

## **The Government of Norway's Climate and Forest Initiative: Implications for biodiversity conservation and climate change mitigation in Southeast Asia**

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*Excellencies, ladies and gentlemen,*

It is a great privilege to be invited to deliver the key note address at this important conference on forests, biodiversity and climate change in Southeast Asia. I am grateful to the Government of Singapore and the Institute of Southeast Asian Studies for hosting this event, and for allowing me to share Norway's experiences with our Climate and Forest Initiative with such a distinguished audience. I will also offer some thoughts on what potential implications our experiences may have for biodiversity conservation and climate change mitigation in Southeast Asia.

It is particularly interesting to speak to a Southeast Asian audience, as this region is home to some of the most magnificent forests on the planet. This is a region where there are exceptional opportunities – but also great challenges – related to conserving biodiversity and mitigating climate change. Some of the highest deforestation rates in recent years are found in Southeast Asia.

The Government of Norway's Climate and Forest Initiative was launched by our Prime Minister Jens Stoltenberg at the Climate Change Summit in Bali in 2007. We began our operations in April 2008. The initiative's main purpose is to support 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 500 million USD per year to this cause. Why? Simply because we recognize that reducing carbon emissions from forests is essential if we are to limit global warming to 2 degrees above pre-industrial level. Carbon emissions from forests account for an estimated 15 % of annual greenhouse gas emissions. Reducing these emissions is one of the most cost-effective and rapidly implementable large-scale mitigation options available.

REDD+ can also be of great positive significance for the conservation of biodiversity and ecosystem functions. Saving the most carbon dense forests also makes sense from a biodiversity perspective as these forests often exhibit the greatest biodiversity richness. Maintaining biodiversity may also improve the resilience of forests to fires, drought and disease. Finally, degradation of ecosystems combined with climate change may bring them to tipping points beyond which, irreversible large-scale destruction of forests may occur.

REDD+ can contribute to the establishment of new protected areas, improved management of existing protected areas, and more sustainable land management practices outside protected areas.

However, we must also recognize that there is a certain potential for adverse effects, especially if reforestation and afforestation is included in REDD+. These risks include the replacement of biodiverse high-carbon natural forest with monoculture plantations as well as possible displacement of indigenous peoples and other forest-dependent communities, unless due attention is paid to optimal land-use planning.

So, what are our key observations after three and a half years of operations?

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

Over the past three years, REDD+ has moved from laggard to leader in the UN climate change negotiations. As late as in Bali in 2007, it was still a marginal issue. By Cancun last year, it had become a high priority issue in the climate change negotiations with the establishment of a REDD+ mechanism as part of the Cancun Accords. 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 architecture for REDD+ efforts has been formed, with the World Bank and UN agencies in key positions. More than 40 developing – including most tropical forest countries in Southeast Asia – have joined the World Bank hosted Forest Carbon Partnership Facility (FCPF) and/or the UN REDD-program 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 schemes to pay for verified emission reductions from tropical forests. The World Bank's Forest Investment Fund has been established to support large-scale, transformative investments in selected pilot countries, including Laos and Indonesia.

Another illustration of the traction that REDD+ has gained was the establishment of the global REDD+ Partnership at the Oslo Climate and Forest Conference in May 2010. More than 40 heads of state or government, ministers and other high level leaders, including the Prince of Wales, – representing all important forest and donor countries – were present. The Conference was co-hosted by Indonesia's President Yudhoyono and Norway's Prime Minister Stoltenberg. At this meeting, more than 4 billion US dollars were pledged to REDD+ 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-, though such improvements are certainly essential. At its heart, REDD+ is a fundamental development choice for any tropical forest country. Succeeding in REDD+ will require visionary political leadership and the ability to introduce and enforce firm and transformative policies and measures. Given the substantial political costs of embarking on a serious REDD+ path, and the seemingly diminishing 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 in these countries are being asked to meet.

We all appreciate the difficult economic circumstances that many countries in the world currently face. 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.

Having said this, I cannot fail to underline that we truly believe REDD+ to be in developing forest countries’ enlightened self-interest. The deforestation path to the development is in its very nature unsustainable. The question is when to deviate from it. What we all need to contribute to, is to have the change of path happen sooner rather than later. That is a joint responsibility, which requires a joint effort. The question is, then, how to structure such an effort.

This leads me to my second observation.

- **Observation 2: 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 UN-REDD program, 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 in Latin America,

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 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 to seven 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.

Indonesia's 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 the 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. This includes a two year suspension on new licenses for conversion of peatland and intact forests, and an unprecedented level of transparency and participation has been introduced in the implementation and evolution of this suspension. I do believe our independent evaluators are correct when they describe our partnership with Indonesia as a "game changer".

I would like to make the following clear: The decision to make this development choice was taken by the Indonesian government for their own good reasons. Only when the decision was made, was it natural for Norway to support Indonesia's efforts, based on Indonesia's delivery of results *they* had identified as crucial.

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](http://www.government.no/climate-and-forest-initiative))

My 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 all forest countries in Southeast Asia will make the fundamental development choice to embrace REDD+ and join our growing partnership, and I hope that developed countries will make the choice to support such results based partnerships through significant, predictable and sustainable funding flows.

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

The unsustainable use of forests has traditionally been a basis for short term development in many countries – including Norway. REDD+ will not succeed in the longer run unless it is clear to governments and societies that conservation and sustainable management of forests provide more benefits to society than more destructive alternatives. Hence, REDD+ policies must also inform overarching national development strategies, particularly in areas such as economic growth, food security, energy production and employment generation which all influence the conservation of ecosystems and their functions.

The pressure on tropical forests is rising. Growing populations and increased consumption patterns worldwide are triggering an increased demand for food, fiber, fuel wood and other commodities provide by tropical forests. In Indonesia, growing global demand for palm oil, timber, paper and minerals have led to rapid expansion of mines, pulpwood and palm oil plantations over the last decade. We must stem these pressures on forests by adopting measures to intensify agricultural productivity in non-forested areas, invest in renewable and sustainable energy sources and reduce the global demand for commodities that drive deforestation.

Access to energy is another crucial element of national development strategies. The international Energy+ partnership – which was launched in Oslo last week by the Norwegian Prime Minister Jens Stoltenberg and UN Secretary-General Ban-Ki Moon – could become a key initiative in making global energy consumption more sustainable. The aim of the partnership is to provide universal access to sustainable energy and avoid greenhouse gas emissions in developing countries by scaling-up access to renewable energy sources and increased energy efficiency.

At this point, I would like to underline that REDD+ does by no means imply that forest resources, like timber, fiber, fuel wood and food, should not be exploited. Rather, this is about correcting the market failure of not recognizing the ecosystem values of forests in the calculus of land use and spatial planning. Properly designed and implemented, national REDD+ strategies will provide strong incentives for the sustainable management of forests whereby carbon stores as well as the other ecosystem services forests provide are kept relatively intact – or restored.

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. In Southeast Asia alone, 80 to 100 million people has their traditional livelihoods from land that was administratively re-classified as public forest, while an additional 200 million rural

residents depend to varying degrees on forests for their survival. Clearly, there is a need to ensure that the rights of indigenous peoples and other forest-dependent communities are duly respected. This will empower them to contribute to more sustainable forest management in their traditional capacity as forest stewards. We must also make sure that REDD+ policies and measures are developed through transparent and inclusive processes.

Their climate change mitigation potential is but one of the manifold services the world's remaining tropical forests provide. These treasures can be saved, at a very reasonable cost. The time is ripe for large scale, collective action. It is for the tropical forest countries to take the lead in this effort. However, I also call on all other countries to contribute – and in particular on developed countries to generate adequate, predictable and sustainable financial flows to support the efforts of tropical forest countries. Only through a genuine, global partnership can the treasures of the world's remaining tropical forests be saved for posterity.

Thank you.