

WHY REDD+ WON'T WORK

The Emperor's New Clothes

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Dear reader, the Oxford Dictionary describes a fairy story as a tale that is “magical, idealized, or extremely happy” – but also as “a fabricated story, especially one intended to deceive”. Fairy stories are used to convince others that all will end well, often for those that are honest or brave or just plain lucky. Fables are a similar kind of story, containing more explicit moral messages; they are used to instill particular ways of behaving in children and others. If REDD+ were to be published as a book, it could well be depicted as a collection of modern fairy stories and fables, designed to lure the unwitting and unwary into the complex world of REDD+, as this series of briefings shows...



*“We do not really mean, we do not really mean that what we are about to say is true.
A story, a story; let it come, let it go”¹*

The Emperor's New Clothes is a fable about two weavers who promise a vain Emperor a new suit of clothes. The suit will be invisible to those unfit for their positions, stupid, or incompetent. The weavers' intention is to earn a great deal of money for doing as little as possible. When the Emperor parades before his subjects, everyone can see that he has nothing on, but they doubt their own worth and fear for their standing in the community, so they keep quiet. Even the Emperor believes what he has been told, and doubts himself. But an innocent child finally cries out, “The Emperor isn't wearing anything at all!” and the secret is out.

*“This is my story which I have related. If it be sweet,
or if it be not sweet, take some elsewhere, and let some come back to me”.²*

1. Traditional Ashanti introduction to a story.
2. Traditional Ashanti end to a story.





What is REDD+?

REDD stands for Reducing Emissions from Deforestation and Forest Degradation in Developing Countries. REDD is intended to facilitate the transfer of significant amounts of climate finance from developed to developing countries, in a collaborative effort to protect the world's forests thereby reducing greenhouse gas emissions from those forests. In its current form – 'REDD+' – it also includes measures intended to 'enhance carbon stocks' which means it could be used to fund monoculture tree plantations, even in place of old growth forests.

The only way to reduce deforestation is to reduce demand for products that destroy forests

The over-riding problem with REDD+ is that unless the underlying drivers of deforestation - such as demand for timber or agricultural products - are addressed, deforestation will simply move from a REDD+ project area to somewhere else. This is known as 'leakage'.

"REDD leakage is impossible to eliminate completely unless all global forests and woodlands were to be REDD-enrolled simultaneously." (Wunder, 2008:74)

There have been proposals to counter this by operating REDD+ at a national level (rather than on a project basis), but even then deforestation can move to another country that is not participating in REDD+ (especially in temperate or boreal zones). There have been doubts expressed within the UNFCCC about how effective this scaling-up approach is likely to be (Wunder, 2008:73), although a number of different ways of trying to account for these losses have been proposed (including credit buffers and insurance schemes). But knowing how large discount factors should be still comes back to the very tricky issue of being able to monitor deforestation effectively (Wunder, 2008:73).

'Leakage' issues are also complicated by difficulties in determining where deforestation is actually happening (Wunder, 2008:69). High-value activities such as oil-palm, soybeans, logging and mining, are also activities that are more likely to be able to finance a move to other forested areas (Wunder, 2008:71).

This 'leakage' dilemma is set to escalate as increasing demand for biomass for energy production means that timber production is predicted to rise sharply in the future (New Forests, 2011).

REDD+ finance may go to projects that would have happened anyway

The 'additionality' question is one of the stickiest issues in the debate about forest carbon trade and performance-based payments in general, and this applies to REDD offset projects too. The basic premise is that projects that would have happened anyway cannot generate carbon credits to sell, since they are not leading to any additional reduction in emissions.

With similar offset projects registered under the Clean Development Mechanism it has been found that a significant number are probably not additional (Transparency International, 2010:134). In addition, by October 2008, 76% of all registered projects had been completely constructed before receiving approval, indicating that they may well have proceeded in the absence of additional CDM funding (Transparency International, 2010:135). There is a similar risk that tree plantation companies will claim REDD carbon credits for tree plantations they would have established anyway.

This issue is even more complicated when it concerns a project that pretends to reduce emissions by avoiding deforestation. It is by definition hard to estimate what would have happened to a certain forest area in the absence of a REDD+ project (Karsenty, 2008). Would it have been cut or not?

Forest carbon offset developers are developing more precise ways of calculating additionality for forest conservation projects (Valetin, 2011), but it remains the case that there is a strong incentive for project developers to engage in false claims: if the threats to the forest are exaggerated, they can sell more emission reductions to 'reduce' those perceived threats (Karsenty, 2008). Thus calculating additionality is inevitably unreliable:





“To the extent that the concept of additionality is open to interpretation and is based upon comparisons of future hypothetical scenarios, its determination is necessarily imprecise and is likely to remain controversial, even where comparatively stringent tests are applied.” (Valetin, 2011)

It is also important to note that it was mainly concern about this kind of fraud that triggered the Parties to the Kyoto Protocol to exclude forest conservation and avoided deforestation projects from the Clean Development Mechanism (CDM) when they determined the rules of the game in the first place, in 2001. The EU went even further: when it launched its own internal emission trading system in 2005, which nowadays represents 97% of all formal carbon trade (World Bank, 2011:9), it decided to exclude the possibility of buying credits from forest-related projects registered under the CDM.

REDD+ skates over the fact that it's very hard to measure carbon

Calculating how much influence forest loss has on the climate is highly complicated. Even the Norwegian Government, which is by far the largest donor to REDD+, has admitted that, “There are major scientific and political challenges involved in measuring carbon emissions from deforestation and forest degradation, and in setting reference emission levels.” (Government of Norway, 2011) This effectively means that it will be hard to assess whether REDD+ is doing the job it is supposed to do.

Monitoring carbon content is also an extremely expensive process, and requires professional scientific skills that are more readily available in industrialised countries. Indigenous knowledge includes comprehensive knowledge of the role of forests in influencing the climate, but this knowledge is not quantified in the manner proscribed by the scientists that elaborated the original Marrakesh Accords³ in 2001, and subsequent accounting methodologies.

As a result, the well-paid job of monitoring and calculating forest carbon stocks tends to be taken up by external consultants employed by large European firms (Shapiro, 2010). Even the participatory monitoring schemes that have been developed in some countries are still dominated by well-paid outsiders that determine monitoring rules and methodologies.

When forest carbon offsets don't work the climate loses twice

Many governments are in favour of linking REDD+ to regulatory compliance carbon markets, by selling forest carbon credits from projects in developing countries as offsets in order to raise additional private finance. These offsets allow those companies and countries legally obliged to reduce their emissions to offset their own emissions by paying for reductions elsewhere, rather than investing in emissions reductions at home. However, if a forest project would have happened anyway, there are no additional emissions reductions.

But if a forest offset project also fails – because the forest is lost to disease, fire or illegal loggers, for example – then the climate loses twice over. Firstly because the emissions elsewhere have continued, and secondly because of the forest loss itself (Transparency International, 2011:338).

REDD+ forest carbon credits are already available on the voluntary markets, and are increasingly popular. REDD projects accounted for 29% of the number of credits traded on voluntary markets in 2010, which has been described as a “meteoric rise” by an industry insider (Ecosystem Marketplace & BNEF, 2011). It seems that this relatively sudden increase is down to the introduction of new methodologies for developing REDD projects that may encourage investors to perceive them as being less risky, and because of “signals that REDD credits may soon be accepted in regional cap-and-trade schemes.” (carbonretirement.com, 2011)

Nevertheless, relying on private finance from carbon markets remains a risky business. The price of carbon and competing commodities can vary dramatically, with unpredictable consequences. Ironically, making forest carbon credits fungible with other carbon credits could also flood carbon markets, sending the price of carbon shooting down. In other words offsetting simply cannot provide the stable and predictable funding that is required to address climate change.



In addition, the ongoing dispute in the UN Framework Convention on Climate Change (UNFCCC) over whether there will be binding emissions reductions targets could also impact negatively on carbon markets, since they rely on the supply of emissions permits being limited to keep demand for carbon credits high.

Conclusion

REDD+ is very much a naked emperor. It has a number of key weaknesses, which are being deliberately 'brushed under the carpet' in the rush to find so-called solutions to climate change that generate a return for private investors and at least give the impression that something is being done about climate change.

Furthermore, these financial and political motivations are currently so strong that it is almost taboo to criticise REDD. Organisations who dare to do so risk losing philanthropic funding which, ironically, is also being invested in REDD because it seen as a desirable way of generating financial returns for funders.

One persistent concern with REDD is the difficulty of countering 'leakage', as deforestation moves to 'non-REDD' areas to meet continuing demand for timber and agricultural products. There is still no definitive response to dealing with leakage (Wunder, 2008: 74-75), and demand for timber is even expected to increase dramatically due to a range of emerging energy-from-biomass proposals (New Forests, 2011).

REDD+ also skates over the fact that it is very hard to measure carbon; and many REDD+ projects, especially profitable plantations, may have been put in place anyway without extra REDD finance, meaning that emissions are not offset as planned. Linking risky REDD+ projects to carbon markets would also increase reliance on a very volatile source of financing.

These failings cannot and should not be ignored: if REDD+ won't work, it should be replaced by other mechanisms or policies more likely to be effective in stopping deforestation - while there is still time to make such a shift.

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