REDD+ and Watershed Funding

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David McCauley
Outline

• GMS forests and ecosystem services

• Forest cover context & financing challenges

• Ways to capture economic benefits from ecosystem services

• REDD+ what and how
Forests allocated for protection of soil, water and biodiversity

National forest policies recognize the importance of ecological services.
Forest Financing Challenges

In practice, however...

• Expenses > Revenues
• Needs > Available funds

Current Fund Sources

• **Domestic**: national budget allocations & retained forest revenue
• **External**: ODA grants and loans

Data source: FAO FRA 2010
Forest context in GMS countries

**Forest extent 2010 (‘000 hectares)**

- Cambodia: 57
- Myanmar: 48
- Lao PDR: 68
- Thailand: 37
- Vietnam: 44
- PR China: 22

**Land Area with Forests (%)**

- Cambodia: 57%
- Myanmar: 48%
- Lao PDR: 68%
- Thailand: 37%
- Vietnam: 44%
- PR China: 22%

**Annual Forest Cover Change 2005-2010 (%)**

- Cambodia: -1.5%
- Myanmar: -2%
- Lao PDR: -1.5%
- Thailand: -2%
- Vietnam: -1.5%
- PR China: -2%

**Annual Natural Forest Cover Change 2000-2005 (%)**

- Cambodia: -2.5%
- Myanmar: -3%
- Lao PDR: -2.5%
- Thailand: -3%
- Vietnam: -2.5%
- PR China: -3%
Approaches to capturing economic benefits from ecosystem services

- **Carbon sequestration (global benefit)**
  - e.g. REDD+

- **Biodiversity conservation (global benefit)**
  - e.g. TEEB, bio-prospecting agreements

- **Watershed protection (regional-local benefit)**
  - e.g. agreements with energy or irrigation depts

- **Landscape beauty (regional-local benefit)**
  - e.g. eco-tourism
What is REDD+?

- **Reducing** Emissions from Deforestation and Degradation
- **Plus** = sustainable management of forests, enhancement and conservation of forest carbon stocks (COP16)

- To give forests a fighting chance when economically assessed against other land uses
- Way to ‘internalize’ the ‘external’ values of ecosystem services
- Platform for addressing governance and equity issues in forest sector
Why the hype?

High Forest Carbon + High Deforestation makes Southeast Asia the region with highest carbon sequestration potential - about 40% of the total for 2000-2050.
Creating enabling conditions for REDD+

- FCPF Carbon Fund, carbon market?
- FIP, Norway-Indonesia LOI, UN-REDD, GEF, ODA...
- FCPF Readiness Fund, UN-REDD, GEF, ODA

Operations
- Performance-based payments

Capacity, Reforms & Investments
- Institution strengthening
- Forest governance
- Sustainable management of forests
- Investments outside forest sector

Readiness
- Organize & Consult
- Diagnostic
- Reference Scenario
- REDD Strategy
- Monitoring

Adapted from: CIF-FIP
# REDD+ Financing for Asia-Pacific

| Country          | MULTILATERAL |                | BILATERAL |                |                |                |                |                |                |                |                |                |                |                | Total Per Country |
|------------------|--------------|----------------|-----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
|                  | FCPF - RF    | UN-REDD        | CIF-FIP   | GEF SFM/RED    | Australia   | Finland      | Germany   | Japan        | Norway        | Sweden      | UK        | US        | Others |                |
| Global allocation | 101.80       | 86.32          | 542.00    | 1,000.00       | 100.20      | 40.09        | 460.00    | 163.00       | 1,036.00     | 63.00       | 54.00    | 204.00   | 345.40 | 4,195.81        |
| **Country**      |              |                |           |                |              |              |           |              |              |              |              |              |                |                  |
| Azerbaijan       | 5.10         |                | 0.29      |                |              |              |          |              |              |              |              |              |              |                  | 5.39             |
| Bangladesh       | 0.72         | 5.62           |          |                |              |              |          |              |              |              |              |              |              |                  | 6.34             |
| Bhutan           | 0.72         | 1.50           |          |                |              |              |          |              |              |              |              |              |              |                  | 2.22             |
| Cambodia         | 3.60         | 3.72           | 3.24      |                | 8.00         |              |          |              |              |              |              |              |              |                  | 18.56            |
| China, PR        | 80.56        |                | 1.51      | 1.00           |              |              |          |              |              |              |              |              |              |                  | 83.07            |
| India            | 53.14        |                | 0.29      | 47.00          |              |              |          |              |              |              |              |              |              |                  | 100.43           |
| Indonesia        | 3.60         | 5.64           | 70.00     | 39.07          | 45.70       | 5.12        | 55.75     | 9.00         | 200.00       | 19.00       | 75.00    |          |                  | 527.88           |
| Lao PDR          | 3.60         | 30.00          | 4.83      | 0.20           | 17.24       | 14.00       | 0.10      |              |              |              |              |              |              |                  | 69.97            |
| Malaysia         | 13.47        |                |          |                |              |              |          |              |              |              |              |              |              |                  | 13.47            |
| Myanmar          | 6.82         |                |          |                |              |              |          |              |              |              |              |              |              |                  | 6.82             |
| Nepal            | 3.60         | 0.72           | 3.68      | 7.11           | 5.00         |              |          |              |              |              |              |              |              |                  | 20.11            |
| Papua New Guinea | 3.60         | 6.39           | 7.33      | 3.00           | 6.90         |              |          |              |              |              |              |              |              |                  | 27.22            |
| Philippines      | 1.22         | 15.92          |          | 3.88           |              |              |          |              |              |              |              |              |              |                  | 21.02            |
| Solomon Islands  | 1.27         | 2.78           |          |                |              |              |          |              |              |              |              |              |              |                  | 4.05             |
| Sri Lanka        | 0.72         | 5.63           |          |                |              |              |          |              |              |              |              |              |              |                  | 6.35             |
| Thailand         | 3.60         | 14.06          |          |                |              |              |          |              |              |              |              |              |              |                  | 17.66            |
| Timor-Leste      | 1.47         |                |          |                |              |              |          |              |              |              |              |              |              |                  | 1.47             |
| Vanuatu          | 3.60         | 1.81           |          |                |              |              |          |              |              |              |              |              |              |                  | 5.41             |
| Vietnam          | 3.60         | 4.39           | 12.23     | 6.11           |              |              |          |              |              |              |              |              |              |                  | 25.32            |
| **Asia-Pacific per Fund Source** | 28.80 | 25.52 | 100.00 | 278.26 | 48.70 | 18.54 | 85.86 | 84.00 | 200.00 | 0.10 | 19.00 | 75.00 | na | 963.78 |
| % Asia-Pacific to Global Allocation | 28% | 30% | 18% | 28% | 49% | 46% | 19% | 52% | 19% | - | 35% | na | na | 23% |

| **GMS per Source** | 14.40 | 8.11 | 30.00 | 121.74 | - | 6.31 | 18.75 | 23.00 | - | 0.10 | - | - | - | 222.40 |
| % GMS to A-P | 50% | 32% | 30% | 44% | 0% | 34% | 22% | 27% | 0% | 100% | 0% | 0% | na | 23% |
GMS share of Asia-Pacific REDD+ Financing

Equity Issues - Safeguarding rights of forest-based communities and environment

Governance Issues – trans-boundary impacts, transparency, accountability and participation, interagency collaboration
<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>FCPF</th>
<th>UN-REDD</th>
<th>FIP</th>
<th>REDD+ Coordination Mechanism established?</th>
<th>REDD+ Strategy Development in process?</th>
<th>Linking to a national climate change strategy?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lao PDR</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Cambodia</td>
<td>+</td>
<td>0</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Thailand</td>
<td>+</td>
<td></td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
</tbody>
</table>

*High Forest, High Deforestation*

*High-Moderate Forest, Low Deforestation*
Some REDD+ projects in the pipeline

Cambodia: Community Forestry Carbon Offset Project, Oddar Meanchey Province CFI, FA, CDA, Monks’ CFA, Terra Global

Cambodia: Southern Cardamom REDD+ pilot project, Koh Kong Province Wildlife Alliance

Viet Nam: Project on Environmental Protection and Management of Natural Resources in Dak Nong Province CartOng

Viet Nam: REDD in Cat Tien National Park, Lam Dong Province SNV-Viet Nam

http://www.forestcarbonportal.com/pipeline
INDONESIA REDD+ STRATEGY

Sustainable Forest for Sustainable Development and Contribute to Climate Change Mitigation and Adaptation

<table>
<thead>
<tr>
<th>Improvement in Forest and other land-base sector planning</th>
<th>Capacity Building</th>
<th>Sink Enhancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCVF, Biodiversity, <strong>Watershed</strong></td>
<td>Livelihood Improvement</td>
<td>Emission Reduction/avoidance</td>
</tr>
</tbody>
</table>

**STRATEGY COMPONENTS**

- Developing REDD+ Architecture
- Enhancing Enabling condition
- Forest and Other Land Base Sector Development Reform
  - Forestry
  - Agriculture
  - Mining and Energy
  - Infrastructure
  - Peatland Management

Mainstreaming REDD+ into Sectoral Planning
- Ministries/Sectors
- Subnational (Province – Districts)

**Action Plan**

- MRV
- REDD+ Implementation

Source: DEPHUT & BAPPENAS 2010
## REDD+ Readiness Actions

### REDD+ Readiness Budget Lines (2010-2013)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Lao PDR</th>
<th>Viet Nam</th>
</tr>
</thead>
<tbody>
<tr>
<td>National REDD+ Management Arrangement (REDD+ Office)</td>
<td>1,282</td>
<td>937</td>
</tr>
<tr>
<td>Stakeholder Participation and Consultation</td>
<td>760</td>
<td>924</td>
</tr>
<tr>
<td>REDD+ strategy</td>
<td>85</td>
<td>2,065</td>
</tr>
<tr>
<td>Social &amp; Environmental Impact Assessment</td>
<td>660</td>
<td>198</td>
</tr>
<tr>
<td>Assessment of Land Use, Forest Policy and Governance</td>
<td></td>
<td>235</td>
</tr>
<tr>
<td>National Reference Emissions Level Setting</td>
<td>85</td>
<td>2,487</td>
</tr>
<tr>
<td>REDD+ Implementation Framework</td>
<td>1,804</td>
<td>568</td>
</tr>
<tr>
<td>Monitoring, Reporting and Verification</td>
<td>13,795</td>
<td>7,464</td>
</tr>
<tr>
<td>Monitoring other benefits and impacts</td>
<td>1,130</td>
<td>230</td>
</tr>
<tr>
<td><strong>Total (computed)</strong></td>
<td><strong>19,601</strong></td>
<td><strong>15,108</strong></td>
</tr>
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http://www.forestcarbonpartnership.org/fcp/node/257
Lao PDR REDD+ Management Arrangement

Minister/Vice Minister Level

National Environment Council

Policy decision making body

REDD+ Task Force

DG/DDG level multi-sector incl. Province, private sector and NGO representatives

Division Level

REDD+ OFFICE

Executive implementation

Technical Working Group (REL)

Technical Working Group (MRV)

Technical Working Group (SPCP)

Technical Working Group (Land-use)

Technical Working Group (Benefit sharing)

15 government agencies including Water Resource Environment Agency (WREA)

Provincial Environment Committee

Provincial REDD+ TF

Provincial REDD+ Office
Who will benefit?
Forest communities as marginalized poor

Communities as major actors in Mekong forests

Can REDD+ do this …?
Growing ADB REDD+ Support

- REDD/Land Use Pilots (~$5m ADB)
  - Mekong Basin: Lao PDR, Viet Nam, Cambodia
  - PR China: Jiangxi Province Forest Management; Silk Road Ecosystem Restoration of dry land forests
  - Philippines: Forests in River Basin Management
  - Heart of Borneo: Indonesia Action Plan support
- Exchanging knowledge
- Building Partnerships
Points for consideration

• Engage in REDD+ discussions in the Mekong, and explore opportunities for collaboration to ‘bundle’ ecosystem service payments (REDD+, watershed and biodiversity)

• Promote watershed approach to PES & REDD+ demonstration site selection in Mekong countries, to generate co-benefits

• Support dialogue on trans-boundary issues (e.g. leakage / emissions displacement) with focus on addressing local concerns
Thank you