

The Norwegian Climate and Forest Initiative: Some key observations.

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(to be checked against delivery)

Members of the European Parliament, ladies and gentlemen. It is a great pleasure to be invited to speak to such a distinguished and influential audience. I am grateful to the European Parliament for hosting this event and for allowing me to share some of Norway's thinking and experiences after a little more than three years of operations of our Climate and Forest Initiative. I will also offer some thoughts on the way forward on REDD+ and closely related development issues.

The Norwegian Government's Climate and Forest Initiative was launched by our prime minister Jens Stoltenberg at the Climate Change Summit in Bali in December 2007. We began our operations in April 2008. The initiative's main purpose is to incentivize actions to reduce emissions of carbon to the atmosphere caused by deforestation and forest degradation in developing countries, also referred to as REDD+. The government's stated ambition is to contribute up to 3 billion NOKs, or 400 million Euros, per year. Why? Simply because the Norwegian government recognises that reducing the emissions caused by deforestation and forest degradation in developing countries is absolutely necessary if we are to reach the maximum 2 degrees global warming target – and that this is among the most readily available and cost efficient climate change mitigation measures available.

So, what are our key observations after a little more than three years of operations?:

- **Observation 1: Tremendous progress has been made. However, limited funding and slow progress in UNFCCC-negotiations is an increasing threat to the long term success of REDD+.**

Over the past three years, REDD+ has moved from being a marginal issue in Bali 2007 to becoming a high priority issue in the climate change negotiations. Many will argue that REDD+ is the area where most advances have been made in the discussions of a post 2012 global climate regime.

During the same period, outside the formal negotiations, an international support structure for REDD+ efforts has been formed, with the World Bank and the UN in key positions. More than 40 developing countries have joined the World Bank hosted Forest Carbon Partnership Facility (FCPF) and the UN REDD-programme in order to exchange experiences, access expertise and receive financial support for the development of national REDD+ plans and strategies. The FCPF Carbon Fund is soon ready to pilot and test innovative incentives for REDD+. The World Bank's Forest Investment Fund has been established to support larger-scale, transformative investments in selected pilot countries.

Another illustration of the traction that REDD+ has gained was the establishment of the global REDD+ Partnership, by more than 40 heads of state, ministers and other leaders of all important forest and donor countries gathered in Oslo in May 2010,. At this meeting, almost 4 billion US dollars were pledged to REDD+ Readiness-activities in the 2010-2012 period.

So far, so good.

However, a key conclusion in a recently published report from the international team of evaluators that undertakes a “real-time evaluation” of our initiative, was that *“the greatest overall risk to further progress is that a climate change agreement will not be achieved. Without an overarching binding long-term climate change agreement within the UNFCCC-regime, progress in negotiations on the REDD+ mechanism will be of limited value. At present the prospects of success are poor”*. I share this concern.

We should make no mistake: REDD+ is not simply a question of improved forest management, it is a fundamental development choice for any participating country. Succeeding in REDD+ will require strong political leadership and the ability to introduce and enforce strong and transformative policies and measures. With weaker prospects of large-scale, predictable and performance based funding, I fear that we will see increasing reluctance by political leaders in developing countries to commit fully to REDD+. The magnitude of the incentives offered by the international community must match the magnitude of the challenges these countries are being asked to meet.

I know that our friends in Brussels recognize that REDD+ represents a unique opportunity for our climate, development and the conservation of biodiversity. I hope and believe that the EU will do everything it can to ensure that the momentum and traction gained can be maintained. Delivering on the financial commitments made for readiness funding is critically important, as is rapid and credible progress towards adequate, predictable, sustainable and performance based REDD+ payments.

We all appreciate the current difficult economic circumstances of most developed countries. However, saving the world’s remaining tropical forests is without doubt the best value for money that the world of climate change action has to offer. We simply cannot afford to let this opportunity slip.

- **Observation 2: Our results-based partnerships work – and could be joined by others and replicated in other countries.**

In addition to our support to REDD+ readiness initiatives, like the FCPF and the UNREDD-programme, we have entered into a limited number of larger scale, results-based partnership with selected countries. Our government has committed up to 1 billion US dollars each to Brazil and Indonesia, and 250 million USD to Guyana, provided that the countries generate results that justify such payments. Importantly, our payments are made *after* the results have been achieved and independently verified, thus assuring us value for money. It is our assessment that these partnerships provide good learning experiences for a future REDD+ regime and could serve as models for other results based partnerships.

In Brazil, annual deforestation has been reduced by 70% over the last five years. This is by far the largest contribution to climate change mitigation by any country, anywhere, in the same period. While deforestation in Brazil still remains significant and should be further reduced, what has already been achieved by the Brazilian authorities should be widely recognized and acclaimed.

The Indonesian President Yudhoyono has committed to reduce his country's greenhouse gas emissions compared to business as usual by 26% by 2020, or by up to 41% with international support. This commitment formed the basis for negotiation of a REDD+ partnership between Indonesia and Norway. Under the partnership, Indonesia has committed to a series of ground breaking institutional and policy related reforms. Furthermore, a two year suspension on new licenses for conversion of peatland and intact forests has been enacted, and unequalled transparency has been introduced regarding the implementation and evolution of this suspension. I do believe our independent evaluators are correct when they describe our partnership with Indonesia as a "a game changer".

In Guyana, which is a "high forest cover, low deforestation" country, the government has developed and is implementing a national "low carbon development strategy". Following this strategy, the government seeks to promote economic and social development without the typical increases in fossil fuel consumption and deforestation associated with such development. Improving policies and measures related to the drivers of deforestation and forest degradation, as well as increasing transparency and public participation in forest and land management are among the focal areas of our partnership.

Time does not allow me to elaborate on the results and the many lessons learnt through these results based partnerships. Anyone interested in more information is encouraged to contact us or visit our webpage (www.government.no/climate-and-forest-initiative)

My key message to you is that such results-based partnerships can form "the bridge" between the initial readiness phase and the "delivery phase" where large reductions in emissions from forest destruction are delivered and paid for based on a REDD+ mechanism under the UN Climate Change Convention. The partnerships generate political commitments, emission reductions, and valuable lessons learned. I therefore hope that the EU and its member countries will grasp this historic opportunity and mould similar partnerships with forest countries as well as joining our partnerships, which were explicitly designed to be multilateral in nature.

- **Observation 3: REDD+ should be part of national development strategies**

As I previously noted, REDD+ - if implemented properly – is a fundamental development choice. The unsustainable use of forests has traditionally been a basis for short term development and economic growth in many countries – including many EU countries and Norway. REDD+ will not succeed in the longer run unless it is clear to governments and societies that the sustainable management of forests that REDD+ requires, secure more benefits to society than the more destructive alternatives. Hence, REDD+ policies and measures need to be related to other overarching national development such as economic growth, food security, energy production, employment generation, the conservation of ecosystems and their functions.

At this point, I would like to underline that REDD+ does by no means imply that forest resources, like timber, fiber, fuelwood and food, should not be exploited. REDD+ simply introduces a new potential income source from the forests, which should be balanced against other potential uses of the forest. Properly designed and implemented, REDD+ will

provide strong incentives for the sustainable management of forests whereby carbon stores are kept relatively intact – or restored. I would also emphasize that REDD+ and the EU Forest Law Enforcement, Governance and Trade-initiative (FLEGT) should be seen as interlinked and complementary activities. Indeed, what the EU is stimulating and supporting through FLEGT is a major contribution to improved forest sector governance in many important REDD+ countries. The application of the EU Timber regulation in 2013 will encourage increased due diligence in the trade of timber on the EU market thus reinforcing the link between sustainability and legal harvest. Norway also intends to implement this regulation as an important tool to counter the trade in illegally harvested timber.

As any other activity that involves money and decisions on land and resource use, REDD+ holds the potential to create new “winners and losers” in society. Clearly, there is a need to ensure that rights of individuals and groups, including indigenous peoples, are duly respected, as well as making sure that REDD+ policies and measures are developed through transparent and inclusive processes. While REDD+ can be of great positive significance for the conservation of biodiversity and ecosystem functions, we must also recognize that there is a certain potential for adverse effects, especially if reforestation and afforestation is included in REDD+. I am therefore happy to note that the EU and Norway seem to be on the same line on the need for social and environmental safeguards for REDD+.

The world’s remaining tropical forests are invaluable treasures. Their climate change mitigation potential is but one of the manifold services they provide. These treasures can be saved, at a very reasonable cost. The time is ripe for large scale action. My call to you is for the EU to take the lead in this historic mission, like the EU has taken the lead in so many other worthy and visionary endeavours.

Thank you.