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## PERISA Case Study **2** Public Goods

# Governing Southern Africa's Forests: The Case of REDD+

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This case study provides a political-economy analysis of the Southern African Development Community (SADC) regional support programme for Reducing Emissions from Deforestation and Forest Degradation (REDD+). REDD+ is an innovative financing scheme focusing specifically on the carbon sequestration potential of forests – a global public good. REDD+ projects are usually implemented at the national and local levels. The SADC support programme therefore focuses on those aspects of REDD+ that are important at the regional level and can only – or best – be achieved by countries working together. To date this includes a project by SADC and Gesellschaft für Internationale Zusammenarbeit (GIZ) on REDD+ measurement reporting and verification (MRV).

### BEYOND TIMBER: THE PUBLIC GOODS VALUE OF FORESTS

Forests are no longer valued only for timber, or even for the wood fuel, charcoal, fruit, nuts, medicinal plants, forage, honey or game they provide. In addition to

timber and non-timber forest products (NTFPs) like these, forests provide a number of ecosystem services. They help regulate rainfall, floods and water yield (hydrological services), control soil erosion and store carbon. In recognition of these multiple benefits, global best practice now dictates that forests are managed for

**Table 1: Overview of forest goods and services**

	Goods and services	Local	Regional	Global
<b>Direct use</b>	Forest products • timber • fuelwood/charcoal • non-timber forest products	X X X	X	X
	Genetic information • traditional medicine • pharmaceuticals • research	X X X	X X	X X
	Recreation and tourism	X	X	X
	Regulation of regional rainfall		X	
<b>Indirect use</b>	Flood and water yield regulation	X	X	
	Control of soil erosion	X	X	
	Carbon storage and sequestration			X
	Health	X		

Source: Newcome J et al., *The Economic, Social and Ecological Value of Ecosystem Services: A Literature Review*. eftec: London, 2005, p. 16.

multiple goods and services.

The benefits of forests are realised at different levels. For instance, whereas traditional use of medicinal plants provides a local benefit, this can be upscaled to the regional and international levels through pharmaceutical research and development. Interests between the different actors and levels differ and often come into conflict. A report by environmental economics consultancy, eftec, provides the following summary of forest goods and services, and the levels at which they are realised (see Table 1).

The carbon benefit of forests derives from the ability of intact forests to store carbon, which is released back into the atmosphere when trees are cut down or die. The fact that forests have the potential to diminish CO2 in the atmosphere makes them a global public good. In the same way, forests' regional and local public-goods value are linked to such things as their hydrological services or health benefits they provide.

## INTRODUCING REDD+

The carbon benefit of forests forms the basis of REDD+. REDD+ emerged as a high priority tool for climate change mitigation in the mid-2000s. The initiative

picked up momentum following calculations indicating that deforestation contributes more greenhouse gas (GHG) emissions than the global transport sector.<sup>1</sup> The innovation of REDD+ lies in it being a partnership between the developed and developing world that aims to 'create an incentive structure that turns around the economic and political logic that currently hinders sustainable development'.<sup>2</sup> Basically, REDD+ pays developing countries to look after their forests. Beyond the basics, it gets more complicated. Financing has been one of the major sticking points slowing REDD+ progress. Currently REDD+ is not linked to a specific financing mechanism. Whereas some countries – Australia, for instance – argue for a market-based approach for REDD+, others favour public

1 Stern N, *The Economics of Climate Change: The Stern Review*. Cambridge: Cambridge University Press, 2006. The specific figures have since been challenged by other methodologies, though the significant contribution of deforestation and forest degradation to GHG emissions remains unchallenged.

2 IWG-IFR, 'Report of the International Working Group on Interim Finance for REDD (IWG-IFR)', Discussion Document from the second meeting of the IWG-IFR, hosted by IDDRI, 27 October 2009.

finance. Certainly, in the initial or preparation phase, development assistance has proven indispensable. There are also some indications that REDD+ is emerging as an official development assistance mechanism. As it stands, Norway is the largest contributor to REDD+ finance, followed by the UK, Australia and the US. That said, the scheme is far from reaching the scale of finance required. Moreover, only a relatively small proportion of the finance pledged and deposited has been disbursed. Part of the reason for this relates to the fact that financing has increasingly been linked to results. It is in this context that MRV becomes crucial.

Whereas financing and MRV top the current REDD+ agenda, earlier debates and negotiations focused on REDD+ eligibility. Much of the world's remaining indigenous forests and almost all of the tropical moist rainforests are found in the developing world. They are also the forests most under threat, with the highest rates of deforestation. These tropical dense forests – found between the Tropics of Cancer and Capricorn, in places like Brazil, Indonesia and the Congo Basin – were the initial target of REDD+. Very soon after basic agreement was reached on REDD+, however, negotiations turned to expanding eligibility. A country like the Democratic Republic of Congo (DRC) argued, for instance, that countries with current low rates of deforestation should not be penalised by the initiative. Some of these negotiations led to the addition of the 'plus' to REDD, which refers to the conservation of forest carbon stocks, sustainable forest management and the enhancement of carbon stocks. The broadened remit of REDD+ also opened the door for the rest of Southern Africa, beyond tropical rainforest countries like the DRC and Angola.

### SOUTHERN AFRICA'S<sup>3</sup> FORESTS

Forests cover up to 40% of SADC's land area,<sup>4</sup> with

3 The Southern African region can be defined variably either by geography or geopolitics. For purposes of this case study, and because of its focus on SADC, the geopolitical definition will be used, with Southern Africa defined as the countries comprising SADC.

4 Wertz-Kanounnikoff S & S Wallenöffer, 'A regional approach to REDD+: Exploring issues and options for Southern Africa', Paper commissioned by the SADC FANR Directorate, November 2011. Gaborone: GIZ & CIFOR (Center for International Forestry Research), p. 42.

stark differences in forest profiles among SADC member states. The region's forest types range from montane and tropical moist forests to mopane, acacia and miombo woodlands, Zambezi teak forests and mangrove forests.<sup>5</sup> In addition, the region hosts plantation forests, the bulk of which are located in South Africa. Apart from the DRC, which contains around 60% of the Congo Basin tropical forests, much of Southern Africa's forests can be classified as dryland forests (see Figure 1). The region is home to a substantial part of Africa's Miombo woodlands, which besides being the most extensive dryland forest formation on the continent, also counts among the top-five ecozones considered fundamental for biodiversity conservation.<sup>6</sup>

Although dryland landscapes store less carbon per hectare than tropical forests, the extensive nature of these landscapes nevertheless translates into significant carbon storage potential<sup>7</sup> (see Figure 2). Associated environmental benefits of afforestation and reforestation in these areas include the restoration of degraded land, reduction of run-off, erosion and soil compaction.<sup>8</sup> These benefits translate into regional and local public goods, including but not limited to avoidance of desertification. In addition to these services, the people who live in dryland forests and landscapes also benefit from forest goods, including timber and NTFPs. Woodland products – and the income derived from them – typically account for an estimated 10–50% of everything a rural household uses.<sup>9</sup> In REDD+ parlance, the non-carbon benefits of forests are known as 'co-benefits'.

However, Southern Africa's forests – and the benefits they offer – are under severe threat. The region has the highest rate of deforestation in Africa,<sup>10</sup> with countries

5 SADC FANR Directorate, 'Forest management', <http://www.sadc.int/fanr/naturalresources/forestry/management.php>.

6 Wertz-Kanounnikoff S & S Wallenöffer, *op. cit.*, p. 5.

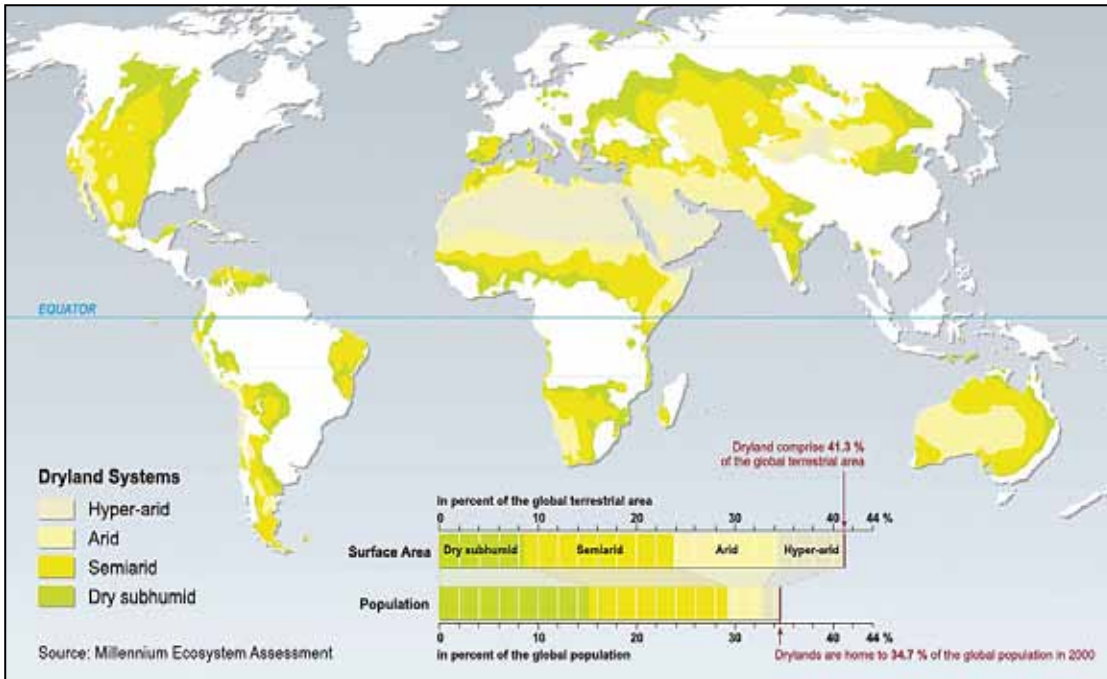
7 Grünzweig JM *et al.*, 'Carbon sequestration in arid-land forest', *Global Change Biology*, 9, 5, 2003, pp. 791–99.

8 *Ibid.*

9 Steer A, 'World Bank Special Envoy on climate change', Presentation at COP17 Forest Day 5 in Durban, South Africa, December 2011.

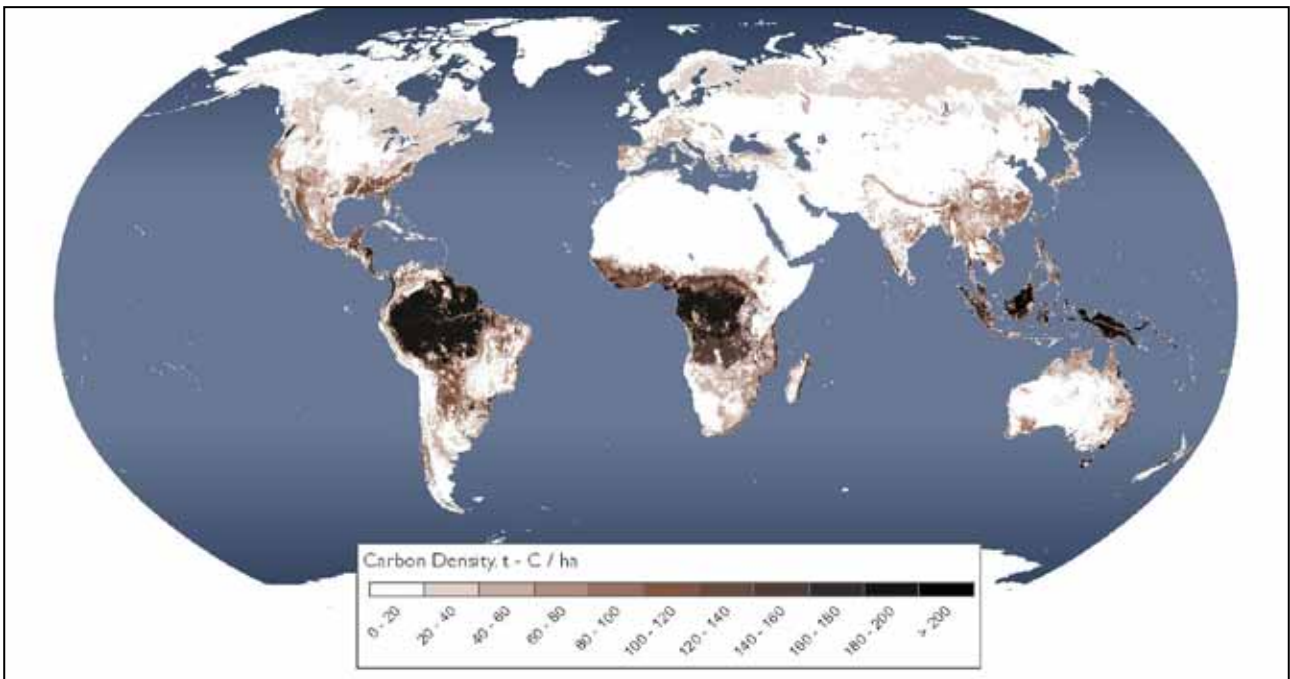
10 Wertz-Kanounnikoff S & S Wallenöffer, *op. cit.*, p. 4.

**Figure 1: The world's dryland systems**

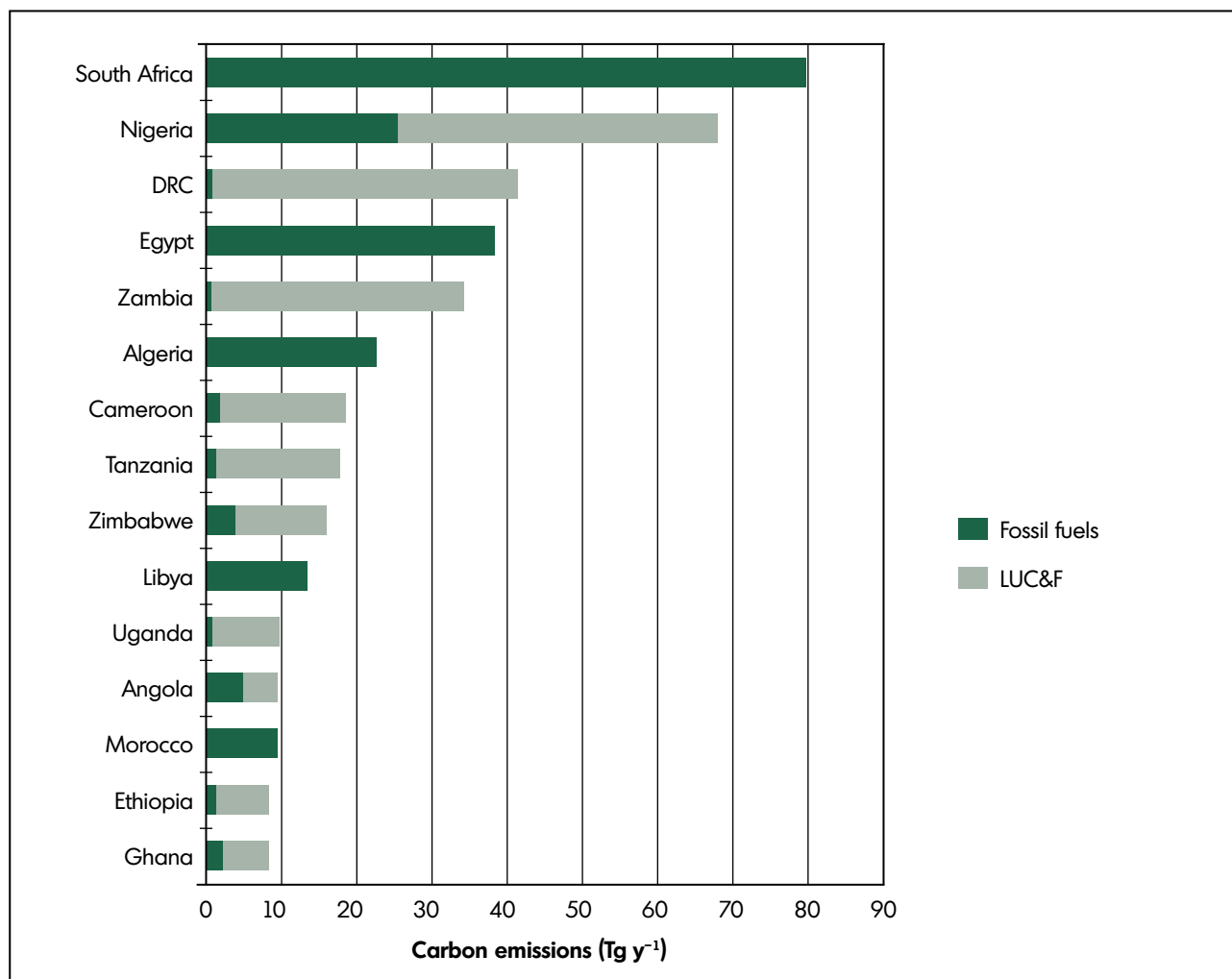


Source: Millennium Ecosystem Assessment, Appendix A, 2005, <http://oceanworld.tamu.edu/resources/environment-book/Images/drylandmap.jpg>.

**Figure 2: Global above- and below-ground living biomass carbon density**



Source: Ruesch A & HK Gibbs, *New IPCC Tier-1 Global Biomass Carbon Map For the Year 2000*, available online from the Carbon Dioxide Information Analysis Center, [http://cdiac.ornl.gov/epubs/ndp/global\\_carbon/FINAL\\_DATASETS.jpg](http://cdiac.ornl.gov/epubs/ndp/global_carbon/FINAL_DATASETS.jpg), Oak Ridge National Laboratory, Oak Ridge, Tennessee, 2008.

**Figure 3: Anthropogenic carbon emissions in Africa 1990–2005**

Note: Annual emissions of carbon (Tg C y<sup>-1</sup>) from the combustion of fossil fuels and land use change and forestry (LUC&F).

Source: Wertz-Kanounnikoff S & S Wallenöffer, 'A regional approach to REDD+: Exploring issues and options for Southern Africa', Paper commissioned by the SADC FANR Directorate, November 2011. Gaborone: GIZ & CIFOR, p. 42.

like Zimbabwe and Zambia's deforestation rates among the highest in the world. Though the DRC's rate of forest loss is relatively low, the sheer size of its forests places it among the top-10 countries worldwide in terms of forest cover loss. Direct causes of forest loss in SADC include agricultural expansion and extraction (including timber, fuelwood and charcoal), often with links between the two. In most of the region GHG emissions from land-use change and forestry exceed that from fossil fuels (see Figure 3). South Africa and Angola provide noteworthy exceptions. The challenges facing Southern Africa's forests are compounded by rapid rates

of population growth and urbanisation, which lead to increased demand for food and energy.

In addition, root causes of deforestation and forest degradation include governance-related challenges. One such challenge relates to the marginalisation of the sector. This is evident, for instance, in the small budgetary allocations to the forestry sector. As a result, forest governance institutions face serious capacity constraints. Another manifestation of the low priority accorded to the sector relates to competing land uses. Decision-makers rarely consider the full implications of converting forest land to alternative uses, whether mining, agriculture or

industrial expansion. The need for integrated planning is one of the motivations behind the growing global trend to integrate the agriculture and forestry sectors.

In short, the forestry sector is not valued properly. In most SADC member states, the sector's formal economic contribution (percentage of gross domestic product) is small or even negligible. However, as stated, the true value of forests stretches beyond products to the ecosystem services. In this context, REDD+ is proposed as a potential solution. From the perspective of REDD+, high levels of deforestation and forest degradation translate into high potential for improvements through avoided deforestation and degradation, as well as afforestation and reforestation.

## REGIONAL GOVERNANCE OF SADC'S FORESTRY RESOURCES

At the SADC level, forest governance falls under the Food, Agriculture and Natural Resources (FANR) Directorate, a construct of the 2002 restructuring of SADC. Also in 2002 the SADC Protocol on Forestry<sup>11</sup> was signed by SADC heads of state. The protocol serves as the overarching policy framework for forestry collaboration among member states. It was followed by the development of a SADC Forestry Strategy<sup>12</sup> for 2010–20. Strategic programme areas identified in the strategy include climate change mitigation and adaptation; protection of key catchment forests (articles 11, 15 of the protocol); energy supply and poverty reduction (article 5); participatory forest management (articles 5, 12, 13); enhanced intraregional trade in forest products (article 18); and co-operation in transboundary forest and fire management (articles 14, 15). The role of forests in climate change mitigation and adaptation gained prominence on the global stage only after the development of the SADC Protocol, hence no reference to relevant articles for that area. It is interesting to note that mitigation and adaptation are now listed first among the strategic programme areas.

In both the protocol and the strategy, there is a strong focus on the 'value add' of the regional level. These focus only on those issues that are important

at the regional level and/or can only be achieved – or best be achieved – by countries working deliberately together. Beyond the intuitive justification, namely that natural systems do not respect man-made boundaries (the motivation behind landscape approaches to natural-resource governance), the SADC Council of Ministers in 2003 agreed to a number of criteria for regional programmes.<sup>13</sup>

The SADC FANR Directorate is equally careful not to overstep its mandate. It focuses on co-ordinating the region's forestry programmes along the lines of the SADC Regional Indicative Strategic Development Plan. A well-defined mandate is important not only to ensure legitimacy, but also from a practical perspective: the FANR Directorate functions on a lean staff complement. Currently a single senior programme manager is in charge of natural resources and wildlife management (covering forestry, fisheries, wildlife and protected areas). He is assisted by a programme officer for forestry, a position funded by GIZ. This reflects marginalisation of the sector also at the regional level. SADC prioritises areas related to security, defence, politics, trade and infrastructure. Without denying the importance of these issue areas, it remains true that natural resources capacity is spread very thinly.

In an effort to increase efficiency and reduce overhead costs, a number of specialist working groups have been established, each responsible for steering developments under a particular strategic programme area. These groups consist of a network of specialists (from within and outside government), nominated by member states in conjunction with the SADC Secretariat.<sup>14</sup> In addition to the working groups, the strategy identifies a number of other implementing partners, including member states' forest and environmental departments; institutions of higher learning; research institutions; bilateral and multilateral donors; civil-society organisations – from community-based organisations to big international non-governmental organisations – and the private sector.<sup>15</sup> Each of these actors has specific roles to play, as detailed in the strategy. The participation of research

11 SADC, Protocol on Forestry. Gaborone: SADC, 2002.

12 SADC, Forestry Strategy: 2010–2020. Gaborone: SADC, no date.

13 *Ibid.* p. 26.

14 *Ibid.* p. 36.

15 SADC, Forestry Strategy: 2010–2020, *op. cit.*, pp. 39–48.

institutions, for instance, is encouraged through a policy analysis and dialogue programme, which includes a series of think-tank workshops, organised by the SADC Secretariat and supported by GIZ.

The SADC FANR Directorate urges development partners to align their support with the priority areas identified in the SADC Forestry Strategy. Co-operation used to be facilitated through thematic groups (not the same as the working groups), but is increasingly happening bilaterally. Currently the biggest single external supporter of the SADC FANR Directorate is GIZ, though fund-raising is ongoing. The FANR Directorate also benefits – albeit very indirectly – from support to their implementing partners, in cases where partners' activities feed into SADC programmes.

## TOWARDS A REGIONAL REDD+ APPROACH FOR SADC

In addition to national REDD+ processes in countries like the DRC, Mozambique and Tanzania, the SADC FANR Directorate has also initiated a regional REDD+ support programme.<sup>16</sup> Again, the focus is on the regional value add. Potential benefits of a regional approach to REDD+ include increased bargaining power in international climate change negotiations; opportunities to realise economies of scale; addressing the risk of regional leakage (deforestation or forest degradation shifting to neighbouring countries); and strengthening regional solidarity and securing additional co-benefits.<sup>17</sup> That being said, one should consider both opportunities and costs. As described in an earlier draft of the regional REDD+ programme document, REDD+ inserts a new priority into a region that is already occupied with such topics as food security, livelihoods, health and general issues of economic development. A decision to prepare for REDD+ will tie up scarce financial and human resources.<sup>18</sup> In such a context, the potential for cost saving is particularly compelling. A paper by Wertz and

Wallenoeffter<sup>19</sup> argues that a regional REDD+ approach could potentially yield substantial cost savings, especially in the initial readiness phase.

Wertz and Wallenoeffter continue to argue that a regional REDD+ approach will be particularly beneficial for larger countries with high forest cover or high deforestation rates. This includes countries with high forest cover and low deforestation rates like the DRC, high forest cover and high deforestation (HFHD) rates like Zambia or with low forest cover and high deforestation (LFHD) rates like Zimbabwe. The authors argue, however, that the final decision about design and criteria for eligibility for the regional REDD+ programme is a political one, with the choice of country groups characterised by a trade-off between effectiveness (carbon) and equity (regional solidarity). They conclude that there may well be validity to a more inclusive approach, rather than one based solely on carbon objectives.<sup>20</sup>

The SADC regional support programme for REDD+ that was approved in May 2011 is the result of a participatory process that included country visits, the consultation of independent experts and two multistakeholder regional workshops (one each in 2009 and 2010). The final programme includes components on intersector and intrasector co-ordination and policy harmonisation; international engagement on REDD+ and climate change processes; capacity to manage regional and national REDD+ programmes; establishment of systems to monitor forests and carbon; establishment of reference emission and reference levels for REDD+; knowledge management for REDD+; and sustainable funding mechanisms for REDD+.

The first component that received funding – and to date the only one – is the one on MRV. A project to develop integrated MRV systems for REDD+ in the SADC region is being implemented jointly by the FANR Directorate and GIZ as part of a three-year project stretching to February 2015 and with a total budget of EUR 3.365 million.<sup>21</sup> The focus of the project is inventories of the region's forest resources – used

16 SADC, *SADC Support Programme on Reducing Emissions from Deforestation and Forest Degradation (REDD)*. Gaborone: SADC, 2011.

17 Wertz-Kanounnikoff S & S Wallenöffer, *op. cit.*, p. 2.

18 Schoene D & H Kojwang, *SADC Programme Document on REDD*, 20 April 2010, zero-order draft.

19 Wertz-Kanounnikoff S & S Wallenöffer, *op. cit.*

20 *Ibid.*

21 SADC & GIZ, *Development of Integrated MRV Systems for REDD+ in the SADC Region*, Brief project description. Gaborone & Bonn: SADC & GIZ, 2012.

to calculate carbon stocks. Such inventories are a challenge even in relatively well-capacitated countries like South Africa, which lamented the lack of funding for implementing its Forest Resource Assessment Plan, saying: 'If you can't measure, you can't manage'.<sup>22</sup> This is true for REDD+ programmes in particular, which have stringent MRV requirements. Interest in funding additional components of the REDD+ support programme has been expressed for instance by the Global Environmental Facility and by the Japan International Cooperation Agency.

The SADC FANR–GIZ project funding is sufficient for three pilot projects. As was the case with the programme as a whole, eligibility and criteria for the pilot projects needed to be negotiated. A questionnaire circulated to member states ahead of the official project launch included a question on whether their country would like to be considered as a pilot. Of the 13 member states that responded, all, barring Mauritius and Seychelles, responded in the affirmative. Mauritius indicated that it is only interested in data-sharing. Seychelles responded that it does not meet the criteria (discussed below). Swaziland was keen to participate, but noted that it would need to partner with neighbours to comply with the 26 000 km<sup>2</sup> threshold. Although the meeting was held in South Africa, the country did not participate, which could be interpreted as a disinterest in this particular process (ie regional REDD+).

The initial criteria suggested by the SADC FANR Directorate stipulated that pilot sites represent a diversity of forest types; fall within the confines of a single member state; involve countries that are already participating in a REDD+ initiative; exhibit enabling land tenure arrangements; are able to produce a contiguous site of 26 000 km<sup>2</sup>; and cover an area that has both a high deforestation rate and high forest cover (HFHD). All of these criteria came under fire in the robust discussion that followed, which resulted in a substantially revised list of criteria. These included a decision on at least one transboundary pilot site; that priority be accorded to member states that are *not* currently receiving support for national REDD+

programmes; that the study area should have both high deforestation rate and medium to high forest cover or high deforestation and low forest cover (HFHD or MFHD or LFHD); and that a contiguous forest or woodland of 26 000 km<sup>2</sup> would be added advantage.<sup>23</sup> The member states seemed largely satisfied with the revised criteria, though some argued that the role and benefits for smaller states needed further clarification.

The revised criteria led to the selection of representative sites in Mozambique (Mopane), Botswana (Baikiea) and a transboundary site in Malawi–Zambia (Miombo).<sup>24</sup> The selection of two high forest cover countries (Zambia and Malawi) and two low forest cover ones (Malawi and Botswana), coupled with the process as described above, suggests that the MRV project leads heeded the advice mentioned earlier, namely to follow an inclusive approach that carefully manages the trade-off between carbon effectiveness and regional solidarity or equity.

## CONCLUSION

If average SADC citizens were asked about the benefits derived from forests, they might list timber, fuelwood, charcoal, other NTFPs and some services. The carbon storage potential of forests would be low on the list, if it features at all. Yet when it comes to the global forest agenda, this benefit is at the top of the list. At all levels barring the global, what REDD+ regards as 'co-benefits' are often the most concrete or real benefits. For instance, in water-stressed Southern Africa, one could make a strong case for the hydrological services as one of the primary regional services provided by the forestry sector. Both the SADC Forestry Protocol and Strategy refer to the management of forests in key watersheds.<sup>25</sup> That limited progress has been made on this front is probably owing in part to a lack of interest or funding and in part owing to political factors. Political sensitivities include, for instance, the fact that the effect of actions in upstream states – whether chopping down

22 Official from the South African Department of Agriculture Forestry and Fisheries, SADC Regional Forestry Stakeholder Workshop, Johannesburg, South Africa, 11-13 February 2013.

23 *Ibid.*

24 *Ibid.*

25 The SADC FANR also commissioned the following study: Sola P, 'Forest-Water relations in the SADC', African Forest Forum Working Paper, 1, 3. Nairobi: African Forest Forum, 2011.



a forest or planting a plantation – is felt downstream.

REDD+ focuses on the carbon storage potential of forests, a global public good, whose management relies in large part on implementation at the national and local level. Though there are some regional dimensions to REDD+, as discussed, these are limited. The SADC FANR Directorate is careful not to overstep its mandate by focusing specifically on the regional value add of their support programme. Its management of the REDD+ support programme to date reflects a careful balance between the carbon benefit and regional equity. A practical reflection of this is the pilot sites chosen for the REDD+ MRV project. The final sites did not simply include those countries with the biggest carbon storage potential and also focused on areas as yet ‘neglected’ by REDD+.

The SADC FANR Directorate continually needs to manage tensions between the national, regional and international levels. Another, related challenge is balancing the region’s need for sustainable development, poverty reduction and economic growth. Whereas the global interest for Southern Africa’s forests may be conservation, poverty reduction and economic growth top the regional agenda. In addition, and as illustrated

in the case of the REDD+ programme, there may well be a number of good ideas, but limited funding necessitates strict prioritisation. Balancing these tensions requires considerable diplomatic finesse coupled with a fine stewardship of limited resources, both human and financial. The SADC FANR Directorate manages to do a lot with a little.

Finally, even as REDD+ assists in the proper valuation of the region’s forests, Southern Africa should not rely only on REDD+ to counter the sector’s marginalisation. As discussed, many of the most tangible benefits of the forestry sector, especially at the local, national and regional levels, are not related to carbon storage. Also, tying the regional forestry sector too closely to REDD+ is risky, because if, for some reason, the international process loses momentum, the region will suffer the consequences.

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