

Towards REDD+

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INTRODUCTION

Reducing emissions from deforestation and forest degradation or REDD is an initiative formulated to reduce the emissions of greenhouse gases from deforestation and forest degradation. REDD was originally proposed in 2005 to the 11th Conference of Parties (COP-11) by the governments of Papua New Guinea and Costa Rica through the Coalition of Rainforest Nations to the UN Framework Convention on Climate Change (UNFCCC). This was in response to the exponential increase of deforestation worldwide and the lack of coverage by the Kyoto Protocol policy that excluded deforestation and degradation.

Financial incentive in terms of carbon credit is proposed to be transferred from developed countries to developing countries in order to reduce deforestation rates; however this has not been accepted as yet at the 16th Conference of Parties (CAP-16) Cancun meeting in Mexico. Two parallel tracks of work relating to REDD have been established; the Subsidiary Body for Scientific and Technical Advice (SBSTA) and the *Ad hoc* Working Group on Long-term Cooperation Action (AWG-LCA). The SBSTA works on methodological issues while the AWG-LCA considers policy approaches and positive incentives relating to REDD (Wong, 2010; Theseira, 2010).

REDD then further evolved to REDD+ at the CAP-13, 2007 in Bali. REDD+ as a collective initiative of reducing emissions from deforestation and forest degradation (REDD) with addition to forest conservation, sustainable management of forests and enhancement of forest carbon stocks. According to Tauli-Corpus (2010), REDD+ is to become a

mechanism in maximizing the co-benefit of biodiversity conservation, poverty alleviation and is seen as crucial as deforestation and forest degradation contributes to almost 13%-17% of global GHG emissions. The initiative is to be executed by implementing three action plans, *viz.*, an agency to oversee the implementation of REDD+, a unit to look after the financial incentives and a unit to conduct MRV (measurable, reportable and verifiable) to ensure measurable reduced emissions. Any

country wishing to participate in the REDD+ scheme, as a national strategy, is required to set up these three units.

COP-15, 2009 in Copenhagen discussed the issues of technical, financial, environmental and social safeguards, forest community rights, carbon property rights, forest emissions and emissions reduction targets. However, the COP-15 was unable to provide a clear platform for REDD+ and common threads and difficulties in the implementation process is foreseen. These difficulties resurfaced at CAP-16 in Cancun with resolution. It is expected that there will be (i) inconsistencies between criteria of the different programmes, (ii) excessive demands coupled with insufficient funds, (iii) incompatibility with national circumstances, conditions and eligibility criteria, (iv) required commitment to a currently undefined instrument (Wong, 2010; Theseira, 2010). Regardless of COP-15's and COP-16's disability to impose agreement on implementation aspects, the Copenhagen Accord was drafted. The Copenhagen Accord is not legally binding, however, Section 8 in the accord details the collective commitment by developed countries (Annex 1 countries). The commitment entails new and addi-

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tional resources, including forestry and investments through international institutions, to provide USD 30 billion funding for the period 2010-2012 (UNFCCC, 2009). During COP-15, 2009 in Copenhagen, United States, United Kingdom, France, Japan, Australia and Norway pledged USD 3.5 billion over the next three years (2010-2012) to kick-start REDD+ (Carbon Positive, 2009). However in the recent COP-16 there was yet a resolve for the longstanding issues of REDD+ . One such issue is the need to have a single definition for 'forest'. The outcome of this resolution would highly affect Malaysia in regards to oil palm plantations being included in this definition.

The major key player in REDD+ is the local government with the help of NGOs, private sectors as well as development agencies, research institutes and international organizations. A definitive financial incentive mechanism in terms of carbon credit transferred to developed countries from tropical nations has yet to be agreed upon. However, developing countries are not in favour of developed countries solely sponsoring green projects in developing countries to offset pollution 'at home' without pledging to reduce emissions in their own countries. Nevertheless, international organizations such as World Bank, UN-REDD and International Forest Carbon Initiatives have started funding REDD (UN-REDD Programme, 2009).

The World Bank has showed great support in the progression of REDD+ activities by funding an innovative Forest Carbon Partnership Fund (FCPF). FCPF is a readiness mechanism in initiating REDD activities in developing countries

as well as an example of a carbon finance mechanism (UN-REDD Programme, 2009). UN-REDD Programme launched in September 2008 has been jointly set up by the United Nations Development Programme (UNDP), United Nations Environment (UNEP) and Food and Agriculture Organization of the United Nation (FAO) to promote, support and assist the national programmes and global activities for the countries and international community to gain experience with REDD. UN-REDD with the collaboration of FCPF and FIP has gathered funding USD 112.3 million from donors like Norway, Spain and Denmark. The programme has started assisting 12 developing countries (Democratic Republic of Congo, Tanzania, Zambia, Indonesia, Papua New Guinea, Cambodia, Philippines, Bolivia, Panama, Solomon Islands, Vietnam and Paraguay) in addressing measures in capacity development, governance, engagement of indigenous people and technical needs (capacity building for readiness) (Paxton, 2010).

As part of the readiness activities, UN-REDD has spent USD 4-USD 6 million per country on efforts such as provide support for demonstration activities on the national REDD strategy development, REDD dialogue and consultations (governance and stakeholder engagement), REDD assessment and monitoring, and REDD payment structuring and distribution options. Apart from national programmes for REDD, UN-REDD also assists in global programmes in providing/ participating in international consensus on REDD+ mechanism and provide guidelines, advice, analysis and a platform for regional/inter-

national dialogues that support country action and the UNFCCC process on a global scale (Paxton, 2010).

In Cancun 2010, delegates tried to hammer out how would the fund take shape with four big issues: (i) who would be the donor countries? ii) Who would administer the contributions from donor countries? iii) Who would enforce the rules? And iv) what would some of the basic rules be? Norway has already committed USD 1 billion to Indonesia as REDD+ is the fastest, cheapest and easiest way to reduce emissions of heat trapping gases and contribute to the eradication of poverty. However, resolution of these issues at COP-16 was hindered by disagreements on how to finance and evaluate the project and what safeguard to put in place to ensure that indigenous occupants are not displaced by the REDD+ implementation. In addition, countries oppose external supervision on the MRV of the programme safeguards out of fear that it would intrude on their sovereignty.

REDD+ MALAYSIA

The Malaysian Prime Minister had pledged at Copenhagen (17 December 2009) that Malaysia would be adopting an indicator of a voluntary reduction of up to 40% in terms of emission intensity per gross domestic product (GDP) by 2020, compared to 2005 levels. This indicator is conditional on receiving the transfer of technology and finance of effective levels from Malaysia's Annex 1 partners to achieve this indicator. There would also be no border carbon tariff imposed by importing countries. The emission intensity of carbon dioxide emission

per GDP in 2005 was 0.62 t per billion ringgit. Based on the pledge, to achieve a 40% reduction of the 2005 level, the emission intensity of carbon dioxide emission/GDP would have to be reduced to 0.373 t/billion RM.

Key greenhouse gases (GHG) sources in Malaysia in 2007 were energy, waste, land use change, industrial processes and agriculture with a total emission of 292.9 million tonnes. By 2020, it is anticipated that through energy efficiency (EE) measures, renewable energy (RE) measures and waste management, a reduction of 9 million tonnes, 11 million tonnes and 25 million tonnes of CO₂ emission (e) respectively would be achieved. The total emission reduction from these three sectors would amount to 45 million tonnes CO₂ e.

REDD+ AND OIL PALM

The global land area of oil palm cultivation has more than tripled since 1961 to over 13 million hectares (FAO, 2008). In Malaysia, palm oil is the biggest production commodity, with 17.73 million tonnes produced in 2008. Under the Economic Transformation Programme and National Key Economic Area (NKEA), the oil palm industry's contribution to the Malaysian economy has been forecast to grow to RM 179 billion by 2020, a big increase compared to its present contribution of RM 65.2 billion. However contrary to the conventional method of expanding the palm oil industry by increasing the size of plantations, Malaysia intends to employ alternative mechanisms. This is mainly due to the limited amount of land available. Thus,

under the NKEA, eight Entry Point Projects (EPPs) were formulated; (i) improving productivity through replanting low-yielding palms, (ii) increasing fresh yield of fresh fruit bunches, (iii) improving workers' productivity, (iv) increasing national average oil extraction rate, (v) developing biogas at palm oil mills, (vi) developing oleo derivatives, (vii) commercializing second generation biofuels, and (viii) expediting growth in food processing and value-added, and job creation. With the creation of high-skilled jobs, the successful implementation of the eight EPPs will transform Malaysia into a high-income economy. The oil palm sector therefore is set to continue to be a big part of the Malaysian economy.

Finally in the context of Malaysia, a very important question needs to be answered, "Would the REDD+ programme when adopted as a national strategy be able to generate sufficient financial incentives for sustainable management of forests to compete with the potential revenues from the palm oil industry with its eight EPPs under the NKEA of the Economic Transformation Programme?"

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