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# Making REDD work for the poor

**Presentation by Jessica Brown (ODI)  
“Low Carbon Development and Poverty Reduction in Low Income Countries”  
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# Overview

1. Background to ODI's work on REDD
2. What is REDD? The case for making REDD work for the poor
3. Poverty implications of different REDD design elements
4. Policy recommendations
5. Implications for low-carbon development

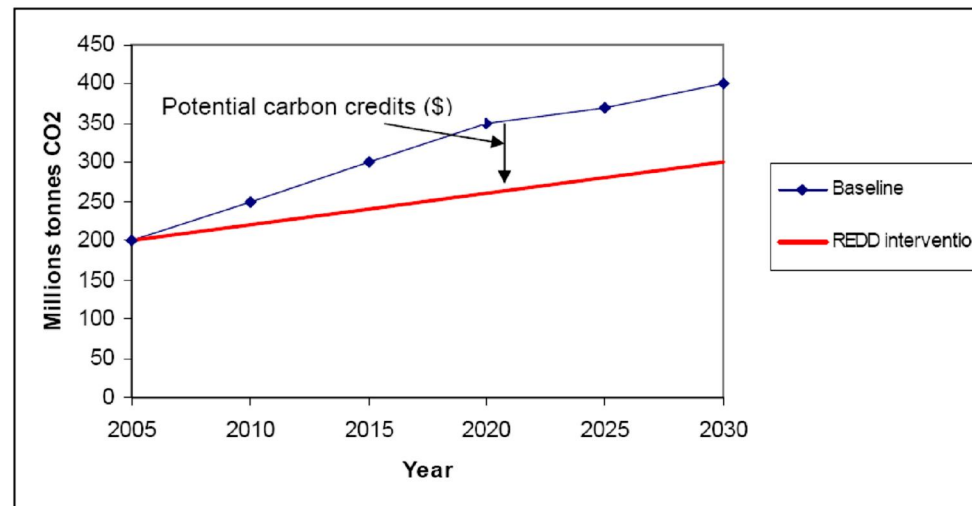
# ODI's work on REDD

- “ The Poverty and Environment Partnership (PEP) paper *“Making REDD work for the poor”*
  - . Aim: To assess potential poverty implications of REDD in order to inform policies and practical toolkits to help ensure REDD works for the poor
  - . Completed September 2008
  - . Available on PEP or ODI website
- “ Contributors to the book *“Moving Ahead With REDD”* published by the Centre for International Forestry Research (CIFOR)
  - . Authors of chapters *“What is the right scale for REDD?”*  
*“How do we match country needs with financing sources?”* and  
*“How do we achieve REDD co-benefits and avoid doing harm?”*
  - . Completed for Poznan, December 2008
  - . Available on CIFOR website
- “ Several ODI Briefing Papers relating to the topic
- “ Ongoing work - with Meridian Institute on REDD options analysis



# What is REDD? (1)

- “ ODI research has taken a broad perspective on REDD as “*an international financial mechanism between developed and developing countries, for reducing greenhouse gas emissions associated with deforestation and degradation*”
- “ Negotiations on "Reducing emissions from deforestation in developing countries" under the UNFCCC are an ongoing process
- “ Main hype is around linking REDD to carbon markets



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## What is REDD? (2)

- É Many different proposals and options = confusion + focus on technical and policy issues at high (e.g. UNFCCC) levels
  
- É Various **design elements** for international REDD architecture under consideration:
  - ó **Baseline** - based on historical emissions rates?
  - ó **Scope** - deforestation alone? Or deforestation *and* degradation?
  - ó **Framework** - within UNFCCC?
  - ó **Market vs fund** - If market, linked to Kyoto ETS?
  - ó **Scale** - national or project-level? Or nested approach?

# The case for making REDD work for the poor

Beyond the *moral* argument, there are a number of reasons to ensure that REDD works for the poor. They include

1. Risk reduction in projects and for investors and buyers
2. Improved sustainability of REDD in the long term
3. Political motivation
4. Contractual/legal obligations of some donor organisations

# What do we mean by pro-poor?

In REDD context, taking a broad view of what we mean by pro-poor

	<b>Individual and Community</b>	<b>National</b>	<b>International</b>
<b>Income and growth</b>			
<b>Equity</b>			
<b>Voice and Choice</b>			

# Implications of REDD for the Poor

## *some examples*

### Opportunities

- “ Inclusion of REDD in a regulated international framework will increase overall volume of finance
- “ If both deforestation and degradation are included, more finance to more countries = increasing international equity
- “ Scale - National approaches may increase efficiency, while project approaches may provide more voice & choice to poor.

### Risks

- “ Market access issues for developing countries could raise international equity issues, relating to:
  - “ Different capacities to deal with complex systems
  - “ Baselines favouring countries with high historic rates
- “ Markets likely to raise more funds but efficiency-equity trade-off

# Policy Recommendations

- “ **Risk management arrangements contextual:** e.g., buyers taking on more risks
- “ **Land and carbon rights clearly defined:** e.g., strengthening local legal institutions
- “ **Information provided and transparent** especially relating to contracts between producers and buyers/funders; strong stakeholder consultation
- “ **Equitable redistribution** mechanisms in cases where REDD finances are concentrated in areas with high rates and poor past performance in DD (e.g. through taxes)
- “ **Upfront financing needed** possibly through forward selling or supportive alternative funding sources
- “ **Integration** of REDD strategies into wider sectoral and extra-sectoral reform
- “ Overall attention to **balance rigour, simplicity and flexibility** in the design of REDD systems

## Relationships between REDD and low-carbon development

- “ **Pro-poor’ vs. ‘Do no harm’** - Where should the balance lie? How can these be measured? How far can we push the pro -poor agenda?
- “ Could lead to **broader sectoral reform**: shift from isolated projects to broader programmatic focus linked to national policy processes? But will this be more pro-poor?
- “ Strong **trade-offs between efficiency and equity**, especially in market based mechanisms - how can the imbalance be addressed?
- “ **Sovereignty challenge**: Be cautious of demanding LDCs to follow 'low carbon pathways' how to strike the balance correctly? Level of international oversight?
- “ **Perverse effects of mitigation policies**: E.g. unknown impacts on food and commodity prices - how can these be understood and countered? Effects on carbon markets?



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