

Norway's International Climate and Forest Initiative

Background

Global warming is perhaps the greatest problem facing the world today, and one of the most challenging tasks the world community has ever had to address. Norway's overriding goal is for the average rise in global temperature to be limited to no more than 2°C above the pre-industrial level. According to the Intergovernmental Panel on Climate Change (IPCC), a temperature rise beyond this level risks dangerous and unpredictable climate change. The poorest countries will be most severely affected.

According to the IPCC, global greenhouse gas emissions must be cut by 50–85% from the 2000 level by 2050, and must peak by 2015, in order to keep the average rise in temperature to 2.0–2.4°C. To achieve this long-term target, the developed countries must reduce their emissions by 25–40% by 2020, and developing countries with rapidly growing emissions must also cut their emissions substantially below projected levels. In practice, this means that large parts of the world economy must make the shift from a high- to a low-carbon trajectory in a relatively short period of time.

Greenhouse gas emissions from deforestation and forest degradation in developing countries account for about 20% of the world's total annual anthropogenic CO₂ emissions. These emissions are not included in the Kyoto Protocol commitments. According to the IPCC, reducing emissions from deforestation and forest degradation is an important and appropriate mitigation option, because it is relatively cost-effective and can bring about large-scale reductions in emissions relatively rapidly. The British Stern Review draws the same conclusion.

Measures to reduce deforestation will be essential to achieve the target of limiting the temperature rise to 2°C, which depends on emissions peaking by 2015. However, it should be emphasised that efforts to reduce these emissions must be additional to and not a replacement for efforts by more developed economies to reduce their emissions.

Reducing deforestation and forest degradation will have substantial benefits in addition to the reduction of greenhouse gas emissions. These include positive impacts on biodiversity and on sustainable development, including poverty reduction and indigenous peoples' rights. Thus, reducing deforestation and forest degradation can produce a triple dividend – gains for the climate, for biodiversity and for sustainable development.

It was against this background that Prime Minister Jens Stoltenberg launched Norway's International Climate and Forest Initiative during the climate change negotiations at Bali in December 2007, and announced that Norway is prepared to allocate up to NOK three billion a year to efforts to reduce greenhouse gas emissions from deforestation in developing countries. The initiative applies to all types of tropical forests.

Reducing emissions from deforestation and forest degradation in developing countries will be a complicated, resource-intensive and costly process. It will be a special challenge to establish structures and capacity for building up monitoring systems and sustainable land use and forest management systems that will also have a long-term effect. Early investments will be of crucial importance, and the preliminary phase of the work will be most difficult. It will not be possible to achieve large cuts in emissions everywhere to start with, but Norway is taking a long-term approach.

It will only be possible to achieve large-scale reductions in greenhouse gas emissions from deforestation and forest degradation if these emissions are included in a global post-2012 climate regime. It will therefore be important to be able to demonstrate progress in developing good projects and solutions, particularly as regards monitoring of emissions, before the December 2009 Conference of the Parties under the Climate Change Convention (UNFCCC) in Copenhagen.

Goals

The primary objective of the Norwegian Government's climate policy is to play a part in establishing a global, binding, long-term post-2012 regime that will ensure deep enough cuts in global greenhouse gas emissions. Norway's goal is for the average rise in global temperature to be limited to no more than 2°C above the pre-industrial level with the help of such a regime. The Climate and Forest Initiative must give the greatest possible support to efforts to achieve this goal.

Promoting sustainable development and poverty reduction is an overriding objective of Norwegian foreign and development policy. It is therefore also an objective of the Climate and Forest Initiative, in addition to the climate-related goals listed below. According to the World Commission on Forests and Sustainable Development, 350 million of the world's poorest people depend almost entirely for their subsistence and survival on forests.

On this basis, Norway's International Climate and Forest Initiative has the following goals:

To work towards the inclusion of emissions from deforestation and forest degradation in a new international climate regime. An essential basis for permanent, substantial reductions in greenhouse gas emissions from deforestation and degradation is the inclusion of these emissions in a global regime under the UNFCCC. Using experience gained through the Climate and Forest Initiative, Norway intends to play a part in the design of a new climate regime, and will in this connection emphasise the importance of substantial transfers of funding from the rich part of the world to developing countries to finance measures to reduce deforestation and forest degradation. A key goal of the initiative will be to contribute to the development of a credible system for monitoring, assessment, reporting and verification.

To take early action to achieve cost-effective and verifiable reductions in greenhouse gas emissions. It is essential for the initiative to establish early action to reduce emissions from deforestation and forest degradation in developing countries before a global post-2012 regime is in place. In the preliminary phase, which is bound to last for some time, it will in many cases be necessary to focus on capacity building, and results in the form of emission reductions cannot be expected until later. During this phase, progress will have to be measured against milestones for the capacity building process. Nevertheless, Norway will also focus on emission reductions from the beginning, and emission reduction targets will be used as soon as this is feasible.

To promote the conservation of natural forests to maintain their carbon storage capacity. Conservation of natural forests is also important in maintaining species and genetic diversity. The Congo basin, for example, is home to more than 10 000 plant species, more than 1 000 birds and more than 400 mammals. Some tropical islands have a high proportion of endemic species (i.e. species that occur nowhere else in the world). It is impossible to put an accurate

figure on the value of this enormous biodiversity, and we have only just begun to understand ecosystem functions and use values. The tropical forests form a “green belt” around the world, which provides ecosystem services of crucial importance for human society, economy and culture, and offers great potential for the development of medicines and other useful substances.

Strategy

The challenges related to reducing emissions from deforestation and forest degradation in tropical forest countries are reasonably well known. Carbon leakage – which refers to a situation where emission reductions in one part of the world are counteracted by rising emissions elsewhere – is a concern at both national and global level. So is the need to ensure that emission reductions in one year are not counteracted by a rise in emissions the year after. There are major scientific and political challenges involved in measuring carbon emissions from deforestation and degradation, and in setting reference emission levels. Many tropical countries have little capacity for forest management, and illegal logging and deforestation are therefore serious problems. In addition, there are considerable challenges relating to the issue of good governance. Moreover, both economic and other factors are still acting as strong drivers of deforestation.

Millions of people live in tropical forests and depend on them for food, animal fodder, fuelwood and building materials. It is a major challenge to find ways of ensuring that local communities, including indigenous peoples, can continue to harvest sustainably from the forests, or that alternative livelihoods or paths of economic development are open to them. Indigenous peoples and other local communities are dependent on the species diversity and ecosystem services of natural forests to maintain their way of life, and they also play a crucial role in sustainable use and conservation of forests. It is therefore essential to protect biodiversity and safeguard the interests and rights of indigenous peoples and other local communities.

Addressing all these challenges will be a very demanding process. However, the scale of the challenges can be reduced through a systematic, strategic approach, and corrections can be made as necessary if the action taken is not having the desired effect. The main elements of the strategy for the Climate and Forest Initiative are as follows:

- *To play a part in establishing a credible system for monitoring, assessment, reporting and verification of reductions in emissions from deforestation and forest degradation.* This includes expertise and capacity for monitoring trends in forest cover and biomass, for collection of data on forest carbon volumes and for analysis of data to provide reports on emission levels. This capacity must be established both at national level in the countries Norway selects as partners, and at international level. The principles established by the IPCC and in negotiations under the UNFCCC must be used as a basis in this work.
- *To play a part in establishing a robust, effective and flexible international architecture* for efforts to reduce deforestation and forest degradation. Coordination and cooperation at both global and national level will be important, and will be given high priority by the Climate and Forest Initiative, among other things through cooperation with relevant UN bodies, including the UN Environment Programme (UNEP), the UN Development Programme (UNDP) and the UN Food and Agriculture Organization

(FAO), and with the World Bank. The initiative will work towards the establishment of:

- *A national coordinating unit for each forest country*, preferably at government level. This would be responsible for coordinating efforts to reduce emissions from deforestation and forest degradation (REDD), developing strategies, overseeing implementation and liaising with the international support structure.
 - *An international support programme for each national unit*, headed by the appropriate international organisation preferred by the recipient country. This would involve contributions from other international organisations, donor countries, NGOs, research institutions and others to varying degrees, depending on their particular comparative advantages. Their most important function should be to coordinate international contributions and ensure that REDD initiatives draw on all available international expertise and capacity. NGOs can play a particularly important role here.
 - *A support structure at international level*, including the organisation responsible for quality assurance of monitoring systems and reporting of emission levels. The support structure might also be given other responsibilities, including knowledge management, systematic communication of information about tested methodologies that can be used in practice, and capacity building within REDD-relevant fields. The support structure must be designed in accordance with the framework established through negotiations under the UNFCCC, and should not anticipate the outcome of the negotiations.
- All recipient countries that are selected as partners for the Climate and Forest Initiative must have the clear political intention of working systematically to reduce deforestation and forest degradation, and must later demonstrate this in practice. This work will include *developing and implementing national REDD strategies*, and protecting the rights of local people and their opportunities for development.
 - Norwegian and international NGOs have been working on climate- and forest-related issues for many years, and have considerable expertise and capacity in this field. Close cooperation with NGOs will therefore be essential to our success. There will be *a strong emphasis on systematic cooperation with selected NGOs, both at strategic level and in individual forest countries, and with relevant research institutions at national and international level*.
 - In most cases, *capacity building in the recipient country must be given priority* in the preliminary phase of the initiative. This will include building capacity for monitoring of forest cover and biomass, for measurement of forest carbon volumes, for reporting on emission levels, for policy development and legislation, and for law enforcement. The initiative will also contribute to *capacity building at international level*. Suitable international institutions, primarily within the UN system, must be given adequate resources so that they can build up the capacity that is needed.
 - *Support for efforts to reduce deforestation and forest degradation must be performance-based*. Credible reference emission levels must be established as soon as possible, and payments must be calculated on the basis of the reductions achieved relative to the reference levels. During expertise and capacity building in the preliminary phase, recipient countries must be judged on their progress in relation to

interim milestones. Support will gradually be withdrawn from partner countries that do not achieve these milestones.

- *We must seek to ensure that Norway's initiative acts as a catalyst for contributions from other countries.* The scale of the challenges involved in reducing emissions from deforestation and forest degradation is such that real results will only be achieved if other countries also provide substantial resources.
- The projects and programmes Norway is involved in will be *systematically evaluated*, both to determine whether support should be continued, and with a view to ensuring systematic transfer of learning.

The design of national strategies for reducing emissions from deforestation and forest degradation

The principle of national ownership and preparation of strategies at national level will be of crucial importance for the success of REDD initiatives. The international community must ensure that support for this work is as consistent, coordinated and effective as possible. Some key elements are described below. Some countries have one or more of these in place already, whereas others must start from scratch. This means that countries' strategies and the main focus of their efforts will vary, but it must be a condition for REDD partnerships that each country draws up a national strategy and implements it within an internationally acceptable framework.

It is of crucial importance that country strategies are developed through a broad-based, inclusive process, and that all key actors are given an opportunity to participate. It is also important that all parties who may have an influence and an interest in REDD are drawn into strategy development, so that it possible to make use of their different strengths. These may include indigenous peoples, multilateral organisations, NGOs, civil society organisations, the forestry industry, extractive industries and the plantation sector.

Important elements of strategy development include:

- establishment of a system for monitoring forest cover and biomass and collecting data on forest carbon volumes, and for reporting on emission levels from deforestation and forest degradation;
- incorporation of sustainable development concerns, including opportunities for economic and social development for the local population, conservation of biodiversity and local and indigenous people's rights;
- establishment of systems and national plans to prevent carbon leakage and ensure lasting results;
- thorough analyses of the drivers of deforestation and forest degradation, and the best ways of dealing with them;
- institutional and capacity building for national and local authorities, including anti-corruption measures and measures to increase transparency in forest and land use management;
- mechanisms for compensation for ecosystem services;
- establishment of the necessary legal, administrative and economic framework for sound, sustainable forest and land use management, and of arrangements to ensure compliance;
- cost effectiveness (maximum possible reduction in emissions per unit of expenditure).

The Ministry of the Environment is drawing up a document evaluating national REDD strategies, which will be made public when it has been finalised.

Project portfolio

The following channels and projects have been established or will be established in the course of 2009:

Multilateral channels

If efforts to reduce greenhouse gas emissions from deforestation and forest degradation are to succeed, more countries and other actors – and larger ones than Norway – will have to be involved. The best contribution Norway can make is to work towards the establishment of a well-functioning international architecture that will ensure that REDD initiatives are effective and give them credibility. This is a valuable contribution in itself, and can also encourage other countries to take part. This is why Norway considers it so important for relevant international actors to be coordinate their efforts closely and to establish mechanisms that will ensure effective cooperation and coordination.

Norway's policy for ensuring a coherent international response seems to be giving results. The relevant UN bodies are cooperating closely in the UN Collaborative Programme on Reduced Emissions from Deforestation and Forest Degradation (UN REDD). In addition, the UN system, the World Bank and the African Development Bank are looking into arrangements for mutual participation in relevant funds.

The UN system

The UN has established the UN REDD programme to coordinate UNEP, UNDP and FAO activities in this field, and to serve as convener for REDD-related activities in the rest of the UN system. The UN-REDD Fund has been established as a channel for funding. The UN agrees with Norway on the need for coordination of international efforts, and has therefore invited the World Bank to be represented on the steering committee of the trust fund. UN bodies will seek to coordinate their work with the World Bank at national level as well. Steps will also be taken to ensure the active involvement of other actors, such as NGOs, representatives of indigenous peoples, and extractive industries that have a major influence on deforestation and forest degradation.

The first phase of UN REDD will involve “Quick Start” actions, with the objectives of developing and ensuring national ownership of national strategies, establishing systems for monitoring forest cover and biomass and reporting on emission levels and general administrative capacity building in selected pilot countries (Bolivia, Democratic Republic of Congo, Indonesia, Panama, Papua New Guinea, Paraguay, Tanzania, Vietnam and Zambia).

To ensure a quick start to UN REDD, Norway has decided to provide full funding, about USD 35 million, for the first phase of the work. More donors will be needed at a later stage, and Norway's aim is to act as a catalyst in this respect. If the results of the first phase are satisfactory, Norway will channel substantially more funds through UN REDD, and will use this as one of the main channels for its efforts to reduce emissions from deforestation and forest degradation. However, Norway's contributions in later phases will have to be channelled to fewer countries, and other donors must therefore be actively encouraged to provide funding.

The World Bank

The World Bank has established the Forest Carbon Partnership Facility (FCPF) to assist developing countries in their efforts to reduce emissions from deforestation and forest degradation. It has dual objectives: to build capacity for REDD in developing countries, and to test performance-based incentive payments on a relatively small scale in some pilot countries. A key task for the FCPF to begin with has been to identify what assistance tropical forest countries need to be ready to take part in a future system of positive incentives for REDD. Norway has already contributed USD 5 million to this work.

The World Bank is also developing the new Forest Investment Program (FIP) to mobilise funds for efforts to reduce deforestation and forest degradation. Once the fund's framework and mechanisms for coordination with other international initiatives have been established, Norway will consider whether to contribute to it. It will be particularly important to evaluate the degree to which the fund will complement UN efforts so that their outcomes are mutually reinforcing, and whether relevant recipient countries are showing an interest in the fund. The same issues will be of decisive importance in deciding whether to allocate further funding for the FCPF.

Regional development banks

The Congo Basin Forest Fund (CBFF) has recently been established, hosted by the African Development Bank (AfDB). The Fund will cooperate closely with authorities, international donors, NGOs and the private sector and will support activities that can build up national and local capacity and expertise for sustainable forest management. Norway has committed NOK 500 million to the fund for the period 2008–2010. The UK, which took the initiative for the establishment of the fund, has made a similar commitment.

The CBFF will coordinate its work with that of the UN and the World Bank, and with national REDD strategies.

Bilateral programmes

As a general rule, bilateral channels will only be used in countries where multilateral initiatives and/or multi-donor cooperation are also in progress, so that the necessary capacity is already in place or being built up. However, some exceptions will be made, generally for two categories of countries. The first is countries such as Brazil that have already made so much progress at national level that Norway can immediately provide performance-based support for the implementation of an established strategy. The second category is countries such as Tanzania, with which Norway has long, broad-based experience of cooperation on natural resource management, and which have already started internationally supported REDD programmes.

Brazil

Brazil is the world's largest tropical forest country, and has 30% of the world's remaining rain forest. Rapid deforestation has been a major problem in Brazil for many years. However, Brazil is also one of the countries that is taking the problem most seriously. The authorities have established a national plan to reduce deforestation, the Sustainable Amazon Plan, or PAS. This has achieved substantial results in the last few years, and Brazil has allocated large financial and human resources to continue its implementation.

The Brazilian Government is now intensifying its efforts further, and has opened the way for external support by establishing the Amazon Fund. The Fund will provide grants for projects that support the Brazilian authorities' efforts to reduce deforestation. On Brazil's own

initiative, payments to the fund are performance-related, i.e. linked directly to reductions in deforestation relative to a historical reference level. The reference level will be updated every five years.

Norway will allocate substantial funding to the Amazon Fund, NOK 100 million in 2008 and NOK 600 million in 2009. The annual allocations after this will be linked to performance, in accordance with the approach taken by the Brazilian authorities.

Norway's contributions to the Amazon Fund will form part of its broad-based climate policy cooperation with Brazil. A cooperation agreement was formally concluded by President Lula and Prime Minister Stoltenberg when Mr Stoltenberg visited Brazil in September 2008. In addition to support to the Amazon Fund, the cooperation includes a systematic dialogue on climate and forest policy. There will also be cooperation on the technical aspects of monitoring, reporting and verification (including support for monitoring efforts in third countries) and on identifying projects under the Clean Development Mechanism (CDM) that may be of interest to Norwegian investors.

Tanzania

Norway, together with UN REDD, will provide NOK 500 million towards the development and implementation of a national REDD strategy in Tanzania over a five-year period. Norway will cooperate closely with other international actors, particularly on the design of the strategy, capacity building, and establishing systems for monitoring forest cover and biomass and reporting on emissions from deforestation and degradation.

Norwegian and international research institutions and NGOs

REDD actions are at a very early stage of development, and involve major challenges and a high level of risk. It is therefore important to improve the knowledge base, and Norway will provide funding for research and development activities in relevant fields. New, innovative approaches are also urgently needed. Arrangements will therefore be established for allocations to research and development and projects carried out by educational and research institutions and NGOs.

Grant applications will be assessed on the basis of a set of environmental and development criteria, the most important being that projects must support national REDD strategies where these have been established, and the potential of the projects for producing innovative solutions. If such solutions function as intended, they can subsequently be implemented on a larger scale. Possible examples include projects focusing on the role of indigenous peoples and local communities in monitoring and sustainable management of forests, and the development of innovative financial mechanisms such as compensation for ecosystem services. Grants will also be provided for participation by developing countries in key international processes, seminars, conferences and other arrangements that are part of efforts to reduce greenhouse gas emissions from deforestation and forest degradation.

In addition, strategic partnerships have been set up with selected NGOs and research institutions. These are intended to promote innovation and to encourage systematic knowledge dissemination and debate on the need for a new climate regime that includes deforestation and forest degradation.

Allocations for these purposes will be administered by Norad (www.norad.no), which will also be responsible for considering applications for funding that is not channelled through the multilateral and bilateral channels described above.

Other channels

Funding will primarily be provided through multilateral channels, with certain exceptions as described above. Allocations to the Global Environment Facility (GEF) and the International Tropical Timber Organization (ITTO) will be considered if they set up relevant programmes.

Organisation and staff of Norway's International Climate and Forest Initiative

A project group in the Ministry of the Environment, Department for Pollution Control, Section for Climate and Energy, has been appointed to implement the Prime Minister's initiative. The group cooperates closely with the Ministry of Foreign Affairs and other relevant ministries, and is drawing on expertise on climate- and forest-related matters in multilateral organisations, NGOs and research institutions. A broad-based interministerial coordinating group has also been appointed.

The members of the project group are as follows:

- *Ambassador and Special Adviser Hans Brattskar* (hans.brattskar@md.dep.no; office phone +47 22 24 58 71) is head of the project group.
- *Senior Adviser Leif John Fosse* (ljf@md.dep.no; office phone +47 22 24 59 13, mobile +47 91 79 34 96). Responsible for projects in South-east Asia. Thematic responsibilities: programme design, national strategies, payment for ecosystem services, good governance, rights of indigenous peoples and local communities.
- *Senior Adviser Marte Nordseth* (marte.nordseth@md.dep.no; office phone +47 22 24 57 50, mobile +47 90 77 16 78). Responsible for projects in Latin America, particularly Brazil. Thematic responsibilities: coordination with the climate negotiations, contact with NGOs.
- *Senior Adviser Inger Næss* (ign@md.dep.no; office phone +47 22 24 58 88; mobile +47 48 11 76 49). Responsible for projects in Africa, especially the Congo basin. This entails close contact with the African Development Bank. Thematic responsibilities: development cooperation aspects of the initiative.
- *Senior Adviser Per Fredrik Ilsaas Pharo* (pip@md.dep.no; office phone +47 22 24 58 43; mobile +47 93 04 61 84) is deputy head of the project group. Responsible for day-to-day coordination of the initiative and trouble-shooting, Norway's role in the development of the international REDD architecture (including Norwegian funding for and contact with UN REDD and the World Bank funds FCPF and FIP).
- *Senior Adviser Andreas Tveteraas* (at@md.dep.no; office phone +47 22 24 58 97; mobile +47 40 84 14 21). Responsibilities: forest ecology, monitoring systems for forest and greenhouse gas emissions, contact with relevant research institutions.

Special Adviser Jan Abrahamsen (forest policies and assessment of projects on the basis of environmental criteria) will also provide assistance.

In addition, the project group will be assisted by the following members of the Norwegian delegation to the negotiations under the UNFCCC: Senior Adviser Hanne Bjurstrøm (head of the delegation) and Deputy Director General Håvard Toresen (both

Ministry of the Environment), and Senior Adviser Audun Rosland (Norwegian Pollution Control Authority).