



Bale Eco-Region Sustainable
Management Programme (BERSMP)



Oromia Forest and Wildlife Enterprise

BERSMP

Policy Brief No.4

**REDD in Ethiopia: Opportunities, Challenges
and the PFM Approach**

With annual forest losses of more than 140,000 hectares, unsustainable exploitation of Ethiopia's forest resource base threatens livelihood security of the country's largely rural population. Drawing on our experience of REDD project development with Oromia Forest and Wildlife Enterprise (OFWE) in the Bale Mountains Eco-Region, this policy brief outlines how forestry carbon in Ethiopia can catalyse a shift towards sustainable forest management. With a focus on Reduced Emissions from Deforestation and Degradation (REDD), the opportunities as well as challenges to REDD implementation are outlined. Far removed from aid-as-usual, REDD in Ethiopia will challenge existing forest management. It requires a critical appraisal of governance, institutions and policy, as well as transparent and appropriate benefit-sharing between forest stakeholders. As Ethiopia prepares its national REDD strategy this policy brief is timely; how can REDD be achieved on the ground, a case is presented here for REDD to be implemented through Participatory Forest Management (PFM), the only approach proven to reduce deforestation in Ethiopia.

The State of Forests in Ethiopia

In 1990, it is estimated that up to 15% of Ethiopia was forested. Since then more than 2 million hectares have been lost. These forest losses are driven by household needs for fuel wood, construction materials, agricultural land and livestock grazing. Combined with rapid population growth, the pressure on Ethiopia's forests are high and intensifying. The 1990 Woody Biomass Inventory and Strategic Planning Project indicated that 70% of woredas – politically defined units – consume wood products faster than they can be replaced. Since this study forest destruction and degradation has intensified and current unsustainable levels of forest use present great livelihood risk to a significantly rural population with few alternative livelihood strategies.

Global attempts to reduce deforestation vary from fences and fines, through integrated conservation

and development projects, to direct payments to forest stewards. Although approaches vary in achievement, net annual global forest losses still amount to over 7 million hectares. Often interventions struggle to reduce deforestation by failing to fully address drivers of, or incentives for, deforestation. In Ethiopia, an intervention that *has*



Forests under pressure: An island of forest in a sea of cultivated land

proven successful is Participatory Forest Management (PFM). A collaboration between Community Based Organisations (CBOs) and government institutions, PFM slows and stabilises deforestation whilst securing livelihood options. Under PFM, community groups are given rights and responsibilities for a forest area. This sense of ownership serves to empower and motivate the protection and conservation of the forest resource. In Ethiopia this PFM approach has been introduced to Bonga in SNNPR, Chilimo and Borana in Oromiya, between 2000 and 2007 by FARM-Africa and SOS Sahel Ethiopia and still persists in these areas today. The positive impacts of these PFM efforts are greater than improved forest condition and management; rural livelihoods and social welfare are also reported to have improved. By addressing and altering forest management incentives, PFM is a holistic and more sustainable approach to avoiding deforestation particularly in areas of high population density. In order to scale-up PFM across Ethiopia significant

funding is required. Forest carbon activities could be one means to overcome this financial hurdle to widespread PFM.

A New Approach: Forest Management for Climate Change Mitigation

At the December 2009, Copenhagen 15th Conference of the Parties of the United Nations Framework Convention on Climate Change (UNFCCC), Reduced Emissions from Deforestation and Degradation (REDD) was high on the agenda. Although the exact definition of REDD changes frequently (Box 1), at its most basic, REDD makes forest conservation a more economically attractive and viable land-use option by generating revenue from emission reductions. This is possible due to the carbon sink and carbon source properties of forests. As trees grow, carbon is locked in biomass and as forest is lost, carbon is released into the atmosphere predominantly as carbon dioxide. A greenhouse gas, increasing carbon dioxide concentrations in

Box 1. What does REDD really mean?

'REDD' is a widely used acronym, but the definition is a moving target. The original definition – Reduced Emissions from Deforestation (RED) – quickly expanded to include forest Degradation (REDD). Now, the most commonly used acronym is REDD+ recognising the role of sustainable forest management and enhancement of forest carbon stocks – afforestation and reforestation – in addition to avoided deforestation and degradation. Recent proposals want to further extend the REDD+ definition to wetlands and agricultural lands and thus soil carbon. Such an extension could benefit countries like Ethiopia that have substantial small-holder farmland; the inclusion could allow emission reductions from improved agricultural practices to be accounted for.

the earth's atmosphere alters the global climate. The economic repercussions of this are immense and global willingness-to-pay for reductions in greenhouse gas emissions is, therefore, substantial. With current forest losses accounting for almost one fifth of global carbon dioxide emissions, the maintenance and sustainable use of existing forest areas will reduce emissions of carbon dioxide and so the impacts of a changing climate.

REDD: Not Yet Perfect, but Evolving

The speed at which REDD emerged surprised many and a number of REDD projects are underway despite uncertainties in estimating emission reductions; in institutional, policy and governance frameworks; and in social impacts of REDD activities. Many had hoped that COP15 in Copenhagen would provide formulaic guidance for REDD activities and so reduce these uncertainties. It did not, and criticisms of the draft proposals for an international REDD mechanism targeted the weak language protecting and effectively engaging Indigenous Peoples and local communities in the REDD process. Therefore, uncertainty still remains as to what REDD will look like in international climate change mitigation architecture. Despite this, rapid progress *is* being made in reducing the various technical, political and social challenges that REDD presents. Finance for REDD still remains significantly larger than most other sources of funding for forest conservation and REDD is still a hot topic.

The Benefits of REDD: Moderating Expectations

For many, it was the apparently sizable REDD revenue streams that first captured their attention. Developing country governments were interested to ease the burden of forest management on state finances. Conservation, development and civil society organisations were interested in a more sustainable stream of funding for sustainable development, watershed and biodiversity conservation, all potential co-benefits of avoided deforestation. But REDD has proven to be complex and not cheap to implement and these unrealistic monetary expectations have been moderated over time.

There are two principal reasons for this. Firstly, in light of uncertainties in international demand for emission reductions, the amount of finance that can be realised is hard to predict. If uncertainties keep REDD out of carbon-markets, demand from REDD might be smaller than project developers initially envisaged. Secondly, the costs of project development have often been underappreciated. Good practice dictates high monitoring, reporting and verification and risk management. Once these costs are accounted for, revenues often look substantially smaller than originally anticipated.

What many initially failed to realise was that REDD is more business-like and not aid-as-usual. Unlike most other sources of finance for forest

conservation, REDD funds only arrive if emission reductions are delivered. In order to realise money through REDD, behaviours must change: deforestation must be reduced. If obligations are not met, payments will be forfeited. This is an important step away from hand-outs and towards



Reducing deforestation: A tall order

empowerment. If governments and conservation and development organisations can embrace this business attitude, developed countries can capitalise on the high willingness-to-pay for forestry carbon activities. At COP15 in Copenhagen, for example, \$3.5 billion was committed to catalyse REDD activities between

2010 and 2012. Finance is therefore still on the horizon for REDD activities even if expectations have been tempered.

Sharing the Wealth

Crucially, for a REDD mechanism to deliver climate change mitigation it must generate long-lasting emission reductions. This long-term sustainability of the project will be greatly influenced by the balance of costs and benefits experienced by forest stakeholders. These stakeholders, including; central government, regional government, zonal and woreda powers, intermediaries, and forest-dependent communities, all hold differing power and influence over REDD mechanism design. Transparent and accountable benefit sharing mechanisms with conflict resolution procedures will be required both vertically – between stakeholder groups – and horizontally – within stakeholder groups – so that REDD activities will not be undermined by perceived unfairness or inappropriate incentives for behavioural change.

But to date, with only a handful of REDD projects in existence and limited track records of these projects, there is no best-practice guidance on how benefits should be shared. It might be argued that the government controls and uses REDD funds for nationwide forest conservation or climate mitigation and adaptation programs. Forests are, after all, national assets and in the

case of Ethiopia, state owned. Alternatively, funds might be used to benefit those directly engaging in forest conservation and experiencing altered forest access and management regimes. This could be achieved by providing public services such as schools, roads and health centres in REDD project areas or through direct cash payments to CBOs or households; a mechanism which creates a much stronger link between forest conservation action and economic returns. The key to appropriate benefit sharing is the consideration of both cost recovery as well as adequate incentives for all stakeholders to adopt and support REDD activities. Although experience is limited for REDD, it is clear that this will require a shift away from arbitrary shares or mindlessly following existing practice towards reward that better reflects performance, effort, or delivery of emission reductions.

Bale REDD: Opportunity and Challenge

In the South-Eastern Ethiopian Highlands, the Bale Eco-Region REDD Project covers 700,000 hectares of forest over fourteen woredas. As in other areas of Ethiopia, forest exploitation is largely unregulated with communities rapidly deforesting to meet their livelihood needs. The Oromia Regional State Forest and Wildlife Enterprise (OFWE), with the aid of the Bale Eco-Region Sustainable Management Programme (BERSMP) are in the process of establishing the first Ethiopian REDD project. Reductions in

deforestation, and so emissions, are being pursued through the PFM approach. By establishing CBOs, developing forest management plans, introducing sustainable forest management practices, supporting agricultural intensification, establishing woodlots and promoting the uptake of fuel-efficient stoves, REDD via PFM will enable local communities to benefit from a sustainable forest resource base as well as mitigating climate change.

Able to generate 2 to 3 million tones of emission reductions in the first ten years, Bale's REDD potential is large. But this opportunity can only be realised if incentives for deforestation can be altered. OFWE are the primary project developers and with the valuable experience and support of FARM-Africa and SOS-Sahel Ethiopia – the NGOs behind BERSMP – progress towards the appropriate institutional, policy and legal framework for REDD is being made. As the amount of emission reductions to be generated and the costs of project implementation become more certain, the next challenge will be to establish appropriate incentives for forest stakeholders. Benefit sharing must operate within existing Ethiopian laws and precedents, to produce a politically and socially acceptable benefit sharing mechanism and, while Bale REDD is not aiming to reduce or alleviate poverty, further research is underway to establish if social safeguards will be required to protect marginalised groups and promote equity.

PFM Approach to REDD for Ethiopia

In the early 20th Century Emperor Menelik planned a move from Addis Ababa to Addis Alem. This 'new world' was a site with bountiful forests that could combat the declining availability of biomass for energy, but in the end, the introduction of fast-growing eucalyptus to Ethiopia halted these plans. While the drivers of deforestation remain consistent, the pressure on the forest resource base has intensified to the extent that current forest use is unsustainable and threatens the livelihood security of millions. For all its uncertainties, REDD could overcome a financial hurdle to shift Ethiopia to sustainable forest management regimes.

Although REDD is unfamiliar and constantly evolving, pursuing REDD via a PFM approach builds on in-country capacity and experience. PFM is a proven strategy in densely population areas with predominantly subsistence drivers of forest losses. Avoiding deforestation, protecting livelihoods, environmental services and contributing towards climate change mitigation, whether or not Copenhagen provided a bright green light for REDD, Ethiopia needs REDD, after all, these days there are no more Addis Alems.



Future generations rely on sustainable forest management now

The Bale Eco-Region Sustainable Management Programme (BERSMP) is a jointly implemented Government (Bale Forest Enterprise) / NGO (FARM-Africa / SOS Sahel Ethiopia) partnership. The programme has been operating in the Bale Massif since the end of 2006 and aims to bring local communities into a central role in sustainable natural resources management supported by government services, across the whole Bale Massif.

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