

Getting to REDD Success: Two Decades of Lessons

(The following article is adapted from a talk given by Michael Northrop at the Pinchot Institute on March 5, 2010. As director of the Sustainable Development program at the Rockefeller Brothers Fund, Mr. Northrop has been engaged for almost two decades in both global forest conservation and climate protection efforts.)

We are at an unexpected point of opportunity to simultaneously deepen an international climate agreement and to protect global forests. The vehicle is an agreement called REDD that is being negotiated inside the international climate treaty. REDD stands for Reducing Emissions from Forest Destruction and Degradation.

At Copenhagen last December, negotiators moved far more rapidly than expected on REDD. Many felt an agreement was in reach had other parts of the negotiation been less contentious. To all but insiders to the REDD negotiation, this progress was a big surprise. Sadly, the Copenhagen negotiation ended in failure and REDD remains incomplete, so the question remains, can we successfully complete a REDD agreement? I think we can, but to do so, I'll argue, we need to learn from the experience of the last two decades, because a REDD agreement is not a foregone conclusion, and it will definitely not happen without a concerted political strategy, strong coalitions, etc.

Some Forest Policy History

Al Sample, president of the Pinchot Institute, when asking me to speak today, suggested that I reflect back over my experience on forests and climate and see what lessons and suggestions I could draw from them that might help us think about REDD. Though skeptical, I did as he suggested, and the more I looked back over my notes and dug through my memory banks, the more I realized there was a thread of events that got us to this point. Considering them I began to realize they could offer some pointers to us as we move forward. Thanks, Al, for the guidance. It's been useful to me. Just maybe it will be useful to others. So, with your forbearance I would like to do a rapid fire remembrance of forest conservation as I have witnessed it over the past two decades.

- First, let us remember that the Rio UNCED meeting held in June of 1992 launched the three pillar architecture for sustainability that has guided us across the last 20 years. It had a three-part agenda: Climate, Biodiversity,

and Forests. Climate and Biodiversity Treaties were negotiated there, but a forest agreement failed to materialize. At Rio, national governments, led by host country, Brazil, resisted any intrusion on their sovereignty or their right to develop their forest resources. Forest industries around the world were very nervous about this as well and most, if not all, urged their national governments to oppose a forest agreement. As a result, forests were left out of the UNCED agreements. Forests, in effect, became an orphan of the multilateral system.

- Despite the failure of governments to address forests in Rio, deforestation was very much on peoples' minds at the time. Conflict, concern, and anger pervaded most forest conservation discussions whether they were in the U.S. or elsewhere:
- In the early 1990s, after years of criticism of World Bank forest policy, there remained enormous controversy over an approach that seemed to favor companies and national economic elites while ignoring communities' concerns and environmental damage. Things became so heated and the World Bank's reputation on forests became so tarnished that the Bank stopped making forest loans entirely.
- Meanwhile, in the U.S. in 1992, there was a massive fight between communities and environmentalists and the Forest Service: The Jobs vs. Owls attack brand was launched as a slogan and a defining political movement. Not coincidentally, this was also the time of the birth of the Wise Use movement. The terminology, carefully message tested, and the accompanying, very divisive campaign were hatched by the forest products industry with help from PR firms like Burson Marsteller. Conservation groups were similarly organized and they mounted a loud and sustained campaign to conserve the remaining old growth forests in Washington and Oregon.
- This was an incredibly polarizing period. The "war of the woods" was waged throughout the Pacific Northwest, and in Washington, DC. In what has become standard operating procedure, economic think tanks allied with the forest industry pumped out rigged studies proclaiming massive unemployment numbers. I first met Al Sample, our host this afternoon, when a foundation funded affinity group I was consulting with in 1991 asked him to do an analysis of the job loss numbers so we could get to the real facts. Al did a remarkable piece of analysis and his numbers became the

consensus numbers in the debate. There were real job losses, but they were nowhere near as bad as the industry funded analyses claimed. Al's work did a great deal to base the ensuing debate in facts, which helped enormously.

- Early in Bill Clinton's first term, the President conducted a remarkable set of meetings in and about the Pacific Northwest, and ultimately settled on a compromise solution, referred to as Option 9 -- an option intended to help communities survive economically, keep the forest economy going, and protect biodiversity. No one was particularly happy about it. Clinton, though, was trying to balance the competing concerns of conservation groups, industry, and communities. This can be seen as a precursor attempt to balance the same concerns that drive the REDD debate today.
- In a related but separate event, the first organizing meeting for the Forest Stewardship Council (FSC) was held in Toronto in 1993. With no governmental leadership on international forest conservation, growing concern about global, especially tropical, deforestation, and real distrust of multilateral institutions – notably the World Bank, a small group of people from business, communities, and environmental groups came together in another early attempt to balance the needs of the same group of diverse stakeholders: communities, business, and conservation interests.
- It seemed at the time as if a new report was being published every week about the pace of global deforestation. The alluring term “rainforests” had been adopted into the common lexicon and the media seemed to have an insatiable appetite for stories about rainforest loss.
- Remember as well, at the time, Japan was the global bad guy on tropical deforestation. It was regularly vilified for being the largest consumer of rainforest products and for being tone deaf about biodiversity and affected communities, and it appeared unwilling to change its behavior.
- At the very same time, a new kind of trade agreement was being crafted that went after what were termed “non-tariff barriers to trade.” One of the very first such agreements was the Forest Products Agreement between the US and Japan of 1991. The goal was to increase demand for forest products in Japan so the U.S. forest products industry could sell more wood and paper to the Japanese. It turned out these non-tariff barriers were rules and regulations, usually devised for other purposes, that indirectly served to slow imports of wood into Japan. One of these that fascinated me at the time was

a regulation promulgated by General MacArthur after WWII that attempted to eliminate wood in urban housing in Japan in order to prevent the horrendous fires that swept Tokyo and other cities that had wooden homes sited close together. These fires had been a regular feature of urban living in Japan for centuries, but they had been especially horrific during the war itself when American bombers targeted these cities with fire bombs.

- A regulation intended as a health and safety rule was now being targeted for elimination by the forest products industry. This was just one of hundreds of similar rules targeted in this trade agreement, each carefully identified for elimination by the American Forest and Pulp Association (AF&PA). The AF&PA working with the U.S. Trade Representative's office (USTR) was working to find ways to streamline access to Japanese markets for American products. AF&PA did similar work in the NAFTA, WTO, and other bilateral trade negotiations, working closely with U.S. trade negotiators to open Japanese and other international markets to American produced forest products.
- In a uni-dimensional world this all made great sense, but to be increasing demand for forest products in the country deemed the worst villain in global tropical deforestation was at a minimum tone deaf and at maximum completely nuts. Sustainability was not high on the list of USTR priorities -- it was nowhere on the list of USTR priorities. Industry was being served, but biodiversity and affected communities were not.
- The Forest Products Agreement was the very beginning of serious conservation group concern about trade agreements, including NAFTA and the WTO, which appeared to give no consideration to the value of environmental, health or safety concerns. "Trade and Environment" became a very hot topic in the early 1990s because there was so much concern about the competing objectives of trade and sustainability. Many of these issues are still largely unresolved today. Sadly, the WTO has made almost no progress on these issues after nearly 20 years of debate and discussion.
- This effort by AF&PA and the USTR bred a huge amount of distrust from conservation advocates towards multilateral trade agreements and institutions, and it was another contributing factor heightening distrust between the forest industry, multilateral institutions, and conservation groups.

- Fast forward a few years to 1995 and the Berlin Conference of the Parties (COP) meeting. The Clinton administration, eager to build Senate support for a climate treaty makes a play to put forests squarely into the climate deal and cleverly negotiates with the forest products industry – a heavy hitter politically in Washington -- in an attempt to sweeten the deal on climate for forest products companies. This, Clinton reasoned, would bring in key Senators who might otherwise be critical of the economic ramifications of the hoped for climate deal. Sound familiar?
- A large delegation of forest companies then participates in the Berlin COP meeting. I can vividly remember Tom Jorling from International Paper standing in the entranceway to the Berlin COP venue. Unfortunately, the political deal seemed to many in the environmental community to be more about U.S. Senate politics than sustainability, and sadly a strong sense emerged at that meeting that the Clinton administration, its negotiators, the industry, and other governments with forest based interests were gaming the situation for narrow purposes. As a result, sentiment against forest provisions in the climate treaty went strongly negative in a hurry.
- The roots of negative environmental group sentiment about including forest provisions into the climate treaty can be traced to this Berlin negotiation. It was another deeply polarizing moment. Conventional wisdom began to grow that including forest company supported provisions would benefit companies financially but not help the global atmosphere.
- Two years later, in December 1997, the Kyoto climate negotiation goes right to the last minute because the U.S. only announces it is willing to make a deal with a few days remaining in the conference. As a result, there's no time to negotiate with developing countries or on forests, whose role in the agreement is minimized. Despite some other State Department led efforts on forests led by Under Secretary for Global Affairs Tim Wirth and his deputy Rafe Pomerance, global forest conservation is still not at this time getting any real traction internationally.
- By the late 1990s, the upstart Forest Stewardship Council, governed by a complicated, rancorous multi-chamber decision making structure is beginning to get its act together. In 1999, as the result of an innovative set of business and conservation group efforts, Home Depot, which at the time trades 10 percent of all U.S. wood, announces it will offer preference in its

corporate sourcing to FSC certified wood; Its competitors, including Lowes and scores of other forest product oriented businesses, then follow suit.

- The US forest products industry is highly suspicious of the FSC at this time and launches its own certification system called the Sustainable Forestry Initiative or SFI; other certification systems emerge too including the Canadian Standards Association (CSA) and the Pan European Forest Certification system (PEFC). But the FSC is the only one with the governance model that includes the full suite of affected stakeholders, including business, community, indigenous peoples, and conservation interests. It's a very chaotic process, but there is a deep well of support and there are serious checks and balances that continue to underpin the system to this day. Out of this chaos has come a sophisticated governance system that continues to wrestle with all of its stakeholder concerns and to improve and evolve as time passes.
- Next on our time-compressed road tour is the 2000 Hague Climate COP meeting. The Clinton Administration makes a last attempt before it leaves office to wrestle a climate treaty to the ground at the Hague. This is the famous meeting that ends with environmental leaders on tables screaming at each other on the last day of the conference as the negotiation falls apart. U.S. Ambassador and lead negotiator, Frank Loy, is incensed by the role of some NGOs in stymieing the negotiations, in large measure because of their concerns over how forests will be treated. This is far too great a simplification of what happened, but this story is transmitted globally. This, of course, does nothing to pave the way for inclusion of forests in climate negotiations.
- The period 2000-2008 follows and is a dark period multilaterally on forests and climate change as the Bush Administration straightjackets the negotiations for its entire term in office. NGO divisions persist throughout this period. The World Wildlife Fund's climate and forest divisions, led by Jennifer Morgan and Bruce Cabarle, try valiantly to bridge their positions, but never really get on the same page.
- In the foundation community, which is very engaged on forestry through this period, there are similarly deep misgivings about forest carbon offsets and about including serious attention to forest carbon issues in climate discussions. Much of the conversation and concern focuses on project-based conservation offsets. There is very little big picture conversation happening

on forest carbon at this time. Issues dominating the conversation are: lack of certainly, lack of standards, lack of permanence, lack of integrity. Each of these is raised over and over again.

- Through this period carbon offset providers are being warned away from doing forest offsets, which is where many of them started their work. I was in conversation at the time with a small offset provider just getting started, called Terra Pass. It made sense given the way things were going to encourage them to stay away from forest offsets and to focus on methane and renewable offsets instead. As independent rating systems began to emerge for offset providers, those with forest offsets in their portfolios were often penalized.
- Meanwhile, during the 2000-2008 period, the American Forest and Pulp Association, in a move we would now consider contrary to their long term business interests, decides to join other industry associations in Washington in the pond of cooperative, least common denominator thinking to oppose any policy movement on climate change. Rather than constructively work on a mechanism that could reward companies for counting and conserving carbon (and ultimately protect forests from climate change caused degradation -- bark beetle infestations, increases in catastrophic fires, etc.), it chooses to swim in the shark tank with other just-say-no industry associations in DC. This could have been a good time for constructive engagement that would have helped industry benefit from revenue streams from carbon. Given what we know now, this was a mistake.
- The contrast with the Forest Products Association of Canada (FPAC), by the way, is breath taking. FPAC has been highly proactive and constructive on climate and carbon in no less complicated an environment. In Canada, FPAC is the one industry association demanding climate action by the government. FPAC believes the science and realizes climate change is the greatest threat to forest health – the industry's long term asset. In Canada today the FPAC is a model actor on climate in multiple ways, working to decarbonize operations (to save money and become more globally competitive), to save company and crown forest lands from climate change caused problems like bark beetle infestation that has destroyed almost 30 million acres of Canadian forest land, and to help craft offset deals around boreal forest conservation. It's like night and day at AFPA and FPAC.

- By 2009, the FSC has certified 300 million acres representing almost 15 percent of global forest trade, and the system has become self financing. As the gold standard certification system for management the FSC is also positively influencing other systems with hundreds of millions of acres of forest land under management. Interestingly, FSC is also being used by investors as a verification tool for management excellence for lands where forest carbon offset projects are happening. But, by 2009, the FSC hasn't yet staked a direct claim to forest carbon or REDD issues.

The Wake Up Call

- Meanwhile, deforestation is continuing in the large forest countries. Indonesia with no incentive to do otherwise and a succession of corrupt governments has been strip mining its forests for 3 decades. Shocking measurements in 2008-09 reveal Indonesia as the world's 3rd largest GHG emitter, almost entirely from forest clearing. This is a gigantic wake up call.
- By 2008-9, broad recognition emerges that carbon emissions from land use are a staggering 20-25% of total global emissions. Many of the naysayers on forests and climate are surprised by how large a fraction forest carbon emissions represent. We all realize what a disaster the existing polarization and lack of big picture information and collaboration have been. Global forests are being destroyed, not only harming biodiversity and communities, but doing enormous harm to the atmosphere at the same time. The broader conservation community (including the donor community) is collectively shocked and also guilty at some level for its failure to recognize the immensity of the forest carbon issue.
- Rather suddenly, it feels like to me, but certainly not to people like Michael Jenkins at Forest Trends, who has been persistently saying we need to get forests back into the climate negotiations, there is a huge push for putting forests back into the agreement. Jenkins, Paolo Montinho at IPAM, Steve Schwartzmann at EDF, and Dan Nepstad at Woods Hole, and many of you here, and others do a marvelous job getting indigenous peoples and other interests to the table to talk about large landscape level forest conservation measures.
- At Copenhagen, we almost get a REDD agreement.

Continuing Challenges

The appearance of conflict of interest at the World Bank's Forest Carbon Partnership Fund (FCPF), given the Bank's carbon trading interests, is a problem to be resolved. FCPF should not be playing the lead role on establishing criteria for REDD readiness or be the management agent for REDD given past performance on forests and given the potential for conflict of interest over carbon trading.

If we gloss over these problems, we run the risk of seeing damaging opposition in future. It's all very predictable unfortunately. It looks like overreach for 37 countries to have been deemed ready to receive REDD readiness grants from the World Bank. How can that be? Papua New Guinea is one of these, yet 80 percent of wood cut there is illegal. Colombia is part of the facility even though 40 percent of its land base is controlled by drug lords. Gabon is one of the 37 too even though it has no control of its southern border regions across which illegal wood is flowing. Indonesia recently handed responsibility to Emil Salim for REDD and this is a great sign, but to really be credible Indonesia must appoint a skilled forest minister, enact a strong forest law, and provide for indigenous community protection; and none of these things appear ready to happen. Given all this, I would recommend walking away from including Indonesia in REDD until it shapes up.

One widely cited explanation for the flimsy criteria for entry is that the World Bank is interested in maximizing tradable inventory of carbon. Just the fact that this story is so widespread is a gigantic failure. This really needs to be addressed or the World Bank will lose all credibility on forests -- again.

Protecting and Completing REDD

So how should we think about REDD now? We have only a few months before Cancun to get the kinks worked out because of the failure of Copenhagen. The very first thing to note is that, if enacted, REDD could offer up the biggest pulse of money into the forest sector ever. That's good, but there's no wonder everyone is so interested. Second, the REDD discussion is a remarkable flip of fortune for forests in the climate treaty. Third, the new alignment of actors; notably the inclusion of indigenous peoples, is promising. Fourth, because of the failure of Copenhagen and the failure of the US domestic policy debate, the hoped-for revenue stream from auction revenues is now quite uncertain. With no cap and trade agreement where do revenues come from?

Some Recommendations

Given the ramp up in the REDD conversation and the lessons from our collective history, it's apparent to me that to fully succeed on REDD, we must think multi-dimensionally about carbon, communities and conservation. We must have standards. We need verification. It must be credible, and it has to be third-party. Or, I fear, everything from our past is going to rise up and bite us, causing the whole REDD enterprise to fail. I am afraid there are some gathering storm clouds that to me are signs we could crash if we're not careful.

We should seriously consider alternative funding mechanisms. I was struck by the lack of alternative ideas as I made the rounds the last few weeks. It may well be a long time before we get a global cap and trade system with auction revenues that can be dispersed. So let's begin efforts to identify alternative revenue streams.

We've got to find ways to set global standards and verification systems for forest carbon, and also for community and environmental safeguards. These verification systems are going to have to be credible, robust and third party or mistrust will grow; advocacy will emerge; dissonance will arise; and guess what, we won't succeed in protecting communities, forests or carbon. If one element is left behind for the sake of expediency there will be howls of protest and the entire enterprise could fall in on itself. There are some very good signs on this, but there's no certainty yet and there is a lot of distrust brewing.

Here in the U.S., a variety of things can happen to move in a constructive direction:

- The Forest Service and the State Department can adopt a common strong position on international standards and third party verification and use their combined leverage to help overcome existing credibility issues.
- USAID can play an important role helping countries establish the policy framework that gets them REDD ready. Look at what USAID did helping Bolivia craft its forest law -- a fantastic example.
- The U.S. Forest Service can play a major consulting role to the world on REDD. It has 30,000 employees. There is so much talent to be brought to bear. Directing a fraction of USFS attention to international REDD would be an extremely meaningful contribution.
- USFS and EPA may need some help harmonizing efforts. For so many reasons they should be working together on all this. Sally Collin's Office of Ecosystem Services ought to be at the center of this relationship and be empowered to play a key role in developing the system.

- The U.S. Department of Justice should strengthen Lacey Act enforcement to go after illegal logging products that cross the US border. This would strengthen REDD enforcement.
- More US investment in REDD is going to be important. Investment in a REDD system protects U.S. products companies from anti-competitive illegal wood flow.

And looking to the international arena, a few additional thoughts:

- The Norwegians are a huge force for good potentially. In the initial test phase of the promising Norwegian-Brazil REDD effort, Norway could insist on, and Brazil could support, strong community safeguards and third party verification. This would set the template for REDD globally.
- The Amazon Fund must show itself to be fully functional and professional.
- Norway should reconsider its recent decision to create a billion dollar Indonesia fund modeled on the Amazon Fund; Indonesia shows no signs of being able to manage this. Money will be squandered and the REDD enterprise could be tarnished.
- Brazil, because it is moving ahead so rapidly and shows such promise, and Mexico, because it is close to becoming REDD-ready, and because it is the host of COP 16, have very large roles to play this coming year in working things out on REDD.
- Use the quick start funds to further encourage national REDD projects to align behind unified and strong standards and verification.
- The Bank should make a concerted and real effort to be rigorous about carbon benefits and community and environmental safeguards.

Community, Environmental, and Governance Safeguards

I hear more and more good things about the technological innovations that can support carbon verification. This is great. I'm very worried, though, about community, environment, and also governance safeguards.

- The Climate, Conservation and Biodiversity Alliance (CCB) is playing an important role on community safeguard verification and this role ought to be fully supported. But the Alliance is tiny: 3 staff; 15 validated projects; 50 in pipeline. This is a small sliver of the capability that is required. They need help to bolster capacity.
- On carbon standard setting, VCS is an important, but still small, and unfortunately, a slow moving player. They must be bolstered and streamlined as well.

- On governance and stakeholder management, The Forest Stewardship Council has a long history—across all of the stakeholder groups necessary for REDD to succeed. We should find a way to get the FSC fully into the game. They are making all the right noises now with a powerful staff working group and serious internal deliberations underway. FSC can contribute to building the mechanisms required inside REDD. FSC's expertise, procedures, and global network will be of immense help if we can effect this merger of interests. Norway could insist on this. The U.S. State Department could too. And Mexico and Brazil, who both have experience with the FSC, could as well. Some offset investors already insist on FSC certification for projects they fund.
- FSC together with CCB or VCS could be a very useful team and could do a great deal to overcome the reputational risk on all the safeguard issues that has begun to arise at this stage in REDD's evolution.

As this long list of ideas for your consideration indicates, there is enormous opportunity and also a great deal of risk percolating in the system. All the bad blood from past fights over World Bank forest policy; uni-dimensional trade agreements; past climate treaty negotiations; lingering polarization between industry, communities and conservation interests are going to come flying back into our faces if we don't proactively address concerns. We have collectively made numerous errors on these issues in the past. To get the best and avoid the worst outcomes, let's please learn the lessons we can from the past and proceed ahead smartly.

Thank you.

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