



## South-South REDD: A Brazil-Mozambique initiative

MOZ 3081/09/029

First Progress Report to the Norwegian Government – November 2009

Duncan Macqueen



### Executive Summary

Through a growing partnership, 'South-South REDD', a unique opportunity exists to create the conditions under which Mozambique can embark on a national REDD initiative. Almost 70% of Mozambique (54.8 million hectares) is forest and 80% of Mozambique's population (20 million people) live in forest-dependent areas where the incidence of poverty runs at 54%. Such populations are not only highly vulnerable to climate change, but also act as custodians of the forest – the sustainable management of which matters for global climate accounting. Payments for Reduced Emissions from Deforestation and Degradation (REDD) could provide incentives for these populations to stem deforestation and help them develop in at the same time.

During 2009, enthusiasm over innovative new REDD payment mechanisms to communities in Brazil for zero deforestation helped to cement a partnership to share experience between Brazil and Mozambique – 'South-South REDD'. With proactive technical and financial support from the Norwegian Embassy in Maputo, an initiative has taken shape that seeks to unite all supporters of REDD in an umbrella alliance aiming to develop a broadly owned National REDD Strategy.

The national contact point on REDD (the Ministry of Environment - MICOA), the Ministry of Agriculture (MINAG) and the Sustainable Amazon Foundation from Brazil (FAS) are leading the initiative with project facilitation by the International Institute for Environment and Development (IIED). Through the involvement of Indufor, Finnish Government support for a revised National Forest Programme (NFP) that involves REDD readiness will also be mobilised. The University Eduardo Mondlane (UEM) is bringing its research capacity to bear in spearheading the development of deforestation baselines and monitoring, reporting and verification systems. Centro Terra Viva (CTV) will ensure, through its facilitation of the Growing Forest Partnerships (GFP) initiative, that broad consultation with civil society, NGO and international agencies is prioritised – for example ensuring that the World Bank's Forest Carbon Partnership Facility (FCPF) Readiness Preparation Proposal (R-PP) process can both be harmonised with, supported by and contribute to the National REDD Strategy.

Despite the inevitable unwieldiness of a multi-institutional partnership, South-South REDD has already clarified institutional relationships and developed a roadmap towards a National REDD Strategy. A series of expert opinion papers will lay out the key decisions that must be taken by a newly established National REDD Working Group in order to develop a draft National REDD Strategy. Baselines and 'Monitoring Reporting and Verification' (MRV) of deforestation is first up to discuss in late 2009. In 2010 the group will turn their attention to the scale and scope of a national REDD strategy, the consultation that will be required to refine its activities and focus, the financial distribution mechanisms that will be required to get activities going, and the institutional responsibilities and oversight to ensure nothing goes astray. Alongside this technical process will be the identification of pilot sites to test innovative new payment mechanisms.

## Introduction

Tropical forests cover close to 15% of the world's surface area and contain approximately 25% of the terrestrial carbon stock. Rapid deforestation and degradation are resulting in the loss of close to 13 million hectares of forest to other land uses, contributing almost a fifth of the emissions of carbon dioxide into the atmosphere. Forest conversion is the second largest contributor to global warming.

Forest areas provide some subsistence needs to almost 90% of the 1.2 billion people living in extreme poverty while also housing 90% of the terrestrial biodiversity. Local communities use the forest as sources of energy, shelter, food and medicines.

The causes of deforestation are various and complex – differing from country to country. There is local pressure from communities that need to use the forest for fuel or convert it to agriculture to meet their basic needs. However, other important cause of deforestation are related to large-scale clearance for commercial agriculture (e.g. coffee, soy, sugar cane, biofuels etc) as well as clearance for livestock pasture. In some cases, commercial timber extraction also plays a contributory role.

In the light of the importance of reducing emissions from deforestation and degradation (REDD), the Bali Plan of Action to mitigate climate change included REDD among possible actions to be implemented by developing countries as part of a future international climate change regime post 2012.

This new project - South-South REDD: A Brazil-Mozambique Initiative – aims to create the conditions under which Mozambique is able to embark on the implementation of REDD initiatives.

The specific objectives are:

- (i) facilitating steps towards the design of a National REDD Strategy for Mozambique through an inclusive and participatory process,
- (ii) supporting the preparation of the R-PP to the World Bank,
- (iii) strengthening technical, institutional and legal capacity within the scope of REDD,
- (iv) conducting viability studies to identify potential areas to implement zero deforestation demonstration projects, reforestation and incentives for communities to embark on sustainable forest management and natural resource management in general.

## The origin of the project

Almost 70% of Mozambique (54.8 million hectares) is covered in forest and other woody vegetation types. Approximately 80% of Mozambique of the total population (20 million) live in rural areas where the incidence of poverty runs at 54%. Dependence on forest resources is high. For example, 85% of rural energy consumption is derived from fuelwood and charcoal (consuming about 20 million cubic metres of wood a year). The annual rate of deforestation is 219,000 hectares per year. Mozambique's rural poor are particularly vulnerable to threats to its natural resources through extreme weather events such as floods or droughts. Its extensive coastline makes the nation as a whole vulnerable to changes in sea level that might also result from climate change.

In response, the government of Mozambique has developed an active environmental agenda, both internationally and regionally. The country has ratified various environmental treaties such as the Climate Change Convention of the United Nations and the related Kyoto Protocol, as well as the Conventions on Biodiversity and on Combating Desertification. Environmental issues are the domain of MICOA which coordinates horizontal linkages with other relevant ministries.

In 2008, the government of Mozambique, through MICOA, began to pursue the idea of developing efficient payment mechanisms for environmental services as an alternative to deforestation and degradation, and to explore new opportunities in the emerging carbon market. The government of Mozambique was therefore keen to establish partnerships with other international institutions to prepare the country to embark on REDD initiatives. As part of this process, the Government of Mozambique expressed its intention to develop a National REDD Strategy which would frame a more detailed National REDD Programme and has started to develop international collaborations towards that end.

As part of the search for international partnerships, in December 2008 the Government of Mozambique contracted Indufor (with financing from the Norwegian Embassy in Maputo), to help develop MICOA's reduced emissions from deforestation and degradation project idea note (R-PIN) so that it could be submitted to the World Bank Forest Carbon Partnership Facility (FCPF). Following approval of the R-PIN expectations grew both on the side of the Mozambique Government and of the World Bank FCPF, that progress towards a National REDD Strategy would start in earnest, including the drafting of a Readiness Preparation Proposal (R-PP).

In addition to these developments, primarily with MICOA, 2008 also saw the Department of Land and Forests (DNTF) at the Ministry of Agriculture (MINAG) negotiating a further five year partnership with the Finnish Government to further develop the country's National Forest Programme (NFP) - involving MINAG together with the FAO-hosted NFP Facility, and Indufor (approved in 2009).

By 2008, the success of two important REDD initiatives in Brazil, the Bolsa Floresta and Juma initiatives had attracted interest from other countries wishing to explore initiatives along similar lines. FAS responded to this interest in March 2009 by establishing, together with the International Forum of Readiness for Redd, the Woods Hole Research Center, the Meridian Institute and Idesam a workshop devoted to South-South cooperation on REDD between Brazil and Africa. The event included participants from 15 African countries – including Mozambique. Because of a strong mutual interest from both sides, during this event, FAS of Brazil represented by Virgilio Viana and MICOA represented by Minister Alcinda Abreu signed a Memorandum of understanding (MoU) with the intention of replicating the example of PBF and the REDD project in Juma, within the context of Mozambique. The MoU included the need to consider Mozambique-specific social, environmental and political factors and made a commitment to exchange experience and make progress in the implementation in Mozambique of a mechanism similar to that operating in Amazonas.

Following the MOU, Virgilio Viana was visiting IIED based on their longstanding partnership. IIED was at the time catalysing a major partnership building programme with funding from the World Bank called Growing Forest Partnerships (GFP) in which Mozambique was a pilot country. In Mozambique a GFP consultative process had led to the formation of a programme of work facilitated by the Centro Terra Viva (CTV) and led by a Steering Committee that included among others, MICOA, MINAG, IUCN, FAO, and the World Bank. FAS began to discuss with IIED the partnership between FAS and MICOA, as well as the potential of linking the initiative with IIED's programme of work on REDD (in both Brazil and Mozambique). Following detailed discussions on all sides, a series of proposals were prepared by MICOA, MINAG, FAS, IIED, and CTV under the banner of 'South-South REDD' to try and attract funding to get activities underway. As part of the implementation of activities laid out in the MoU between FAS and MICOA representatives of MICOA and MINAG also visited Amazonas between 11-21 May 2009 further strengthening the ties.

Independently, in Mozambique, the Norwegian Embassy wished to broaden its support for a National REDD process beyond its initial support for the technical assistance in the development of the R-PIN. was pressing for more urgent development of a national REDD Strategy. In June 2009 representatives of FAS made a return visit to Mozambique in part to champion the new proposals. At this time a multi-stakeholder meeting organised by the Norwegian Embassy helped to refine ideas further ultimately leading to an offer in June 2009 of support to the 'South-South REDD' proposal. The main condition attached was that South-South REDD should unify under one national umbrella the multiple institutional actors working on REDD – especially MICOA, MINAG, the Finnish Government support managed through Indufor to the NFP, the IIED and CTV facilitated GFP initiative, the work of UEM and the critical Brazil-Mozambique MoU.

Despite having agreement from all sides in principal, it took five months for the respective institutions to finally agree a version of the proposal and management and administrative structure that was acceptable to all. With some considerable flexibility on the part of the Norwegian Government, the ninth iteration of the proposal was finally approved in which IIED would administer the funds on behalf of the alliance of institutions led by MICOA and MINAG with support from FAS. The contract was signed in November 2009 (although some time after work actually commenced – see below).

## **A national Mozambique workshop on REDD**

A national workshop was held on 28-29 August 2009 at Pequenos Limbombos, Maputo to discuss the project and share the latest developments in REDD, both internationally and in Mozambique. Workshop presentations on the morning of the first day came from Mozambique (Government, the Universidade Eduardo Mondlane and NGOs) and in the afternoon from international participants (FAS, IIED, INDUFOR, IIED and BNDES).

The Government of Mozambique laid out intentions in relation to REDD. UEM presented their findings, particularly a field exercise conducted to test out the FAO's methodology to estimate carbon in forests. Both WWF and Environtrade presented their existing REDD projects in Mozambique, and also expressed an interest in participating in the process. FCO and ORAM also contributed with broad recognition that ORAM's field presence would be critical to the design of a REDD strategy.

On the international side FAS described both the Juma project, and Bolsa Floresta, INDUFOR gave an introduction to the World Bank processes (R PIN and Readiness Preparation Proposal – R-PP). BNDES illustrated the Fundo Amazonia, and indicated the possibility that they might invest in monitoring for Mozambique. IIED presented a background paper prepared for the event, and a little bit of context information on REDD and the ongoing climate change negotiations.

On the second day, participants were split into two groups, and set out to discuss the two main themes proposed by FAS: (i) governance of the initiative and (ii) successful factors for REDD implementation. From

these, FAS proposed a structure for a National REDD strategy, project implementation and governance – referred to a Version 1.0 of a document that later became a ‘Roadmap towards a national REDD strategy’.

In Group 1 on governance of the initiative it was noted that a Mozambique REDD Group already existed and consisted of MICOA and MINAG, Ministerio da Planificacao, MAE, the University, Ministerio da Energia, WWF, ORAM, CTV, DFID, Ministerio do Turismo, FEMA (a business entity dedicated to environmental issues). The group concluded that it was important to build on a participative process, and that there was a natural tension between effectiveness and participation. It was decided that it was important to have a core group, and then a consulting group, to accommodate these concerns. There was also discussion about bringing in the private sector – such as the Associacao dos Madeiros, and the Associacao dos Camponeses. It was also agreed that donors should not be part of the group, as it is a national entity. Because of fears that they might undermine the national identity of the project it was agreed that they should play a consulting role only.

In Group 2 on successful factors of REDD implementation discussion focused on listing what was needed for REDD in Mozambique. It was agreed that many ingredients still needed to be put in place including: the creation of a special government REDD unit to facilitate coordination between Ministries and public policies, technical capacity building for REDD, further analysis of the causes of deforestation, the design of a monitoring system, clearer land tenure and zoning, investment in enforcement capacity, development of payment mechanisms, awareness raising, mobilisation and consultation with the public, development of a strategy for attracting and managing financial resources.

Immediately after the national workshop a meeting was held with Minister Alcinda Abreu who advised both on the composition of the national REDD group and on the need to ensure that any work to develop a strategy was complemented by beginning pilot projects to assess REDD payment mechanisms.

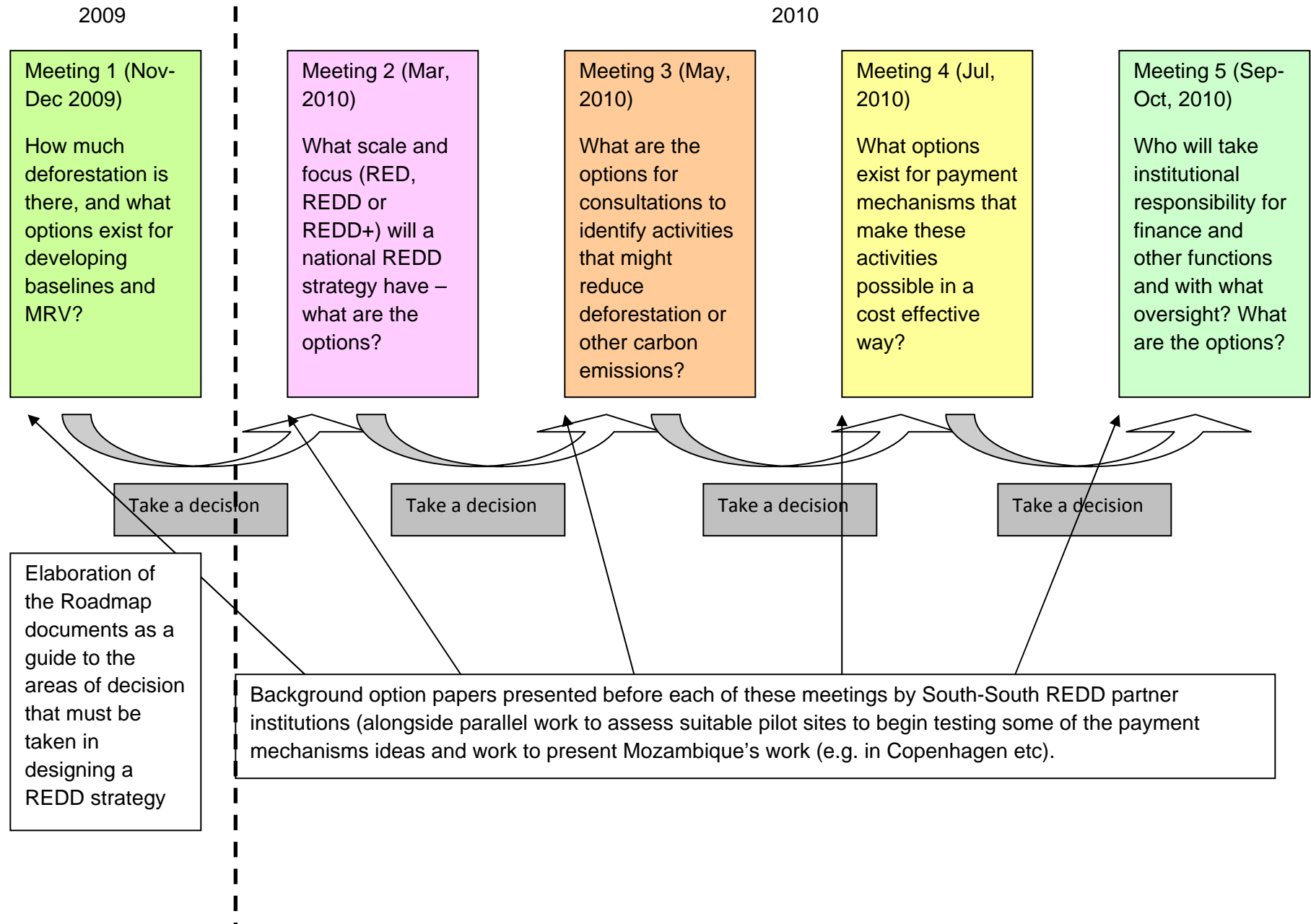
## **The emergence of a roadmap towards a national REDD strategy**

Arising from that first National REDD Workshop a working document known as Version 1.0 was proposed by FAS as a means of developing an abridged draft of a national REDD strategy before COP 15 in Copenhagen. It soon became apparent, however, that without agreement on the final proposal, preparing a full draft by December 2009 would be impossible. In a first teleconference call between all parties it was agreed that Version 1.0 should be re-titled and revised a ‘Roadmap towards a national REDD strategy’ – Version 1.1.

In October 2009, representatives of MINAG, UEM, FAS, IIED, CTV, ORAM and IPEME met to discuss a slightly revised Version 1.1 at the World Forestry Congress alongside parallel discussion of the Mozambique GFP initiative (at which UEM and CTV were invited participants to the GFP reference group). Following some debate, it was agreed that a more radical shift in approach was needed. The chapters in the roadmap should be prepared as options papers, arranged in a logical order, and covering the main areas in which decisions were necessary in order to develop a national REDD strategy. Instead of simply writing the document from scratch it was agreed that MICOA / MINAG as lead agencies should organise a series of national REDD working group meetings covering each of these topics in turn. The idea was that expert groups drawn from among or beyond the partners would prepare a background paper on each theme with options for a government decision. In this way the newly emerging partnerships expertise could be channelled into a multi-stakeholder forum where decision-making could occur (see Figure 1). A new Version 1.2 of the roadmap was prepared reflecting this new thinking and approved by all parties by email. It was agreed that this new document should be developed into a proper options paper – Version 2.0. A deadline was then set for contributions to that options paper by mid November 2009.



**Figure 1. The agreed process and timetable for South-South REDD based on 'Roadmap' Version 1.2**





In November 2009 following signing of the project contract, IIED visited all of the institutional partners in Mozambique – MICOA, MINAG, UEM, CTV and Indufor to discuss the practicalities of delivering the necessary inputs for the process outlined below in Figure 1. Draft ToRs were developed with all non-government partners and initial discussions were held with MICOA / MINAG who agreed to lead the organisation of the national REDD Working Group meetings.

## **Preparations for the COP 15 in Copenhagen**

In addition to the preparatory briefing presentations at the first national REDD workshop, on 12 November 2009 a second teleconference between Mozambican partners, IIED and FAS at the Norwegian Embassy in Maputo discussed a side event at the COP 15 in Copenhagen.

Together with Indufor, FAS had been tasked with preparing a side event or ‘cocktail’ at which members of the Mozambican delegation together with FAS would present the South-South REDD initiative and Version 2.0 of the roadmap towards a national REDD strategy. The idea is that the Minister of the Environment, Alcinda Abreu, the Head of Forestry at MINAG, Alima Issufo, and the Director of FAS, Virgilio Viana, will introduce (i) the South South REDD initiative, (ii) the roadmap towards a national REDD strategy and (iii) the innovative REDD payment mechanisms developed in Brazil for which pilot sites will be developed in Mozambique to test whether the model might be extended to Africa.

## **Harmonisation with the FCPF R-PP and the revision of the NFP**

Following the approval of Mozambique’s R-PIN, MICOA is now in the process of assembling material and developing a plan to complete the R-PP process. In mid-November 2009 the World Bank FCPF communicated the next two windows for completion of the R-PP as 11 January 2009 and 19 April 2009. Following email discussion by GFP and South-South REDD participants, there appears to be a widespread feeling that the 11 January date is not feasible (in the light of recent elections and possible staff changes in the main government agencies and heavy commitments due to COP 15 at Copenhagen). A world Bank mission led by John Spears is to assess between 7-18 December what additional help might be needed to make progress, either early in 2010 or deferred to the next FCPF window.

IIED made a quick analysis of the FCPF R-PP template and the work currently contemplated by the South-South REDD initiative. As shown below there is almost total overlap, which suggests that the South-South REDD process can help to furnish data for inclusion in the development of the R-PP and that the template R-PP can help to expand the scope and rigour of the South-South REDD initiative – including some areas not currently contemplated in South-South REDD. With all of the same main institutions and individuals involved in both it makes a great deal of sense to harmonise these initiatives so as to avoid unnecessary duplication and target resources on the main areas where there are currently gaps:

F-PP Component 1: Organize and Consult

1a. National Readiness Management Arrangements (equivalent to South-South REDD project institutional responsibilities)

1b. Stakeholder Consultation and Participation (equivalent to South-South REDD proposed work on consultations – meeting 3)

F-PP Component 2: Prepare the REDD Strategy



2a. Assessment of Land Use, Forest Policy and Governance (Equivalent to South-South REDD work on deforestation and baselines – meeting 1)

2b. REDD Strategy Options (Equivalent to South-South REDD work on scale and scope of a national REDD strategy – meeting 2)

2c. REDD Implementation Framework (Equivalent to South-South REDD work on institutional responsibilities – meeting 5)

2d. Social and Environmental Impacts (Not yet contemplated by South-South REDD but included in UEM's original work plan)

F-PP Component 3: Develop a Reference Scenario (Not yet contemplated by South-South REDD)

F-PP Component 4: Design a Monitoring System

4a. Emissions and Removals (Contemplated by South-South REDD after meeting 1 takes a decision)

4b. Other Benefits and Impacts (Not yet contemplated in South-South REDD)

F-PP Component 5: Schedule and Budget

F-PP Component 6: Design a Program Monitoring and Evaluation Framework (Not yet contemplated in South-South REDD)

It has been suggested that the next step would be to identify with more clarity exactly which bits of the R-PP required further technical inputs – and that the World Bank mission could serve that end and secure additional funding towards those needs. Additionally, should the Government of Mozambique wish to pursue the R-PP deadline date of 19 April, it might be possible to allocate some of the budget earmarked for both MICOA and MINAG towards technical support in pursuit of that aim.

## **Recommended next steps**

It was agreed by the National REDD Working Group that the following next steps were a priority:

1. MICOA /MINAG / FAS finalising preparations for Copenhagen including the completion of the roadmap document Version 2.0
2. All partners to contribute their sections of the roadmap before 21 November 2009
3. IIED Finalising detailed ToRs of activities in subcontracts with each partner in order to underpin the process documented above and ensure that fund dispersal goes smoothly by end November 2009.
4. IIED leading a proposal for agreeing a plan for the more flexible use of travel funds in line with the new process outlined in Figure 1 and agreement of where those funds should be housed, and what criteria and process should govern their dispersal.
5. MICOA organising the next meeting of a slightly smaller national working group on REDD for 25 November 2009 at the MICOA offices on deforestation, baselines and MRV.

6. MICOA making concrete suggestions and plans for the following four national working group meetings in 2010.
7. UEM / Indufor preparing a background options paper on deforestation monitoring reporting and verification with different baseline and MRV options for the meeting on 25 November 2009.
8. All project partners liaising with the World Bank mission on the FCPF R-PP from 7-18 December 2009 (at least those who are not at Copenhagen) and helping to identify the key areas where additional World Bank funds would complement but not duplicate activities programmed under South-South REDD
9. Norwegian Embassy making high level representation about South-South REDD both to key decision-makers in Norway and to high level (up to Presidential level) in the Mozambican government.
10. Indufor helping to establish a strong link between South-South REDD and the new Finnish Government support programme to NFP through DNTF – especially in relation to the climate change components of the NFP.
11. CTV working to broaden awareness of the South-South REDD initiative through the broad GFP platform.
12. All partners to commence work on respective background papers, studies and pilot project planning in line with their agreed terms of reference.