VU University Amsterdam

REDD-ALERT WP4 Progress report

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Introducing... the WP4 team

IVM

Joyeeta Gupta: WP lead, global governance, policy instruments, case study coordination

Onno Kuik: economic analysis, GTAP modelling

Constanze Haug: global governance, REDD policy exercise

Emmy Bergsma: forest governance and equity

Macaulay

Maria Nijnik: stakeholder perceptions, Q-methodology

ICRAF

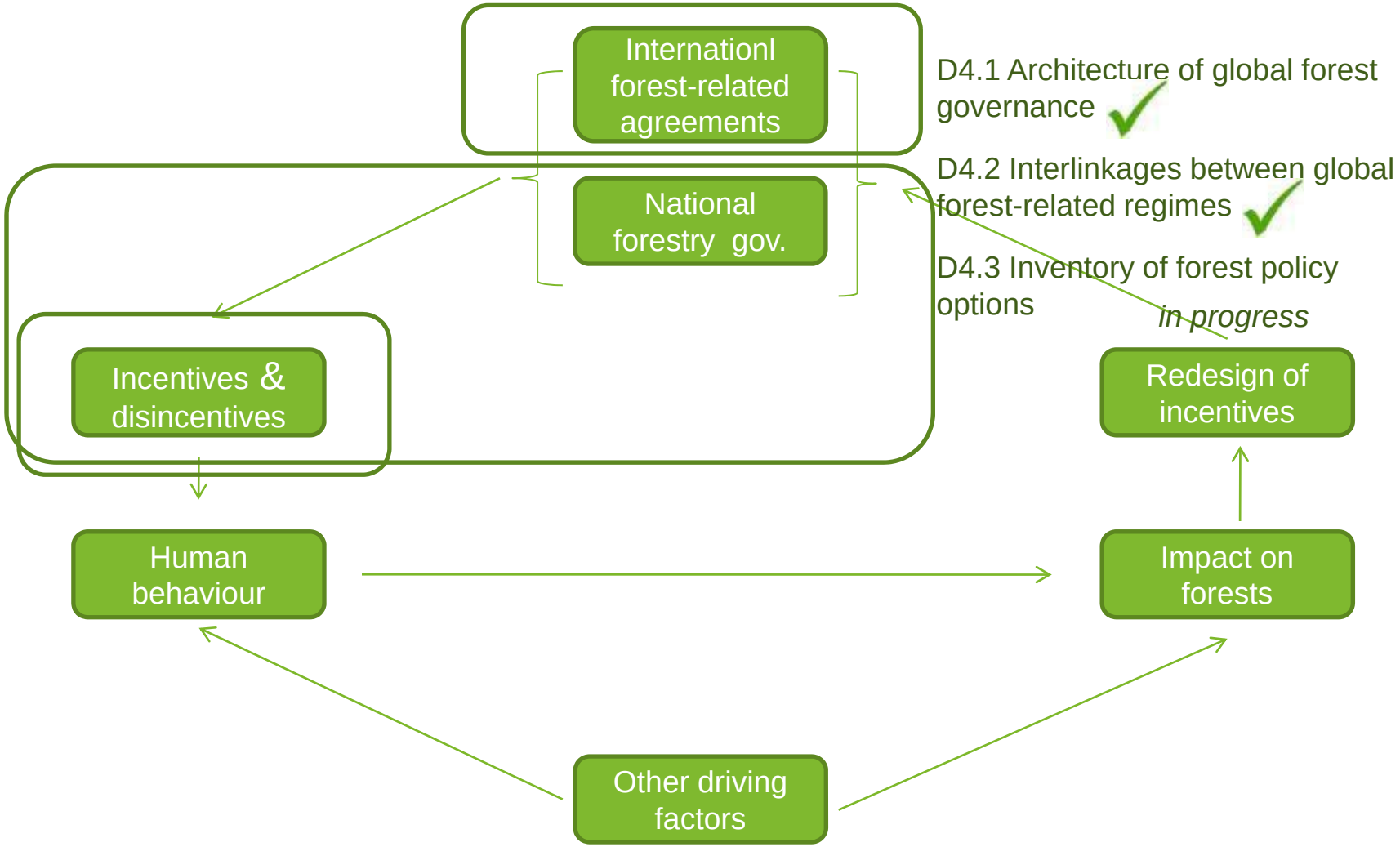
Peter Minang: global governance (REDD), case studies

With contributions from INIA, ISRI, IRAD, RCFEE

Progress to date

- 2 deliverables submitted (... and close to submitting a third one)
- 4 MSc theses supervised
- 4 IVM researchers and 2 guest researchers working on REDD-ALERT in Amsterdam

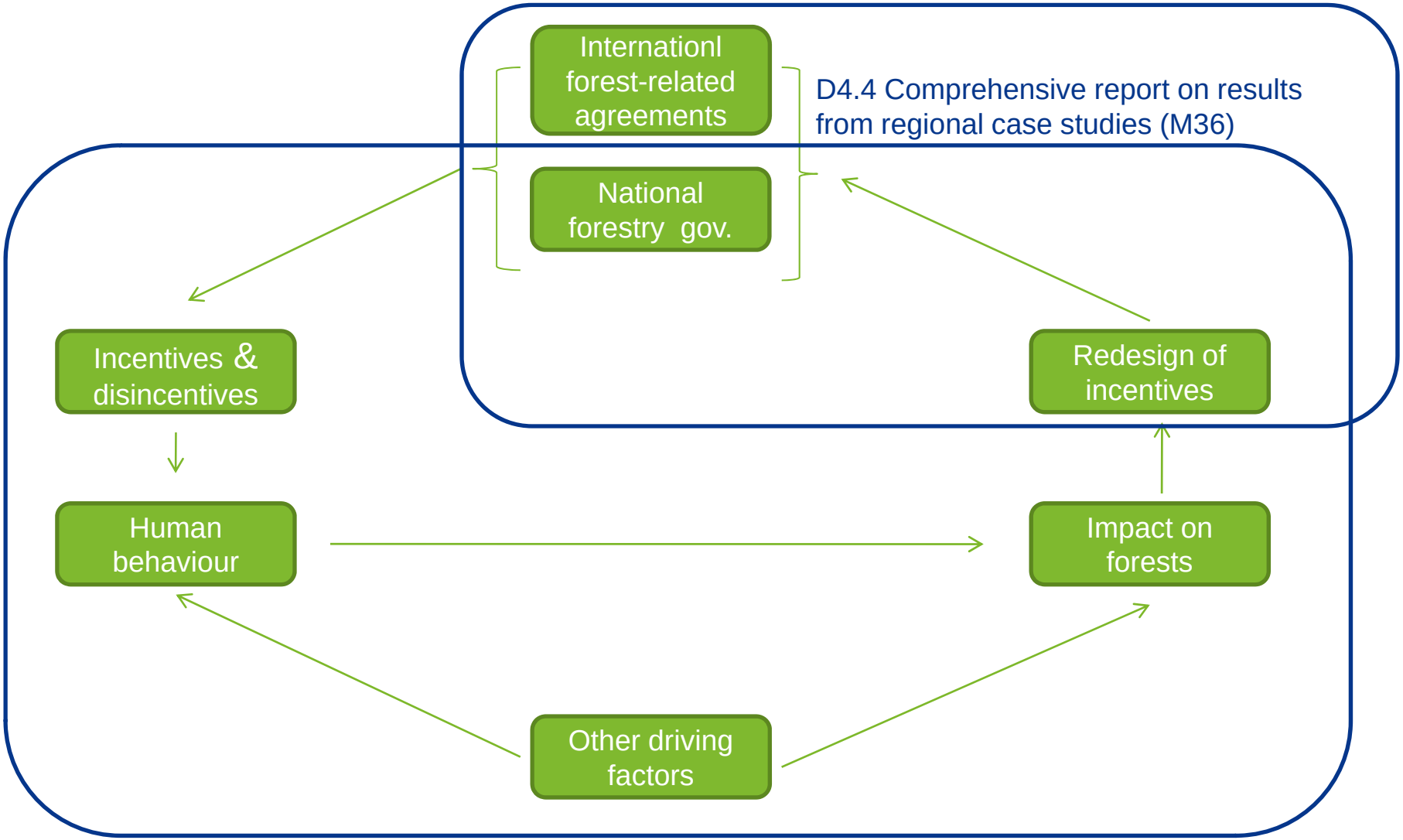
Completed work and work in progress



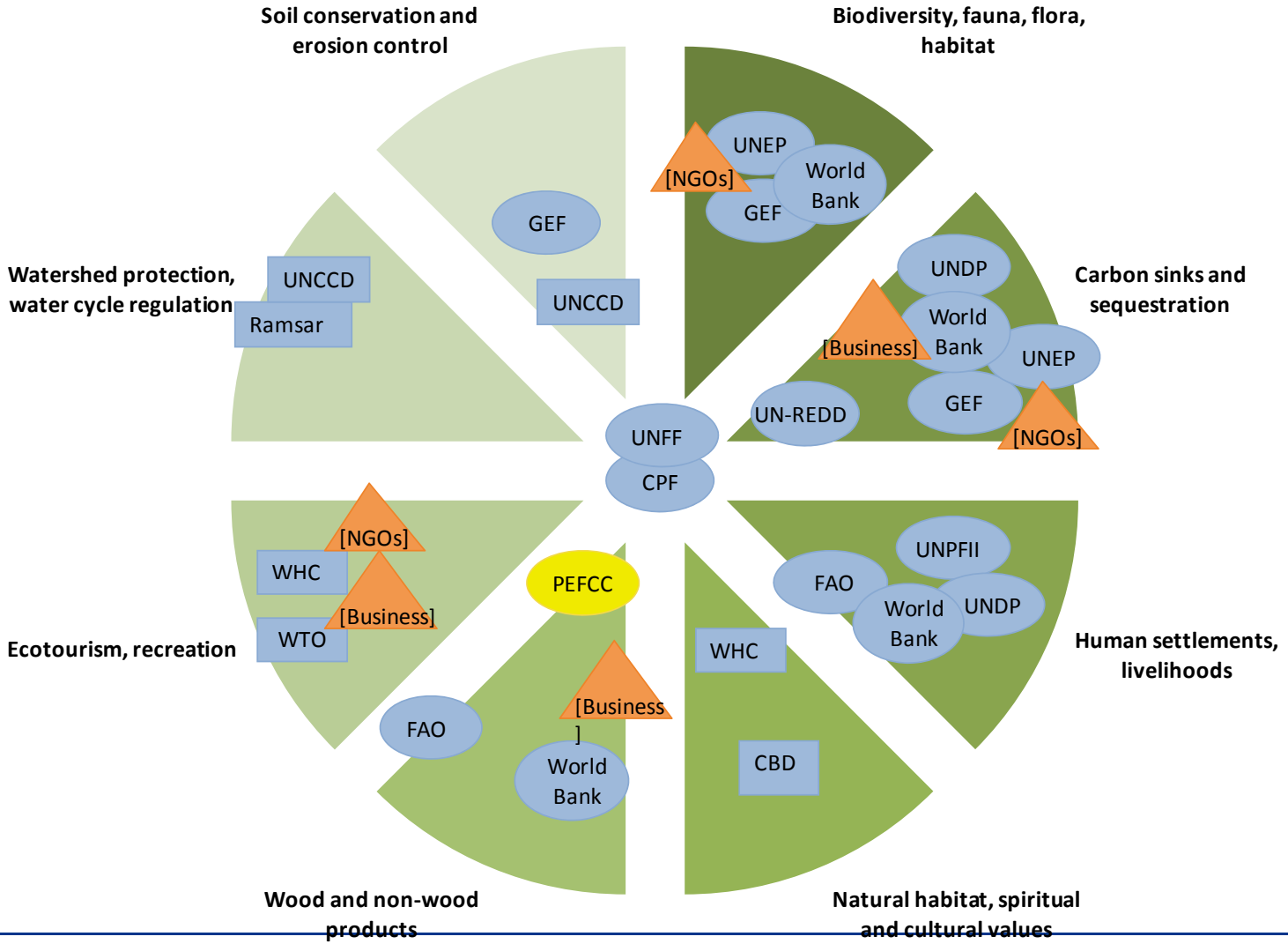
Based on O.Young, 1999

Looking ahead

D4.5 Final report including the ´redd global policy model´ (M36)

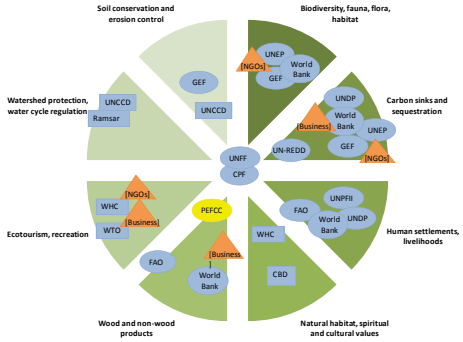


D4.1 Graphical overview of global forest governance

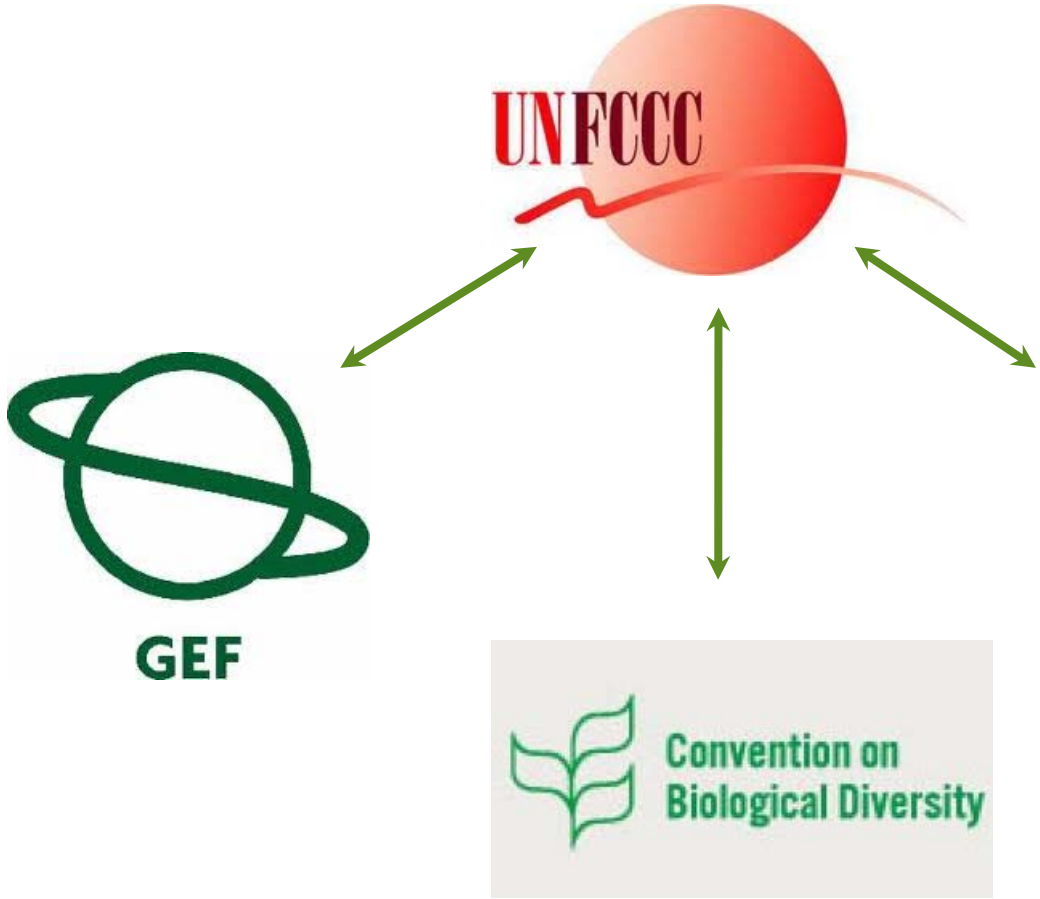


D4.1 Architecture - continued

- Governance diffuse; characterised by ad hoc incrementalism
- Few provisions on sustainable forest management
- Some forest functions are much more/better covered by international regimes than others, giving rise to overlaps, but also potential for synergies
- Comprehensive global forest regime appears more elusive than ever
- REDD+ set to focus attention even more on sink function of forests



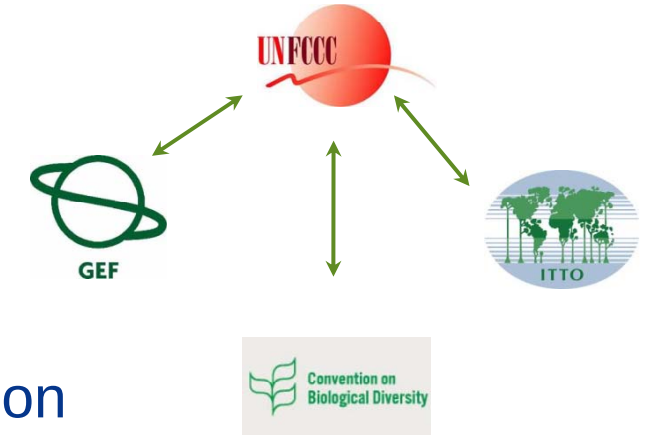
D4.2 Interlinkages between global forest-related regimes



- Institutional set-up and main actors
- Interlinkages with UNFCCC
- Key policies and incentives
- Lessons for REDD design

D4.2 - continued

- Regimes give rise to few incentives that directly affect forest management on the ground
- Lack of serious monitoring, reporting and compliance mechanisms makes measuring progress difficult
- All organisations are trying to strategically position themselves with regard to REDD+ (see also Giannini, 2010)
- Governance provides some indications for REDD, e.g. on decision-making structures and rules on co-benefits

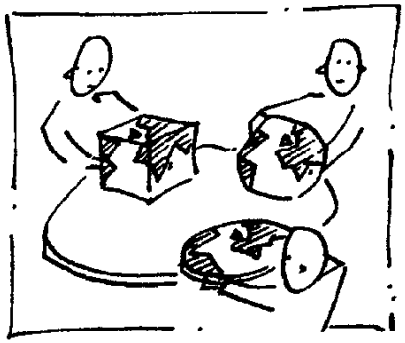


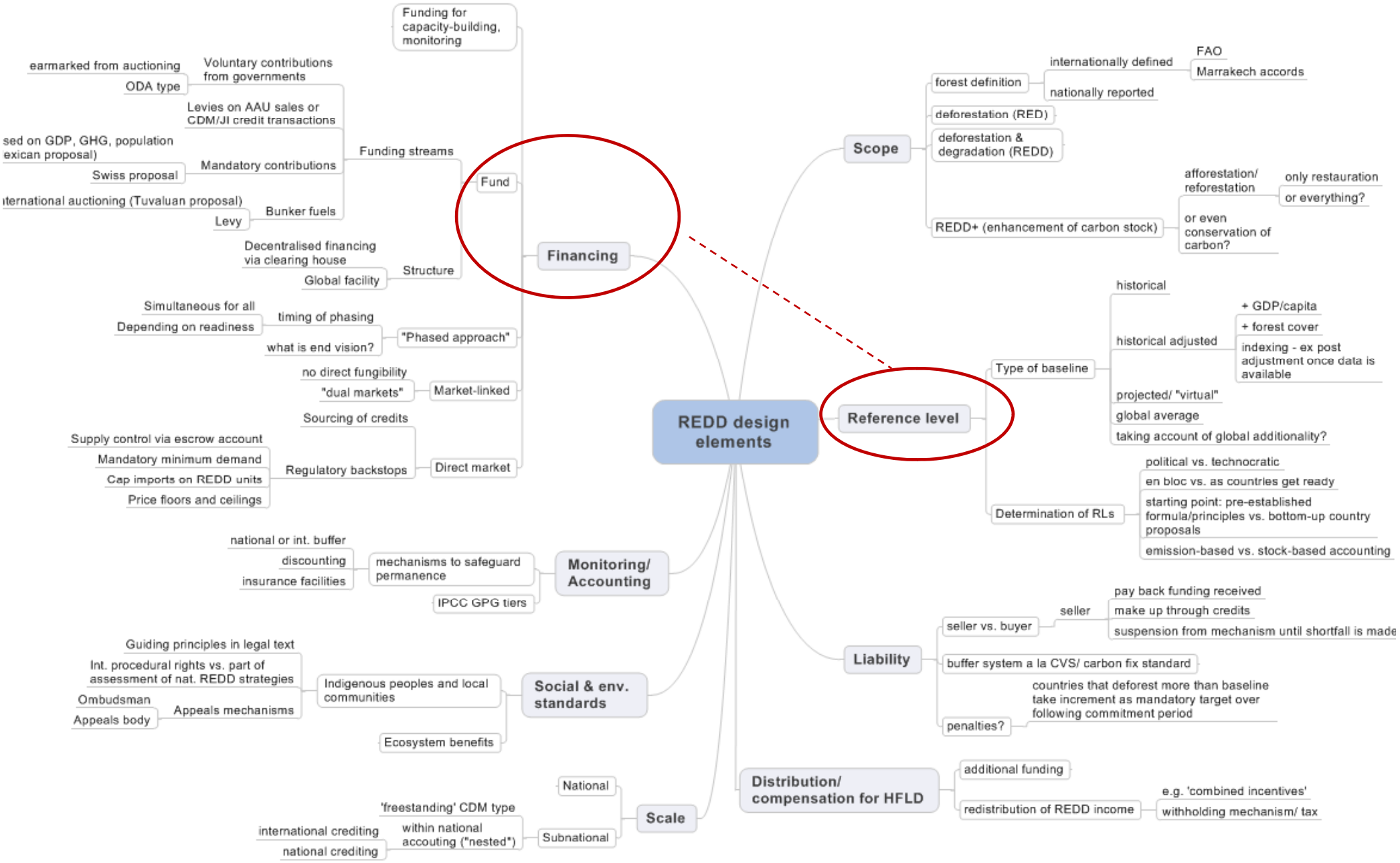
D4.3 Generic table of forest policy options

- Very few (review) articles examining the implementation and effectiveness of policy instruments -> no clear lessons learned
- Consensus: community buy-in/targeting the right actors is key to success; and securing long-term financing the main problem

Looking ahead (1): REDD-ALERT policy exercise

- Policy exercises: interactive workshop format that brings together policy-makers and experts to negotiate and take decisions in a fictitious scenaring setting
- Planned for 16/17 November 2010 in Amsterdam
- Focus: options for REDD+ (non-market) financing




REDD design elements
Financing
Funding for capacity-building, monitoring
Fund
Funding streams
Voluntary contributions from governments
earmarked from auctioning
ODA type
Levies on AAU sales or CDM/JI credit transactions
Mandatory contributions
sed on GDP, GHG, population
exican proposal)
Swiss proposal
Bunker fuels
ternational auctioning (Tuvaluan proposal)
Levy
Structure
Decentralised financing via clearing house
Global facility
"Phased approach"
timing of phasing
Simultaneous for all
Depending on readiness
what is end vision?
Market-linked
no direct fungibility
"dual markets"
Direct market
Sourcing of credits
Regulatory backstops
Supply control via escrow account
Mandatory minimum demand
Cap imports on REDD units
Price floors and ceilings
Monitoring/ Accounting
mechanisms to safeguard permanence
national or int. buffer
discounting
insurance facilities
IPCC GPG tiers
Social & env. standards
Indigenous peoples and local communities
Guiding principles in legal text
Int. procedural rights vs. part of assessment of nat. REDD strategies
Appeals mechanisms
Ombudsman
Appeals body
Ecosystem benefits
Scale
National
Subnational
'freestanding' CDM type
within national accouting ("nested")
international crediting
national crediting
Scope
forest definition
internationally defined
FAO
Marrakech accords
nationally reported
deforestation (RED)
deforestation & degradation (REDD)
REDD+ (enhancement of carbon stock)
afforestation/ reforestation
only restauration
or everything?
or even conservation of carbon?
Reference level
Type of baseline
historical
historical adjusted
+ GDP/capita
+ forest cover
indexing - ex post adjustment once data is available
projected/ "virtual"
global average
taking account of global additionality?
Determination of RLs
political vs. technocratic
en bloc vs. as countries get ready
starting point: pre-established formula/principles vs. bottom-up country proposals
emission-based vs. stock-based accounting
Liability
seller vs. buyer
seller
pay back funding received
make up through credits
suspension from mechanism until shortfall is made
buffer system a la CVS/ carbon fix standard
penalties?
countries that deforest more than baseline take increment as mandatory target over following commitment period
Distribution/ compensation for HFLD
additional funding
redistribution of REDD income
e.g. 'combined incentives'
withholding mechanism/ tax

Looking ahead (1): REDD-ALERT policy exercise

From 2015?

From 2020?

How to operationalise a global REDD fund?

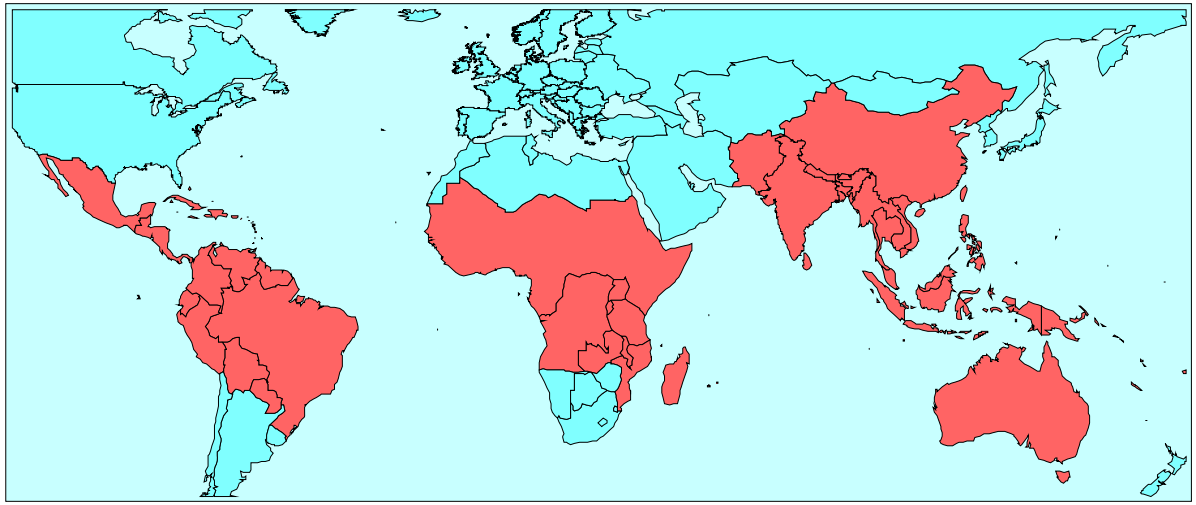
Looking ahead (2): REDD and its impacts on international timber and food markets

The effects of REDD-policies on:

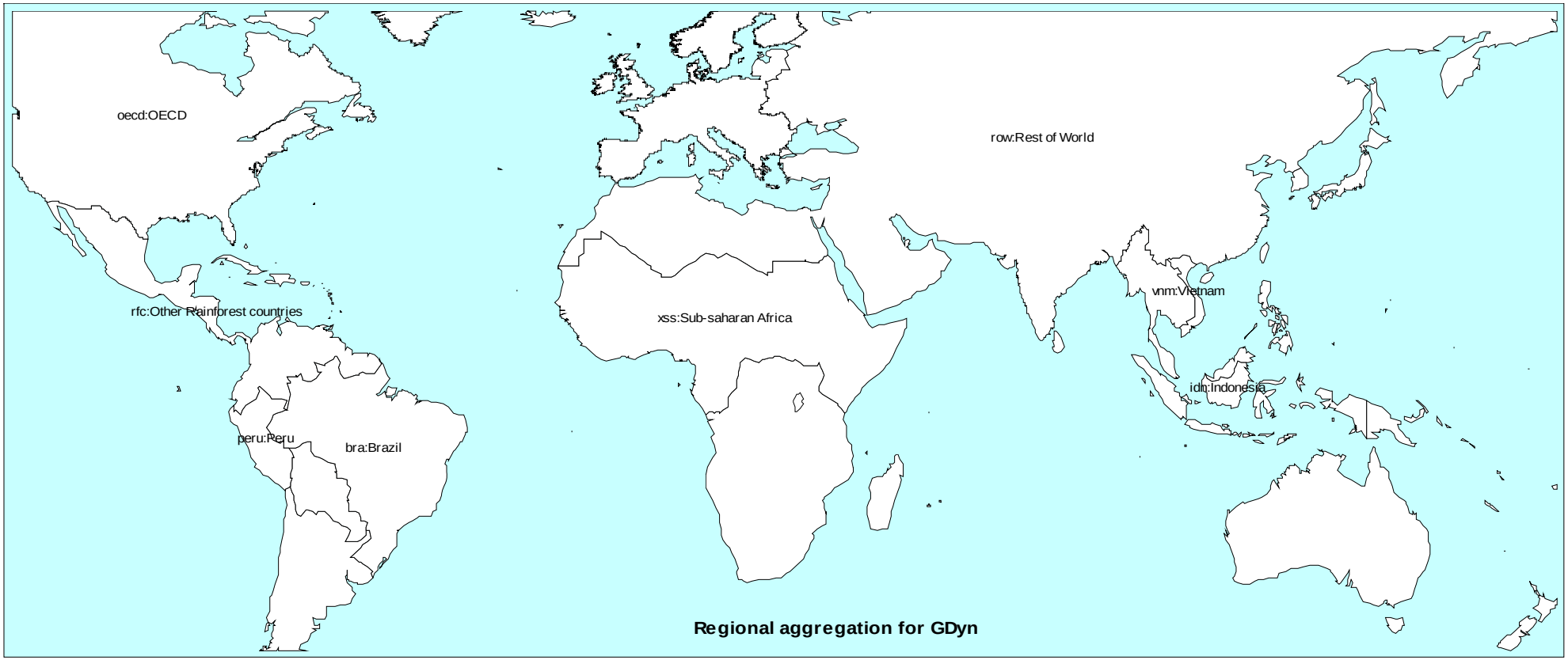
Market prices, supply, consumption and international trade of food (agricultural commodities), bio-energy and timber and wood products;

GTAP (Global Trade Analysis Project) model

87 countries
57 commodities



Dynamic GTAP/Gdyn

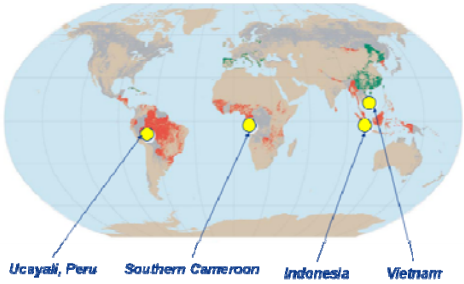


Dynamic GTAP/Gdyn

Scenarios	Description
Base	Business as Usual/existing projections of economic growth and deforestation
Base-Biofuel	Increased demand for biofuels (increased competition for land)
REDD-single region	Reduced deforestation/timber (&food) supply in one region
REDD-mult regions	Reduced deforestation/timber (&food) supply in multiple regions
REDD-finance	Reduced deforestation/timber (&food) supply ***and*** compensating payments
(REDD-taxes	*Reduced deforestation through timber and wood products export and sales taxes)*
(Etc.)	

Looking ahead (3): regional case studies (M18-36)

- Overall objective: analysis of the incentives and disincentives stemming from forest-related policies and the effects they have on the behaviour of local stakeholders – in a comparative perspective across the four case countries.



Special attention to:

Role of REDD

Role of international instruments (debt for nature and debt for development swaps), actors (aid agencies; development banks) and ideologies (liberalization of markets);

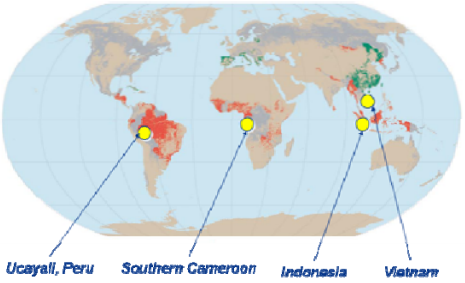
Role of new social forestry network companies;

Role of decentralization

Role of alternative uses of land – agriculture, biofuels;

Looking ahead (3): regional case studies

Research steps:



(1) Content and literature analyses of national and provincial laws and policies affecting forestry (inside and outside the forestry sector) – until February 2011

(2) Stakeholder interviews at national, provincial and local level - REDD-alert case study sites as point of departure for local analysis – spring/summer 2011

(3) Comparative analysis/synthesis – summer/autumn 2011

Regional case studies: proposed collaboration with partners

	IVM	ICRAF	Macaulay	INIA, IRAD, ISRI, RCFEE
Case study design	x	x		
National policy inventory & setting up interviews				x
Literature review		x		
Interviews (National)	x			
Interviews (Province)	x			
Interviews (HH/Communities)		x		
Closed Interviews			x	
Comparative analysis	x	x	If interest	If interest

Looking ahead (4): book project?

- In discussion with Routledge on a book summarising WP4 findings, focusing on the comparative analysis of the four regional case studies
- But also interested in collaborative publication plans that others might have!

Thanks for your attention! Questions??

... looking forward to the rest of the project and to our collaboration!

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Forest Policy Options

International interaction and feedback though commodity markets

Main questions

- Effects on international timber and food markets

- Trade-induced displacement effects or “leakage”

International timber and food markets

The effects of REDD-policies on:

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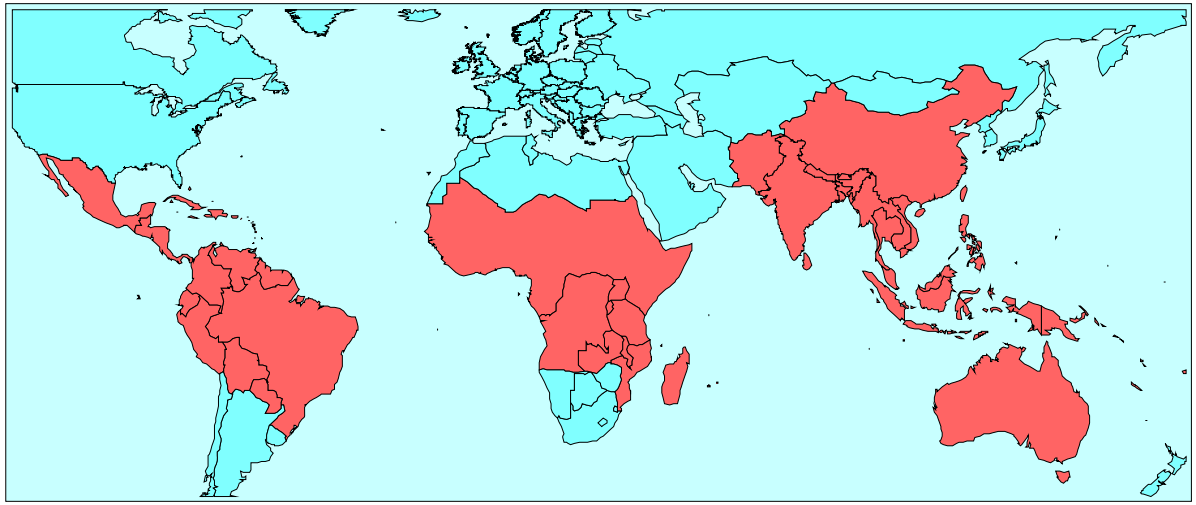


Displacement/leakage

Leakage occurs when efforts to control emissions in one place cause emissions to shift to another place that is not subject to the policy

Displacement/leakage

Author	Policy context	Conclusion
Wear and Murray (2004)	Timber harvesting restrictions in US on federal lands in NW Pacific ("Spotted Owl")	40% of forgone harvests were shifted to private lands in US and Canada
Lang and Chan (2006)	1998 logging ban in China	Substantial displacement of forest exploitation to Southeast Asian countries with weak regulatory regimes, such as Indonesia, Myanmar, Cambodia, and Papua New Guinea
Meyfroidt and Lambin (2009)	Forest transition in Vietnam	39.1% of the regrowth of Vietnam's forests in 1987-2006 was made possible by the international shift in forest exploitation and imports.
Gan and McCarl (2007)	Unilateral supply restrictions in ten major producer countries	Displacement rates for regions with tropical forests ranged from 70% (East Asia) to 87% (Sub-Saharan Africa
Sohngen and Brown, 2004	Carbon sequestration forestry projects in Bolivia	The estimated rates of leakage of various projects in these countries varied between 0% and 100%.

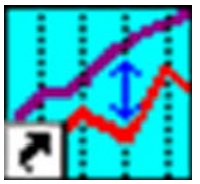
Displacement/leakage

Assessing the rate of leakage [..] “requires a […] modelling framework that simultaneously solves for multiple markets and integrates carbon accounting with the simulated changes in market outcome.” (Murray, 2009: 160).

Dynamic GTAP/Gdyn

Dynamic GTAP (version 3.5c , April 2010)

CGE model of the world economy



Rundynam.lnk

- Flexible aggregation of countries/regions
- Flexible aggregation of commodities, incl. forestry and forestry products
- Flexible time horizon and time periods
- Includes land as a factor of production
- Detailed representation of bilateral trade flows
- Dynamic investment behavior
- International capital mobility

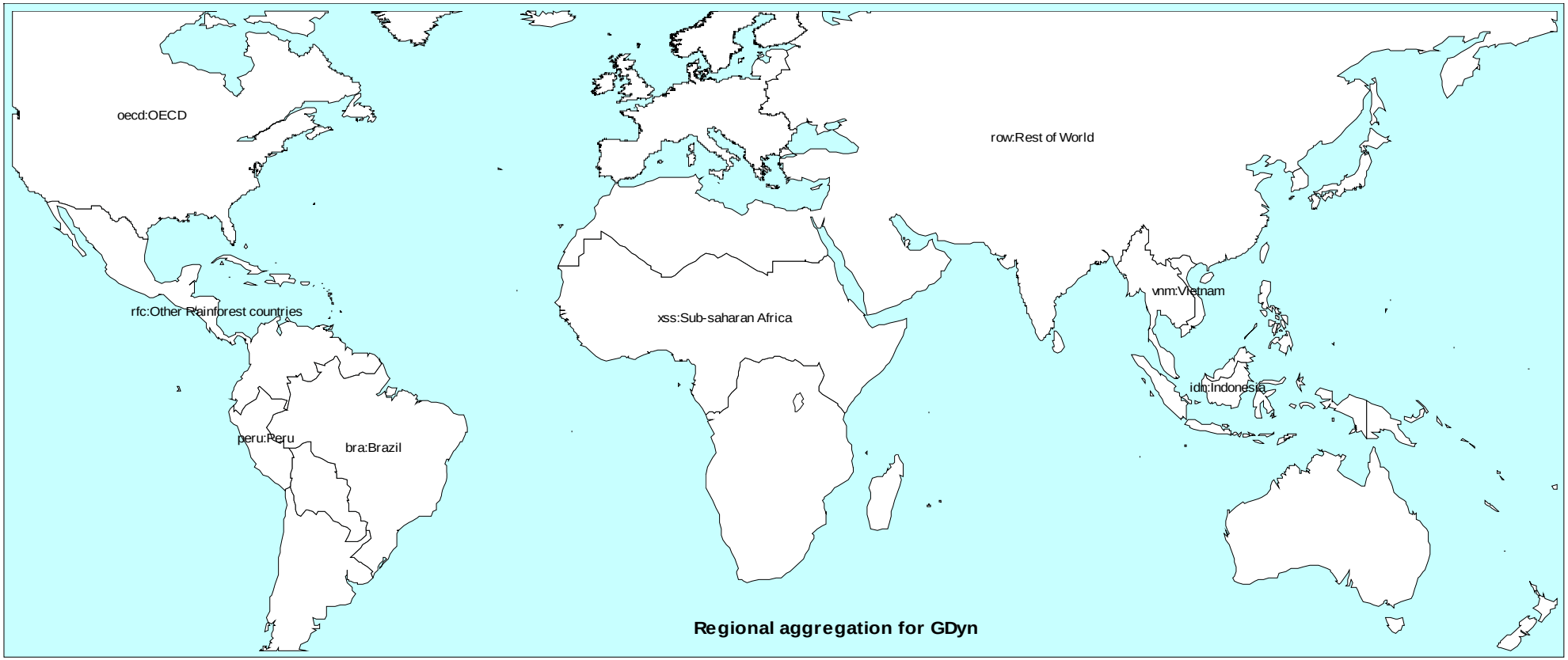
Dynamic GTAP/Gdyn

Preliminary aggregation

Countries/Regions	Commodities
Indonesia	Forestry
Vietnam	Wood products
Peru	Food
Sub-saharan Africa	Mining and manufactures
Brazil	Services
Other rainforest countries	
OECD	
Rest of World	

Time period: 2001-2050 (5 year periods)

Dynamic GTAP/Gdyn



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(Etc.)	

Information requests (what I need to know from you)

- Specifics on timber markets: regionally-specific price elasticity of timber supply, integration into world market, etc.)
- Regionally-specific relationship between deforestation and timber supply
- REDD policy scenarios (regional distribution, financial flows, effects on deforestation)

Thank you for your attention