture is common especially in PES	 Conditional processes; transparency
	•Economies of scale tend to favour larger and simpler forest systems	 Simplified systems; bundling
	 Cash payments not always suitable 	 In-kind benefits (e.g. employment or access rights)



Risk reduction for buyers and possible implications for poor

Risks:

- 1. Risk of project failure, non-permanence, leakage, governance, politics (i.e. Emissions reduction component of risk)
- 2. Reputational risk especially relating to social and environmental impacts of projects

Risk reduction:

- Establishing stringent contracts, liability arrangements and redress mechanisms
- Well defined rights to land and carbon
- Payment form, scheduling and duration
- Standards can reduce risks of negative social and environmental impacts



Implications of different international REDD scenarios for the poor

Scenario	Differences	Implications for poor
Agreement vs. no agreement	 Smaller scale of voluntary mkt Level of interest in 'pro- poorness 	 Potential size of benefit flows Interest in gourmet carbon
International mkt vs. international fund based	 'Drivers of interest Stringency of rules Size of financing Timing of payments 	 Efficiency of emissions reductions vs. aid delivery Access to benefits Potential size of benefits Market access (upfront capital)
National vs. project based	 Level of state control Type of transaction mech Level of integration with national development goals 	 Participation in decisions Liability arrangements for delivering REDD 'Trickle down' vs. direct benefits
Definitions (esp. inclusion of degradation)	 Larger scale of what is included Limits to land uses 	 More land use opportunities Problem of cyclical cultivation systems and temporary degradation



Towards 'pro-poor' REDD (1)

- Poverty reduction needs to be an **explicit goal** of REDD not just an add-on, with benefit sharing based on equity not just emissions
- Liability arrangements: Buyers taking on more risks; carbon pooling instruments; Case by case assessment of redress mechanisms
- Land and carbon rights clearly defined: Strengthening local legal institutions; Use of tools to establish rights; careful definition in national legislation and need to be held by landowners
- Maintain benefit flows over long time frames



Towards 'pro-poor' REDD (2)

- Use of standards: Simplified processes and possibly self verification systems; use of satellite imagery to avoid some of the verification burden; 3rd party oversight
- **Financing:** Upfront financing needed possibly through forward selling or supportive alternative funding sources (ODA? Carbon funds etc.)
- **Payment form and resolution:** Direct and indirect payments for REDD; Payments that are not necessarily monetary based
- Integration of REDD strategies integrated into wider sectoral and extra-sectoral reform (e.g. agricultural reform)
- Broad public participation and a commitment to public, rather than private interests



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Making voluntary carbon markets work better for the poor: the case of forestry offsets

Leo Peskett, Cecilia Luttrell and David Brown



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The implications of carbon



Can payments for avoided deforestation to tackle climate change also benefit the poor?

Leo Peskett, David Brown and Cecilia Luttrell

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Can standards for voluntary carbon offsets ensure development benefits?

Leo Peskett, Cecilia Luttrell and Mari Iwata

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Potential and Challenges of Payments for Ecosystem Services from Tropical Forests

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Michael Richards and Michael Jenkins





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Policy conclusions

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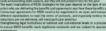
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Reduced Emissions from Deforestation and Degradation Leo Peskett and Zoe Harkin

Risk and responsibility in

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