



Overseas Development  
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# Forests, poverty and REDD

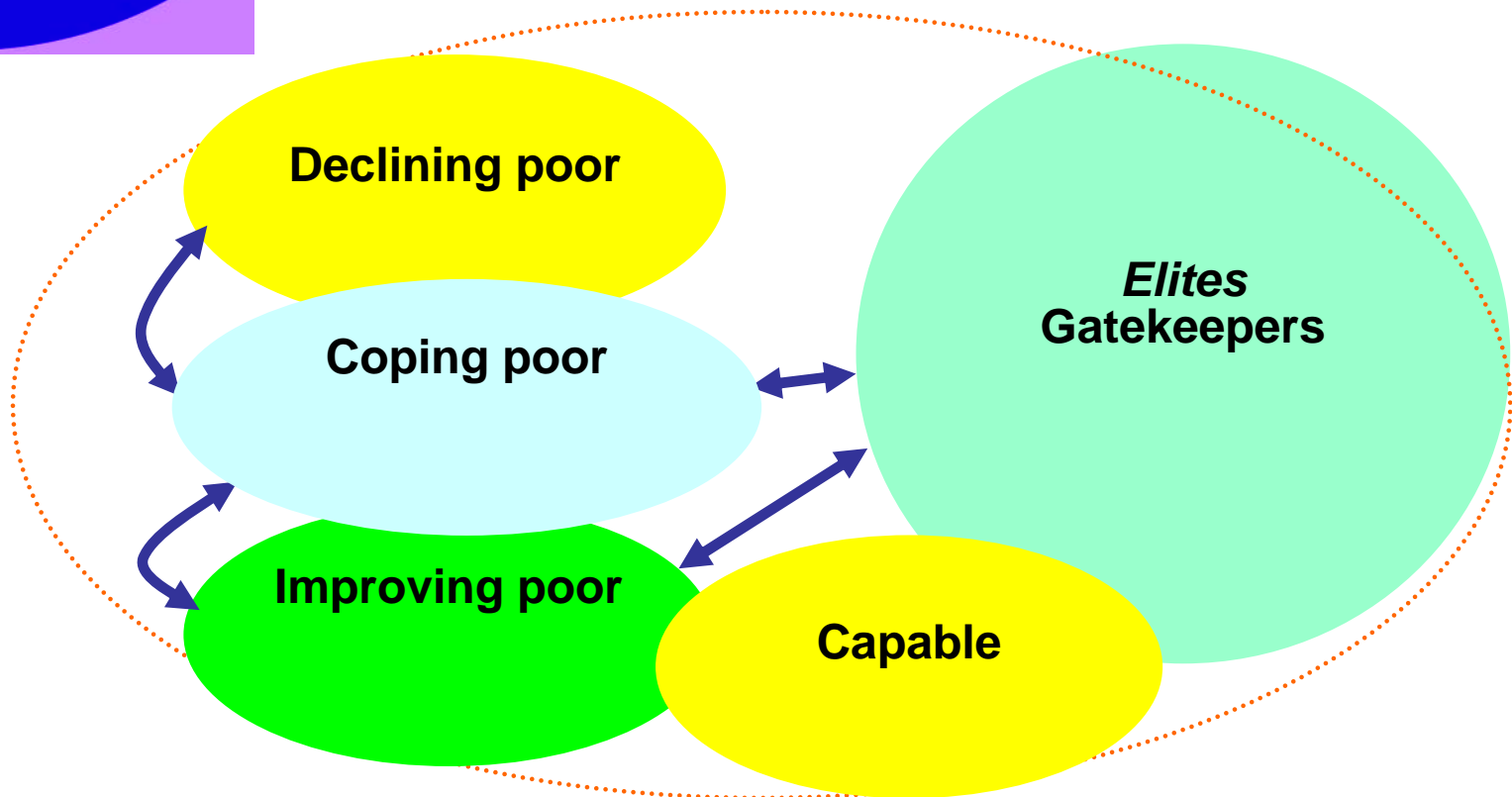
*Presentation by Leo Peskett (ODI) for the Poverty and Environment Partnership (PEP) side event*  
Forest Day, December 8th, 2007; 16:00-17:30, Ayodya Resort, Nusa Dua, Bali.



# Overview

1. What do we mean by pro-poor REDD?

# What do we mean by 'pro-poor' 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 REDD-poverty linkages

- Existing experience from regulatory, fund and market-based 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?
<b>Regulatory</b>	<ul style="list-style-type: none"> <li>• Tenure reform is not enough in low governance situations</li> <li>• ‘Double standards’ e.g. in community forestry access rights</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening legal institutions and access to legality</li> <li>• Clarity over rights to benefits</li> </ul>
<b>Fund</b>	<ul style="list-style-type: none"> <li>• Can be more centralised and less flexible – ‘blue print’ development</li> <li>• Often suffer from high corruption and rent seeking behaviour</li> <li>• Often parallel funding structures not aligned with government budgets of PRSPs</li> </ul>	<ul style="list-style-type: none"> <li>• Flexible assessment procedures; competitive bidding processes</li> <li>• Improving accountability e.g. ‘paper trails’; 3<sup>rd</sup> party oversight</li> <li>• Integration into wider development processes</li> </ul>

# Experience from regulatory, fund and market approaches

## (2)

Approach	Examples of experience	Solutions?
<b>Market</b>	<ul style="list-style-type: none"> <li>•Buyers often in better position to negotiate</li> <li>•High transaction costs can effect market access</li> <li>•Conflict through in-migration in areas where benefits are</li> <li>•Elite capture is common especially in PES</li> <li>•Economies of scale tend to favour larger and simpler forest systems</li> </ul>	<ul style="list-style-type: none"> <li>•Information provision and support</li> <li>•Simplified systems (but a trade off with elite capture?)</li> <li>•More widely dispersed payments; conditionalities on payment delivery</li> <li>•Conditional processes; transparency</li> <li>•Simplified systems; bundling</li> </ul>
	<ul style="list-style-type: none"> <li>•Cash payments not always suitable</li> </ul>	<ul style="list-style-type: none"> <li>•In-kind benefits (e.g. employment or access rights)</li> </ul>

The logo for the Overseas Development Institute is located in the top-left corner. It features a stylized globe with various colored segments (yellow, green, blue, purple) and the text 'Overseas Development Institute' in white on a dark blue background.

# 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

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## Scenario

Agreement vs.  
no agreement

## Differences

- Smaller scale of voluntary mkt
- Level of interest in 'pro-poorness'


## Implications for poor

- Potential size of benefit flows
- Interest in gourmet carbon



# 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**

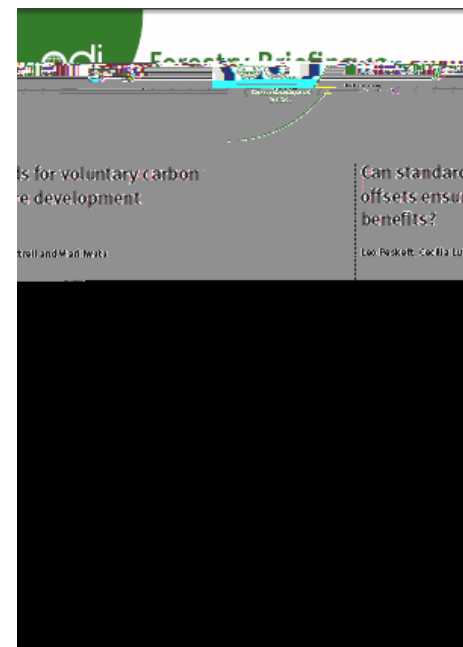
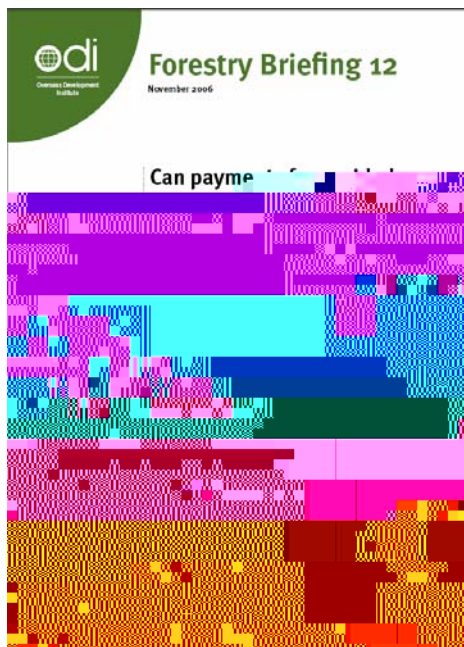
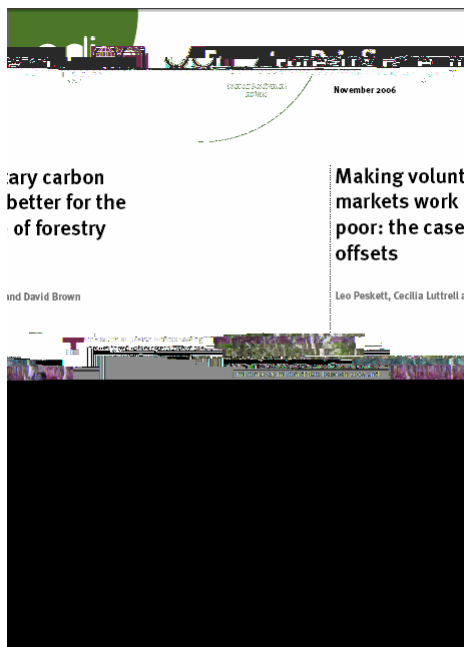


# Towards 'pro-poor' REDD (2)

- **Use of standards:** Simplified processes and possibly self verification systems; use of satellite imagery to avoid some of the verification burden; 3<sup>rd</sup> 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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