

ITTO THEMATIC PROGRAMME ON

REDUCING DEFORESTATION AND FOREST DEGRADATION AND
ENHANCING ENVIRONMENTAL SERVICES IN TROPICAL FORESTS
(REDDES)

PROGRAMME DOCUMENT

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I. PLANNING ELEMENTS

1. RATIONALE AND PROBLEM ANALYSIS

Rationale

Deforestation and forest degradation in tropical forests have reduced the quality of environmental services derived from them. The rate of loss of forest area is estimated at 12.9 million ha per year¹ leading to significant loss of habitats for biodiversity and emissions representing 18% of the global anthropogenic CO₂ emissions². The area of degraded forests is estimated at 850 million ha and the loss of environmental services from these areas may be even larger than losses resulting from deforestation³. Tropical forests are of enormous importance for the conservation of biodiversity as they contain more species than any other biome and many of the tropical species are threatened. To the extent that the undesirable conversion of forests to other land uses can be avoided and degraded forests can be restored and rehabilitated there are both local as well as global benefits. While environmental services are being lost or degraded, tropical timber producing countries also miss opportunities for maintaining and enhancing sustainable livelihoods including sources for income and employment generation.

The ecosystem services of tropical forests include mitigation of climate-change impacts, conservation of biodiversity, protection of watersheds that supply forest-dwelling and urban communities with high-quality water, provision of amenity and recreation services, and production of biomass as an alternative source of energy for fossil fuels. These and other services, including disaster prevention such as flood control and protection against land slides and tsunamis, and the maintenance of the overall resilience of ecosystems may be achieved simultaneously through sustainable forest management (SFM), protection against deforestation, and restoration and rehabilitation of degraded forests.

According to a recent IUFRO scientific assessment⁴, climate change, together with human induced impacts, may have significant (negative) effects on the regulating, cultural and life supporting services of tropical forests. Adjustment is needed in response to actual or expected negative effects on forests to increase their resilience and to reduce their sensitivity and vulnerability to fires, insect pests and diseases, which calls for adaptive management within the SFM framework. In order to maintain the various ecosystem services of forests adaptation in forest management will be necessary. This is a major new challenge as adaptation measures also increase costs of SFM and require new policy instruments and increased multi-sectoral coordination.

Over the last decade, interest has grown in regulatory, market-based and other schemes of payment for environmental services (PES) derived from forests. In most developed countries a lot of attention is directed to environmental services for conservation of watersheds and biodiversity, but their greatest opportunity for PES is in climate-change mitigation through increasing or protecting carbon stocks in tropical countries which has not yet been sufficiently considered. With a few exceptions in Latin America (mainly Costa Rica, Mexico, and some Andean countries), non-climate-related PES mechanisms play in practice a limited role in national economic activities. As a whole, the actual development of market-based PES mechanisms in developing countries has been slow and may remain limited at least in the short-term. Payment schemes largely rely on domestic public sector funding and international support, but in the long run market-based solutions can play an increasing role towards sustained financing of sustainable forest management (SFM), maintenance and enhancement of forest environmental services in *“with a view to promoting the adequacy and predictability of funding.”*⁵

Problem Analysis

The core problem to be addressed by the REDDES Programme is the inadequate capacity of ITTO producing member countries and their stakeholders to maintain and enhance environmental services of tropical forests by preventing and reducing deforestation and degradation.

¹ FAO. 2006. Global Forest Resources Assessment 2005. FAO Forestry paper 147. Rome.

² Stern, N. 2006. Stern Review on the Economics of Climate Change. HM Treasury Cabinet Office. London

³ ITTO. 2002. Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests. ITTO Policy Development Series No. 13. Yokohama

⁴ IUFRO. 2009. Adaptation of Forests and People to Climate Change – Global Assessment Report. Tampere. (in press)

⁵ ITTA, 2006 Art 1(g)

Deforestation is often primarily a consequence of factors outside the forest sector such as population growth, poverty, increasing need for land for food production, biofuels and other goods and various non-forest uses but it is also influenced by the expansion of commercial timber harvesting to new areas (which subsequently opens them up to encroachment). Degradation is driven in part by commercial harvesting, but other factors include fuelwood gathering, overgrazing, unsustainable shifting cultivation of agricultural crops and uncontrolled forest fires. Degradation is also the consequence of non-anthropogenic factors such as storms, natural fires, flooding, etc. In order to address the underlying and direct drivers of deforestation and degradation building up country capacity is critical.

Country situations vary but a number of common underlying causes can be identified which lead to reduced quality and quantity of forest environmental services. Persistent poverty among forest-dependent communities in many forest areas, coupled with lack of alternative sources of livelihoods, leads to excessive utilization of forest resources causing gradual degradation and eventually to deforestation. Lack of awareness on policy failures and governance weaknesses have led to inappropriate legislation, perverse economic incentives, incoherent policies and institutional inefficiencies which can drive deforestation and forest degradation. Lack of investment in SFM and restoration and rehabilitation is due to insecure land and forest tenure as well as inadequate financing mechanisms. In particular, the forest environmental services produced are not compensated to forest communities, owners and managers who maintain them... **In order to bring degraded forests under SFM often requires revision of regulation as their management may differ from that in primary production forests.**

In many tropical countries, there is inadequate knowledge on forest resources to allow informed decision making at all levels. In particular, there is a lack of, or insufficient monitoring of forest resources to allow for timely corrective action. These factors explain inadequate capacity to make informed decisions on management and protection of forest resources and therefore rehabilitation investments and other corrective action often become costly and difficult to implement. In addition to lack of financing, restoration of degraded primary forests and rehabilitation of degraded forest lands are further hampered by shortages of trained human resources and appropriate technology. All these intertwined factors represent constraints for country capacity to make progress in reducing deforestation and forest degradation, implementing SFM and enhancing environmental services.

The effects of deforestation and forest degradation include reduced supply of forest products and services, increased CO₂ emissions, loss of biodiversity and reduction of habitat quality, reduced water quality and supply, increased soil erosion, increased vulnerability to climate change and disasters as well as loss of economic development opportunities for local populations and indigenous peoples living in and around forest areas. These effects aggravate poverty, deteriorate livelihoods and lead to displacement of people and migration as well as social conflicts and further marginalization of indigenous peoples and other groups depending on forests for their livelihoods. In addition, forest degradation leads to unsustainable economic development due to excessive exploitation of forests.

Due to the complex cross-cutting nature of the problem (see Annex 1 for an indicative problem tree), a programmatic approach with cutting edge actions is provided by the REDDES Thematic Programme.

Relevant International and Regional Work

The international level initiatives related to the REDDES Programme are mainly targeted at building up capacity of selected countries for assessing, monitoring and verification of carbon offsets from avoided deforestation and establishing biodiversity and other PES schemes for local communities. In particular, several international initiatives have been recently launched within the framework of Reduced Emissions from Deforestation and Degradation (REDD) as a response to the Bali Action Plan of the thirteenth Conferences of Parties of the UNFCCC, in order to scale up reduction of deforestation (the first "D") and forest degradation (addressing the second "D"). They include:

- (a) UN-REDD Programme: FAO, UNDP, and UNEP have started a joint UN-REDD Programme in developing countries, building on agency-specific comparative strengths. The actions will serve the double purpose of developing the necessary capacity to implement REDD strategies as well as provide practical experience and lessons learned which can inform the international dialogue on a post-2012 REDD mechanism. The UN-REDD Programme attempts to facilitate partnerships and contribute to coordination and mainstreaming of in-country efforts. The programme has two components: (i) assisting developing countries to prepare and implement national REDD strategies and mechanisms and (ii) supporting the development of normative solutions and standardized approaches based on sound science for a REDD instrument linked with the UNFCCC. Countries participating in the first phase of the programme including five ITTO member countries (Bolivia, the

Democratic Republic of Congo, Indonesia, Panama, Papua New Guinea)⁶. ITTO has already provided input to UN-REDD preparatory missions to some of these countries.

- (b) The World Bank's Forest Carbon Partnership Facility (FCPF): The FCPF Readiness Fund will build specific capacity in participating countries to implement the REDD scheme. This will include, inter alia: (i) assessing historical emissions from deforestation and degradation; (ii) projecting emissions from deforestation and degradation into the future, using a national reference scenario; (iii) preparing a national REDD strategy, with proposals for policy and regulatory changes and specific actions to achieve the planned emission reductions in the form of development programmes or the like, as well as design of mechanisms for distribution of benefits; and (iv) establishing a monitoring system for emissions. Thirty-seven countries have been selected for the first phase of the Readiness Fund and some of them referred to ITTO supported projects in their Readiness Plan Idea Note (R-PIN) submitted to the FCPF, demonstrating synergies between the two organizations. As part of its climate investment funds, the World Bank is in the process of setting up a Forest Investment Programme which would provide support to investments needed to deliver climate benefits from REDD and to implement SFM, providing a potentially close linkage with the REDDES Programme.
- (c) As part of the Congo Basin Forest Partnership (CBFP), the Congo Basin Forest Fund (CBFF) was launched in June 2008 to complement existing initiatives. The purpose is (i) to support transformative and innovative proposals that will develop the capacity of the people and institutions of the Congo Basin to enable them to manage their forests, (ii) to help local communities find livelihoods that are consistent with the conservation of forests, and (iii) to reduce the rate of deforestation. The Fund will provide a source of accessible funding and encourage governments, civil society, NGOs, and the private sector to work together.
- (d) In addition, there are a number of national or bilateral initiatives which are targeted at enhancing tropical forest conservation and environmental services from tropical forests. They include, inter alia, Norway's International Climate and Forest Initiative, the Amazon Fund in Brazil (supported by Norway), and Australia's International Forest Carbon Initiative (IFCI) specifically benefiting Indonesia and Papua New Guinea.

There are also several externally funded projects, programmes and voluntary payment schemes on reduced emissions, watershed protection and biodiversity conservation services in tropical forests. With few exceptions, they tend to be location-specific initiatives having accumulated valuable knowledge and there is an opportunity for scaling up and sharing of experiences among stakeholders of the ITTO developing member countries.

Value Added of the REDDES Programme

The main value added of the REDDES Programme derives from its complementarity with other international initiatives, particularly those related to REDD as it can address many of the thematic or geographic gaps not presently covered. In addition, the Programme offers a possibility to integrate, in a consistent and systematic manner, all environmental services (including carbon and non-carbon environmental services) within the SFM framework for management of tropical forests focusing on capacity building for implementation. This is a major challenge as carbon and other environmental services are not yet effectively integrated into sustainable forest management in the tropics which has traditionally focused on timber and, to a lesser extent, on non-timber forest products.

Thematically, the REDDES Programme has a strategic focus on reducing deforestation and degradation through sustainable management of primary forests, and restoration and rehabilitation of secondary forests and degraded areas with a view of enhancing all the environmental services provided by tropical forests. The Programme is therefore broader than e.g. most international REDD-related initiatives. Furthermore, it is recognized that many REDD-related programmes are focusing on avoided deforestation. While reduced deforestation is also covered by the ITTO REDDES Programme, its emphasis on reducing forest degradation provides significant value added. The Programme is complementary to the UN-REDD in which forest degradation is also covered in national support activities, which calls for enhancing synergies between the two initiatives.

With regard to FCPF, its Readiness Fund will build up the capacity to implement the REDD scheme while the FCPF Carbon Fund will support a few countries that have successfully participated in the Readiness Mechanism to pay for performance-based emission reductions once evidence has been provided that these

⁶ www.un.redd.net

reductions have been realized. The REDDES Thematic Programme is complementary to FCPF as it supports countries and operators in their efforts to realize emission reductions through implementation of SFM.

As regards capacity building, many REDD programmes focus on measurement, assessment, reporting and verification (MARV) of emissions from deforestation and elaboration of national REDD plans, often emphasizing national and sub-national level implementation. While the ITTO REDDES Programme can also offer support to these activities (particularly in member countries which do not yet have access to other programmes), its strategy is broader covering building up capacity at forest management unit and local levels for implementing SFM. The Programme also covers restoration and rehabilitation of degraded forests for enhancement of all environmental services from tropical forests. In capacity building the REDDES Programme therefore complements other REDD initiatives by focusing on how emission reductions are realized in practice by cutting edge interventions while the other initiatives tend to focus on estimation, measurement and verification of emission reductions. This represents a strong element of additionality and complementarity of the REDDES Programme.

ITTO has a long track record of working with member countries and partners to help put policies into practice, promoting various REDDES-related activities through field projects and capacity-building initiatives. More than 300 projects/pre-projects have been implemented to support sustainable management of tropical forests in producing member countries. ITTO has a particular comparative advantage to address forest degradation, for which unsustainable harvesting of timber, fuelwood and other forest products is a major driver. This track record offers a sound basis for integration of environmental services in practice within the SFM framework of tropical forests.

The implementation of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Forests (2002) offers an important strategy for ITTO's producer members in combating deforestation and degradation and for enhancing the environmental services of the tropical forests. The recently updated ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests represents an additional specific tool to help secure valuable environmental services. Close cooperation between ITTO and IUCN in developing manuals for restoring forest landscapes and in training stakeholders has proved to be highly useful and can be continued through a programmatic approach under REDDES. The recent ex-post evaluation of five ITTO projects in the field of rehabilitation and management of degraded and secondary forests⁷ has shown that valuable lessons have already been gained through ITTO-funded projects and that there is an opportunity to scale up the Organization's activities in this area.

Several ITTO member countries (e.g., Bolivia, China, Colombia, Ecuador, Ghana, Malaysia, Mexico, etc.) have developed or are developing payment schemes from environmental services related to the conservation of biodiversity, carbon offsetting, disaster prevention and watershed management. Drawing on these experiences, the Programme can assist other ITTO member countries in using valuation tools for assessing the economic benefits of environmental services, constructing sustainable and viable PES schemes, and attracting potential investors to finance operational PES schemes. With high levels of interest already being expressed from ITTO member countries in this subject area⁸, ITTO's comparative advantage is in capacity building, demonstration and scaling up through dissemination of information on technical aspects and lessons learned on PES schemes under the REDDES Programme.

Geographically, the REDDES Programme can assist all ITTO developing member countries; including those developing countries which currently do not have access to the on-going international REDD-related initiatives.

Due to the fundamental importance of good governance for the maintenance and enhancement of forest environmental services, governance and law compliance is also a common theme with the ITTO TFLET Thematic Programme focusing on strengthening of forest governance and reduction of illegal logging and trade. There are strong synergies and therefore the relevant activities of the two programmes will be closely coordinated to maximize their effectiveness. Without adequate forest governance it will be impossible to implement REDDES and other international initiatives related to reduced deforestation and forest degradation (REDD).

⁷ Malleux, J. et al. 2008. Summary Report of the Ex Post Evaluation of 5 Projects in the Field of Rehabilitation and Management of Degraded and Secondary Forests. ITTO CRF(XLII)/6

⁸ 52 responses from the three producing regions have been received by March 2009 to the call for proposals to develop environmental services from tropical forests.

The REDDES Programme also complements the Thematic Programmes on Trade and Market Transparency, Community Forestry and Enterprises, and Industry Development and Efficiency by building up critical capacity in SFM and prevention of deforestation and forest degradation thereby providing enabling conditions for poverty reduction through broader development of sustainable forest management, further processing, and trade from legally harvested and sustainably managed sources.

The REDDES Programme contributes to the implementation of the CPF Strategic Framework for Forests and Climate Change⁹ in those areas of assistance which are relevant to ITTO's work; i.e. (i) incorporate adaptation and mitigation in national forest programmes and other development strategies; (ii) build capacity for SFM and forest-based climate change mitigation and adaptation; (iii) enhance the biophysical adaptation of forests to climate change while safeguarding the livelihoods of forest-dependent communities and small forest owners and protecting forest biodiversity and other essential forest services; (iv) reduce and eventually eliminate unsustainable forest activities; (v) enhance capacity to design, monitor, verify and report on climate change mitigation and adaptation efforts; and (vi) explore ways of securing international and national financing and private-sector investment.

2. OBJECTIVES

The general objective of the Thematic Programme is to reduce deforestation and forest degradation, enhance environmental services and help improve forest dependant livelihoods through sustainable management of tropical forests, forest restoration and other related activities.

The specific objective of the Programme is to strengthen the capacity of ITTO developing member countries and their stakeholders to

- a) reduce unplanned deforestation¹⁰;
- b) reduce forest degradation;
- c) maintain and enhance climate change mitigation and other environmental services of tropical forests;
- d) contribute to the social and economic sustainability and well-being of forest-dependent communities by increasing forest values through forest restoration and rehabilitation, as well as payments for forest-based environmental services; and
- e) enhance adaptation and resilience of tropical forests to negative effects of climate change and human-induced impacts.

3. PROGRAMME STRATEGY

The Thematic Programme would focus primarily on four strategic areas: (i) assessment and diagnosis; (ii) enabling conditions and capacity-building; (iii) demonstration activities; and (iv) scaling up and dissemination. They represent a programmatic approach at country level to achieve the specific objective of the Programme. The international and regional level actions are targeted at enhancing these national efforts and to scale-up impacts through replication and dissemination (Figure 1).

The scope of the Thematic Programme covers all the main environmental services of tropical forests, i.e.: (i) climate change mitigation and adaptation through enhancement of carbon pools in the forest and avoidance of emissions from deforestation and degradation; (ii) maintenance and enhancement of biodiversity, (iii) improvement of soil and water conservation; (iii) disaster prevention and flood control through improved resilience; (iv) ecotourism, amenity and recreation values; (v) sustainable forest production, and (vi) combination of various environmental services and other outputs within the SFM implementation.

The Programme's thematic focus is reduction of deforestation and forest degradation through expansion of sustainably managed areas which also includes restoration of degraded secondary forests and rehabilitation of degraded forest lands.

The ultimate target groups are (i) forest communities and indigenous groups, and (ii) forest owners and managers. Part of forest degradation is caused by local residents, often in a way that leads to a pattern of small-scale mosaic of deforestation, while most direct large-scale deforestation is driven by commercial

⁹ CPF 2008. Strategic Framework for Forests and Climate Change. A proposal by the Collaborative Partnership on Forests.

¹⁰ Deforestation that is inconsistent with sustainable land-use planning.

interests. Many local communities have demonstrated that, given secure tenure, necessary information, tools and capacity as well as adequate economic incentives, they can sustainably manage their forests and carry out restoration and rehabilitation activities.¹¹

The intermediate target groups are civil society organizations, knowledge institutions, policy makers, government agencies, relevant private organizations, and other forest stakeholders. The role of forest management units operated by government agencies or private enterprises is also important as they are in charge of implementing SFM in almost 37 million hectares in ITTO producer member countries, representing 4.5% of the total permanent forest estate in these countries.¹² Sustainable management of these forests plays a key role in avoiding deforestation and degradation together with restoration and rehabilitation of secondary and degraded forests. In order to create improvements in the situation, it is necessary to revise policy and legal frameworks and to strengthen capacity among all stakeholders including government agencies, forest communities, civil society organizations, and the private sector.

The main instrument of Programme implementation is providing support to the implementation of projects/pre-projects/activities proposed by stakeholders in the ITTO developing member countries and submitted through the national ITTO focal points to ensure a coordinated approach. These proposals should fall under one or more of the four strategic areas of the REDDES Programme. In addition, a limited number of ITTO implemented activities are carried out in capacity building, scaling up and dissemination and other strategic areas which will directly contribute to efforts in member countries. A preference is given to proposals involving partnerships between forest communities, indigenous groups, the public sector, the civil society and the private sector.

A pilot country approach is applied to selected countries within which interested ITTO members are invited to submit their candidature for a programmatic country support involving all four areas of intervention. These countries could be participants in the UN-REDD Programme, the FCPF and other related initiatives thereby harnessing synergies with them.

Partnerships at operational level are a critical element of the implementation of the REDDES Programme. Links and cooperation will be established with other initiatives related to REDD and other environmental services such as the UN-REDD, FCPF and various bilateral programmes to ensure synergies and complementarity.

The purpose is to carry out joint/coordinated programming and planning of activities in selected pilot countries under the leadership of the national government to prepare a country work programme where specific activities are assigned to the REDDES and other support programmes. On a national level, linkages with broader national planning frameworks such as the national forest programme processes are considered/established to ensure value is added and synergies are harnessed.

¹¹ E.g. Malleaux, J. et al. 2008. *ibid.*; Dourojeanni, M. & Seve, J. 2006. Synthesis Report on Ex-Post Evaluations. Overall Evaluation of ITTO Projects on Community Participation in Sustainable Forest Management (Bolivia, Ghana, Panama, Peru, Philippines and Togo). ITTO. CRF(XXXIX)/6

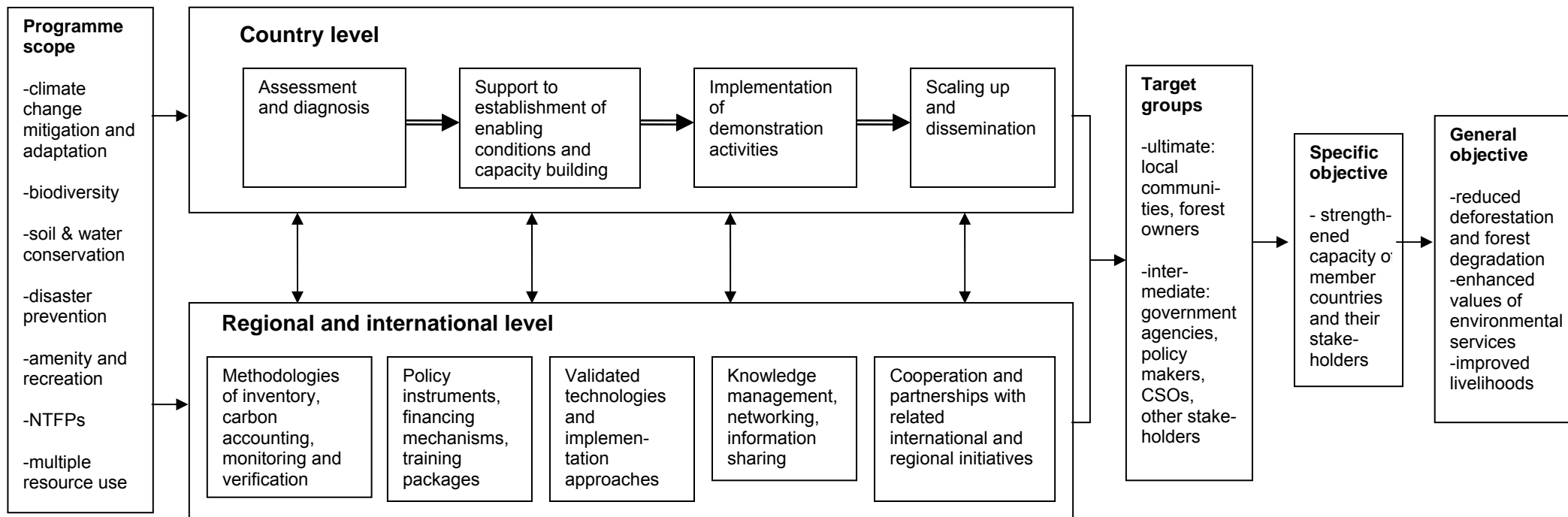
¹² ITTO. 2006. Status of Tropical Forest Management 2005. ITTO Technical Series 24. Yokohama, Japan.

The main Programme risks and how they can be addressed are as follows:

- (i) For demonstration projects to lead to sustained results, long-term availability of economic incentives to maintain and enhance environmental services for forest communities and landowners should be ensured. This aspect can be incorporated in project work plans, e.g. through participatory development of benefit sharing mechanisms and incentive systems which can be financed by beneficiaries of environmental services.
- (ii) Market incentives for converting forests to other land uses may become so strong that unplanned deforestation and degradation cannot be avoided. This can be addressed by proper valuation of all the forest benefits and effective communication.
- (iii) New information and capacity development may not necessarily create targeted changes in government decision making and stakeholder behavior; awareness should be created among a critical mass of decision makers on needs and opportunities to reduce deforestation and forest degradation through positive measures.
- (iv) Adequate submission of proposals by country stakeholders may not be received. For this reason, the Programme includes promotional activities and targeted capacity building support to assist forest-dependent communities and other disadvantaged stakeholders in the elaboration of proposals that meet the Programme criteria.
- (v) Operational cooperation and coordination with related initiatives may not be successful at international, regional and country level. This risk will be addressed through transparent implementation, active contacts with other key actors, and their engagement in the Programme's activities.
- (vi) Adequate financing should be made available including counterpart financing. Targeted fundraising efforts should be included in the Programme's detailed work plans.

In accordance with the Decision 9/(XLIV) of the International Tropical Timber Council (ITTC), the REDDES Thematic Programme is implemented on a pilot basis during the first three years after which the effectiveness of its operation will be reviewed and evaluated by the ITTC.

Figure 1. REDDES Programme Strategy



4. OUTCOMES/OUTPUTS/DELIVERABLES AND EXPECTED IMPACTS/BENEFITS

Outcomes/Outputs/Deliverables

Table 1. Outcomes, Outputs and Deliverables of the REDDES Programme

Specific objective	Outcomes	Outputs	Deliverables
<p>Strengthen the capacity of ITTO developing member countries and their stakeholders to</p> <p>a) reduce deforestation; b) reduce forest degradation; c) maintain and enhance climate change mitigation and other environmental services of tropical forests; d) contribute to the social and economic sustainability and well-being of forest-dependent communities by increasing forest values through forest restoration and rehabilitation, as well as payments for forest-based environmental services; and e) enhance adaptation and resilience of tropical forests to</p>	<p>Reduced deforestation and forest degradation and increased area of forest under sustainable management in tropical timber producing forests</p>	<ul style="list-style-type: none"> - Avoided deforestation, restoration or conservation initiatives established to combat deforestation and degradation; - Integration of climate change mitigation/adaptation and other environmental services in the ITTO guidelines on C&I, SFM, certification, valuation, as appropriate to manage forest area sustainably - Countries with adequate capacity to implement SFM, restoration and rehabilitation of secondary and degraded forest areas. - Increased recognition of the values of tropical forests 	<ul style="list-style-type: none"> - Increase of the area under conservation and/or SFM in the tropical forests in Programme impact areas - Increase in the area of restored/rehabilitated degraded forest in the Programme impact areas - Area of tropical forests under SFM; area of restored and rehabilitated tropical forests and forest lands.
	<p>Improved livelihoods for forest dwellers and other stakeholders directly involved in the supply of environmental services through the sustainable management of tropical forests</p>	<ul style="list-style-type: none"> - Income generation based on forest related environmental services and other forest outputs by local communities - Increased recognition of the values of tropical forests and their environmental services 	<ul style="list-style-type: none"> - Valuations of environmental services conducted - Potential for income generation activities realized from forest-related environmental services and other outputs in Programme impact areas - Improved family income in communities directly involved in the PES initiatives - Demonstrated willingness to pay for environmental services assessed and verified in the area of intervention
	<p>Improved resilience of tropical forest ecosystems and forest-dependent communities</p>	<ul style="list-style-type: none"> - Quantification of carbon stocks performed using reliable monitoring and assessment technologies and/or valuation techniques - Value of biodiversity assessed and surveys 	<ul style="list-style-type: none"> - Reduced deforestation in the Programme impact area - Clear demonstration using biodiversity surveys or other ecosystem assessment tools to monitor

Specific objective	Outcomes	Outputs	Deliverables
negative effects of climate change and human-induced impacts.		<p>conducted on land with potential for biodiversity PES schemes</p> <ul style="list-style-type: none"> - Assessments are made in an attempt to 'bundle' environmental services, to maximize improvement of forest landscape - Community initiatives taken to identify opportunities to increase productive capacity of forests, including by implementing SFM schemes 	<p>changes in biological and physical characteristics of forests</p> <ul style="list-style-type: none"> - Reduced incidence of forest fire, insects, pests and diseases, and other invasive species as well as storm and other damage in tropical forests for their improved resilience to negative effects from climate change and human-induced impacts
	Improved capacities to develop and implement policies and incentive mechanisms to promote environmental services through sustainable forest management	<ul style="list-style-type: none"> - Capacity building initiatives undertaken to implement policy reforms and/or clarify land/forest tenure arrangements - Information sharing and knowledge management systems operational - PES incentive mechanisms assessed and established - Countries with improved capacity to implement SFM, forest restoration and rehabilitation. 	<ul style="list-style-type: none"> - Evidence on policy and legislative reforms in the process at least in three countries covered by the Programme in the pilot phase - PES mechanisms developed or undergoing implementation at least in three countries covered by the Programme in the pilot phase - Evidence of inclusion of environmental services in forest policy and planning documents, which influence conservation and forest use - Trained human resources in implementation of restoration and rehabilitation activities and PES schemes
	Improved practices to promote and stimulate community involvement in the supply of environmental services from the sustainable management of tropical forests, and their wide dissemination	<ul style="list-style-type: none"> - Operational practices for community involvement in development of environmental services - Demonstration areas established - Information sharing mechanisms in place 	<ul style="list-style-type: none"> - Communities trained and assisted in development and implementation of PES mechanisms - Number of communities directly involved in PES mechanisms developed and /or undergoing implementation with the support of the programme.

Specific objective	Outcomes	Outputs	Deliverables
	Improved cooperation and understanding on the importance of REDDES and payment for environmental services among policy makers, forest managers, and forest-dependent and other local communities	<ul style="list-style-type: none"> - Stakeholder consultations/dialogues undertaken for awareness raising and to encourage cooperation among interested parties 	<ul style="list-style-type: none"> - Evidence of inclusion of views from various interested parties in forest management plans and payment for environmental services. - Effective networking among various stakeholders

Indicators and means of verification for outputs and deliverables will be developed in connection with setting the medium-term targets of the Programme. Collection of baseline information will be included in relevant individual project and other interventions to facilitate monitoring and evaluation of Programme outputs, outcomes and impacts.

Expected Impacts/Benefits

The environmental impacts of the Programme comprise the maintenance and enhancement of environmental services from tropical forests including reduced CO₂ emissions and increased carbon stocks, enhanced biodiversity conservation, improved water quality and supply, reduced erosion, improved soil protection and improved amenity values for recreation and ecotourism. These impacts would be a result of expanded/stabilized forest cover and improved forest quality as a result of restoration, rehabilitation, protection, conservation and other measures of SFM. The social and economic impacts of the Programme are identified by target groups as follows:

For forest communities, indigenous groups and other forest dependent people the Programme will contribute to reduction in rural poverty, improved livelihoods through sustainable forest management, and improved access to forest resources, increased employment and income in forest communities from payments for environmental services and implementation of increased restoration and rehabilitation activities, improved ecosystem sustainability through conservation of biodiversity, soil and water resources, and improved skills and social capital among forest communities. As forest-dependent people benefit from activities related to unsustainable logging and land-use conversion, the payments for environmental services should compensate loss of income from reduced deforestation. Forest communities will also benefit from improved technical skills and capacities to access new and emerging funding sources such as REDD.

For civil society organizations the Programme's benefits derive from improved capacity to participate in policy development and strengthened capability to support forest communities in improving their livelihoods and ecosystem services.

For the private sector the benefits derive from (a) the opportunity to participate as owner/s in newly developed environmental services provided by the forests and (b) remuneration revenue from carbon offsets generated but also voluntary emission-reduction efforts, (c) improved capacity to implement SFM including restoration of degraded secondary forests and rehabilitation of degraded forest lands, as well as (d) increased financing to maintain and enhance environmental services. Private sector actors would achieve results in their corporate social responsibility agreements by participating in the PES schemes, and could also gain remuneration from carbon offsets generated.

For governments the REDDES Programme provides benefits through (a) improving information for policy decisions concerning implementation of various mechanisms and approaches in the maintenance and enhancement of environmental services from tropical forests, (b) reduced needs for subsidies and other public funding thanks to revenue created by a new source of income from payments for environmental services, (c) improved institutional implementation capacity for restoration and rehabilitation of secondary forests and degraded forest areas, (d) avoidance of unplanned deforestation and all types of forest degradation, as well as (e) improved capacity for adaptation of tropical forests to negative effects brought about by climate change and human-induced impacts.

For donors and the international community the Programme generates valuable lessons and new knowledge on how emerging financing mechanisms such as REDD and other PES schemes can be implemented and how existing support strategies can be enhanced to deliver the targeted global, national and local objectives. The REDD and related international initiatives, in particular the UN-REDD Programme and the FCPF, would benefit from the synergistic outputs of the REDDES which would improve their effectiveness. In this context, of particular importance are the medium and long-term benefits from the Programme activities which address the implementation gap of SFM not covered by other initiatives.

5. OTHER PARTNERS AND STAKEHOLDERS

The Programme is implemented in close cooperation with ITTO's Civil Society Advisory Group (CSAG) and Trade Advisory Group (TAG). The Programme will engage a number of partners in the implementation and it will provide a direct contribution to the effectiveness of various other international, regional and bilateral programmes targeted at reduction in deforestation and forest degradation as well as enhancement of environmental services from tropical forests. Relevant international, regional and national organizations and bodies include, inter alia, the UN-REDD Programme, the World Bank's Forest Carbon Partnership Facility (FCPF), and the planned Forest Investment Programme (FIP). The REDDES Programme would be implemented in cooperation with the relevant activities of the other CPF members within the Strategic Framework for Forests and Climate Change of the Cooperative Partnership on Forests, and other international and bilateral aid agencies as appropriate. Specific operational coordination mechanisms are established with the UN-REDD Programme to enhance synergies between the two initiatives. Relevant parts

of the Programme are implemented in cooperation with the Global Partnership for Forest Landscape Restoration (GPFLR) and international, national and local civil society organizations with experience on building capacity for sustainable management, restoration of degraded secondary tropical forests and rehabilitation of degraded forest lands among local communities and forest managers.

Several regional organizations such as OTCA, COMIFAC, NEPAD, ASEAN, CCAD, ECOWAS, etc. have or are planning their own programmes related to enhancing environmental services from tropical forests. The Programme will work in close cooperation with new emerging regional cooperation mechanisms, such as the Asian Forests Cooperation Organization (to be established soon), which will also focus on mitigation of climate change and combating deforestation and desertification through forestry cooperation projects. The REDDES Programme is designed to support the implementation all the listed initiatives.

At national level, the REDDES programme establishes partnerships also with key stakeholders and actors outside the forest sector who can influence the extra-sectoral drivers of deforestation and forest degradation. As financing for mainstreaming of the PES schemes will have to come from other sources, cooperation is established with interested private sector actors, including financing institutions.

6. ACTIVITIES

In this section an indicative non-exhaustive list of activities which can be supported by the Programme is provided. As country situations vary, necessary support interventions can differ and therefore other activities which are consistent with the Programme objectives may be considered in decision-making on the approval of proposals.

Proposals for projects/pre-projects/activities can include several elements from different action areas of the Programme if deemed appropriate. Proposals should be prepared in accordance with the ITTO Manual for Project Formulation (2008).

A. Assessment and diagnosis

1) Improve data and knowledge on forest environmental services and their enhancement. The quality of planning for forest-related interventions depends on the availability and accuracy of data and information related to the state of, and threats to, forest resources, deforestation and forest degradation as well as their climate change impacts and other losses in forest values. The Programme supports the following activities in which countries are lacking data and knowledge on the extent and potential of environmental services in order to make informed decisions on the environmental services of tropical forests:

- (a) Forest cover and forest resources assessments which also consider forest environmental services, with an emphasis on sub-national and local scale assessments;
- (b) Pilot multi-purpose forest inventories which would also include elements for quantification and qualification of forest environmental services;
- (c) Estimation of forest carbon stocks, including emissions from deforestation and forest degradation based on already existing tools for this purpose (under this activity, the Programme would assist countries to apply available international guidance and methodologies for country specific conditions) ; and/or
- (d) Estimation and quantification of diverse forest environmental services and their values, including using forest accounting
- (e) Establishment/strengthening of comprehensive databases on forest-resource assessments, including environmental services at the country, regional, or international levels

In addition to these technical aspects, the Programme's assessment and diagnostic activities also cover the following policy aspects to serve as a basis for planning and design of enabling conditions for SFM and establishment of adequate country capacity:

- (f) Assessment of the adequacy of national and sub-national policy, legal and institutional frameworks to promote biodiversity conservation, climate change mitigation and adaptation, watershed conservation and other environmental services through sustainable forest management;
- (g) Land and forest tenure assessments to clarify rights;
- (h) Assessment of the potential and feasibility of market-based and other remuneration systems for compensating environmental services from forests (e.g. market surveys, supply surveys, options for remuneration market and non-market-based mechanisms, legal aspects, etc.);

- (i) Assessment of needs for capacity-building, institutional strengthening, training and outreach;
- (j) Development of tools and methodologies in the above topics which are cost-efficient, which can engage communities in data collection, processing and monitoring, and which are otherwise innovative and have prospects for scaling up and dissemination.

B. Enabling conditions and capacity-building

- 2) Creation of enabling conditions for reducing deforestation and forest degradation and enhancing environmental services in tropical forests. Activities are aimed at establishing enabling policy, legal and institutional frameworks and governance structures related to the reduction of emissions from deforestation and degradation, and enhancement of other environmental services.
 - (a) Formulation of national and sub-national forest policies and integration of REDDES activities in broader national policies on environment, climate change and sustainable development (analytical work and process support to revision of the policy and institutional frameworks) as well as development of national initiatives to address drivers of deforestation and forest degradation; this may include necessary actions for restoration and rehabilitation of secondary forests and degraded forest areas; policy development can also include design and testing of compensation and financing mechanisms for forest environmental services;
 - (b) Revision of legislation, including by strengthening tenure security and resource access, in order to enable implementation of compensation mechanisms for forest environmental services;
 - (c) Design and piloting of mechanisms for remuneration of environmental services from tropical forests
- 3) Capacity building among government agencies, civil society organizations, forest community-based organizations, indigenous groups, the private sector and other relevant stakeholders for the following activities:
 - (a) Awareness raising among decision makers and the public
 - (b) Training covering: (i) sustainable management, restoration of degraded secondary forests and rehabilitation of degraded forest lands; (ii) forest resource assessment and inventories; and (iii) quantification, valuation, monitoring and verification of environmental services. This activity may include development of nationally applicable manuals and other training materials as well as organization of training events;
 - (c) Technical support and on-the-job training in proposal formulation for raising financing for investments and transaction/operational costs of maintenance and enhancement of environmental services from tropical forests with special emphasis on forest communities and participation of other forest dependent people;
 - (d) Organization of regional forest and land tenure conferences and workshops to promote clarification of tenure rights for environmental services and to reduce deforestation and degradation and to restore and rehabilitate degraded forests;
 - (e) Development and dissemination of (i) manuals or guidelines on best practices related to measurement, assessment, reporting and verification of forest resources and their environmental services, including valuation; and (ii) guides and technical documentation for the planning and implementation of projects and programmes for reducing deforestation and forest degradation and enhancing environmental services from tropical forests;
 - (f) Support to effective participation of forest sector representatives in international climate change negotiations

C. Demonstration activities

- 4) Demonstration activities are implemented by government agencies, civil society organizations, community groups, the private sector and other stakeholders. They can include implementation of field-level demonstration projects and activities on sustainable forest management, restoration of degraded forests and rehabilitation of degraded forest lands to help avoid deforestation, reduce degradation and realize the benefits of environmental services with the involvement of local communities. Demonstration activities of the Programme should include elements for validation of successful approaches. In demonstration activities the Programme focuses on the following types of community/forest management unit (FMU) level projects:
 - (a) Restoration of degraded forests and rehabilitation of degraded forest lands;

- (b) Strengthening of community involvement in forest governance and law compliance to prevent deforestation and reduce forest degradation;
- (c) Sustainable forest management planning and implementation activities within the context of multiple use and environmental services (e.g. reduced impact logging, silvicultural measures, etc.);
- (d) Participatory approaches involving indigenous and other local groups in planning and implementing forest management including benefit sharing from compensation schemes for forest environmental services;
- (e) Design and implementation of pilot projects to develop successful cases of payments for environmental services including market-based and other financing mechanisms;
- (f) Establishment and management of trans-boundary conservation areas;
- (g) Other measures to reduce emissions from deforestation and forest degradation and to enhance environmental services from tropical forests (e.g. development of alternative livelihoods schemes, agroforestry systems, etc.)

D. Scaling up and dissemination

5) Scaling up and dissemination

- (a) Activities may include establishment of listservers, networks, communication products and events, etc. for awareness raising, and scaling up of successful experiences (e.g. through policy adjustment, regulatory changes, extension, institutional development, etc.). Programme support can be provided to activities dedicated to the replication and scaling up of, inter alia, successful demonstration projects, sharing of lessons learned, successful experiences and appropriate technology, participatory approaches, as well as innovative approaches and financing mechanisms, related to enhancement of environmental services schemes in tropical forests;
- (b) The Programme provides support for sharing information and lessons learned regionally and internationally, in cooperation with FAO, the UN-REDD Programme, FCPF, FIP and other relevant initiatives and actors, as appropriate, through databases related to environmental services, networking, listservers, workshops and seminars, communication, and other means. The Programme can undertake complementary cross-cutting actions targeted at multiple positive impacts to facilitate the implementation of the Programme in an integrated manner.

If necessary, ITTO may upon request provide technical assistance to interested poor forest-dependent communities to formulate proposals for the sustainable management of their forests for reduction of deforestation and forest degradation as well as enhancement of environmental services from tropical forests.

7. WORK PLAN, INCLUDING BUDGET ESTIMATES AND DONOR CONTRIBUTIONS

Work Plan

The general indicative work plan is given in Table 2. Detailed annual work plans will be prepared to implement the Programme. Two rounds of call for submissions by stakeholders through the ITTO focal points are arranged per year. During the first year the following activities are planned.

- a) Promotion of the Programme launching through various ITTO organized and participated events to create awareness among stakeholders on the availability of programme support
- b) Identification of the first pilot country and joint programming of interventions together with the UN-REDD and other interested parties
- c) Organization of the first two rounds of submissions by stakeholders
- d) Financing and implementation of 2-3 demonstration projects
- e) Provision of support for project formulation to stakeholders who have requested this assistance (activity 3(b))
- f) Organization of a conference on forest and land tenure (activity 3(c))

Table 2. General work plan

Actions	Year 1				Year 2				Year 3			
1. Programme launching and promotion												
2. Calls for proposals	•		•		•		•		•		•	
3. Advisory Committee meetings	•	•		•	•		•		•		•	
4. Country programme approach with partners												
- Country 1												
- Country 2												
- Country 3												
5. Implementation of TP activities												
- A. Assessment and diagnosis												
- B. Enabling conditions and capacity building												
- C. Demonstration projects												
- D. Scaling up and dissemination												
6. Annual monitoring reports				•				•				•
7. Review and evaluation of the REDDES pilot phase by the ITTC												•

Budget estimates

An indicative three-year budget that would result in significant improvements in reduced deforestation and forest degradation and enhanced environmental services in the three tropical regions is US\$18 million (Table 3).

Table 3. REDDES Thematic Programme Budget (Indicative)

Activity (US\$ 1,000)	Year 1	Year 2	Year 3	Total	Per cent
A. Assessment and Diagnosis	850.0	1150.0	700.0	2,700.0	16.4
B. Enabling Conditions and Capacity-building	1,029.3	1,231.8	1,522.2	3,783.4	23.0
C. Demonstration Activities	550.0	2,330.0	4,260.0	7,140.0	43.4
D. Scaling up and Dissemination	210.0	795.0	1,810.0	2,815.0	17.1
SUBTOTAL	2,639.3	5,506.8	8292.2	16,438.4	100.0
Programme Management (9.5%)	250.7	523.2	787.8	1,561.6	
GRAND TOTAL	2,890.0	6,030.0	9,080.0	18,000.0	

Donor contributions

Pledged	US\$ 3,500,000
Balance	US\$ 14,500,000
TOTAL	US\$ 18,000,000

The Government of Norway has pledged US\$3.5 million which enables programme implementation to commence in early 2009. The Governments of Japan, Switzerland and USA have also expressed their interest in contributing to funding of the REDDES Programme.

In addition to donor contributions, implementing agencies for activities or projects developed in the framework of this agreement are also expected to contribute financial and in-kind resources, taking into account their roles, responsibilities and capacities, in principle, with a share consistent with the level of such inputs in the existing ITTO project portfolio. The counterpart contributions (in-kind) include provision of logistical support comprised of services of staff members, office spaces, transportation, etc., provided by the implementing agencies. On average ITTO projects include counterpart contribution from implementing agencies of 10-20% of the ITTO budget and this average level is targeted in the Thematic Programme.

II. OPERATIONAL ELEMENTS

Composition of the Thematic Programme Advisory Committee

The Advisory Committee (AC) has the following composition:

- a) Three producer member representatives with recognized expertise on the Thematic Programme;
- b) At least one non-donor consumer member representative with recognized expertise on the Thematic Programme;
- c) Expert representatives of interested donors and collaborating institutions; and
- d) Executive Director or his designated representative.

In consultation with members, the Executive Director will invite individuals to participate on Thematic Programme Advisory Committees.

As a general rule, the membership will not exceed seven members, taking into account the need for balanced representation among members.

The task of the AC is to assist the Executive Director with the implementation of the Thematic Programme as follows:

- a) Selection of activities/pre-projects/projects for financing under the Thematic Programme;
- b) Monitoring and evaluation of progress in implementing the Thematic Programme; and
- c) Identification of potential additional sources of voluntary financial contributions to the Thematic Programme

As a general rule, the AC works and coordinates through electronic means and meets once a year.

Specific selection criteria for proposed activities/projects/pre-projects

In selecting activities/pre-projects/projects for financing, the Thematic Programme Advisory Committee will consider the following general criteria:

- a) Conformity with the Thematic Programme Document and ITTA objectives;
- b) Technical feasibility;
- c) Cost effectiveness;
- d) Environmental and social effects;
- e) Linkages or relevance to other activities/pre-projects/projects under the programme;
- f) Applicability/extension of results, e.g. regionally or globally;
- g) Clear quantitative and qualitative indicators to evaluate progress towards achieving programme objectives;
- h) Measures to verify the coherence and effectiveness of individual activities/pre-projects/ projects funded under the programme;
- i) Overall impact and sustainability of outputs and outcomes; and
- j) Mechanisms for effective stakeholder participation.

In addition, the AC will consider the following specific criteria

- k) Potential impact to the achievement of the specific objectives of the Thematic Programme, particularly reduced deforestation and forest degradation
- l) Contribution to the Programme deliverables

Administrative arrangements

The Programme is implemented under the direction of the Executive Director of ITTO. The Programme is coordinated by a full-time coordinator assisted by secretarial support staff.

Monitoring and evaluation procedures

The Programme is monitored according the procedures of the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation and using the Organization's on-line monitoring system as appropriate.

The Advisory Committee monitors the progress of Programme implementation at least once a year based on the information generated by the monitoring system, including periodic progress reports. A programmatic monitoring protocol will be developed for the Programme as a whole.

In accordance with the Decision 9/(XLIV) of the International Tropical Timber Council (ITTC) the Executive Director will report at each Council session on the development, status and other relevant information on the pilot operation of the Thematic Programme, and to keep Members informed inter-sessionally through the ITTO web site.

The effectiveness of the pilot operation of the Thematic Programmes will be reviewed and evaluated after three years by the ITTC.

Technical and financial reporting procedures

The Programme has standardized reporting formats on individual activities/pre-projects/projects and the Thematic Programme as a whole. The reporting elements include work-plan, budget, regular progress, technical and completion reports, inclusive of narrative reports and financial reports, formats for consolidated narrative and financial reports, monitoring and evaluation reports. The provisions of the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation will apply, as appropriate. Donor contributions are not earmarked to specific projects/pre-projects/activities and a common reporting framework will be applied for participating donors rather than individual reports for each donor.

Annex 1. Problem Tree Analysis of the REDDES Thematic Programme

