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Daniel Slunge
Anders Ekbom
Fernando Loayza
Paul Guthiga
Wilfred Nyangena

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Department of Economics
School of Business, Economics and Law at University of Gothenburg
Vasagatan 1, PO Box 640, SE 405 30 Göteborg, Sweden
+46 31 786 0000, +46 31 786 1326 (fax)
www.handels.gu.se info@handels.gu.se

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CAN STRATEGIC ENVIRONMENTAL AND SOCIAL ASSESSMENT OF REDD+ IMPROVE FOREST GOVERNANCE?*

Daniel Slunge, Department of Economics, University of Gothenburg, Sweden
Anders Ekbom, Department of Economics, University of Gothenburg, Sweden
Fernando Loayza, Environment Department, World Bank, USA
Paul Guthiga, Kenya Institute for Public Policy Research and Analysis, Kenya
Wilfred Nyangena, Kenya Institute for Public Policy Research and Analysis, Kenya

Abstract

The Forest Carbon Partnership Facility has recently proposed the application of strategic environmental social assessment (SESA) for incorporating environmental and social considerations in the preparation of REDD+ initiatives. This paper discusses the potential contribution of SESA to REDD+ initiatives drawing on experiences from earlier attempts to large scale forestry sector reforms and a recent World Bank pilot program on strategic environmental assessment. The paper suggests that SESA can be a useful approach for strengthening institutions and governance needed for managing diverse environmental and social impacts related to REDD+. More specifically, SESA can enhance policy making and governance through raising attention to environmental and social priorities, strengthening constituencies for policy change and improving social accountability. In order for SESA to contribute to these outcomes it needs to be assured that broad national "ownership" is achieved and that it becomes part of a long-term policy learning process with repeated and sustained stakeholder interaction. Through strengthening constituencies in policy reform SESA can potentially reduce the risk of regulatory capture of REDD+ by vested interests and make institutional checks and balances more effective. An analysis of Kenya's process of preparing a national REDD+ strategy is used to illustrate our case in the paper.

Key words: REDD, forest management, GHG emissions, governance, stakeholder participation, World Bank

JEL classification: Q23, Q28, Q54

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1. Introduction

Reducing emissions from deforestation and enhancing forest carbon stocks in developing countries (REDD+) involves potential benefits as well as risks. REDD+ can potentially generate large and cost-effective cuts in global greenhouse gas emissions as well as various co-benefits for local communities and broader sustainable development goals. While the international architecture for REDD+ payments is still being negotiated financial flows to developing countries for realizing REDD+ are, according to some estimates, expected to exceed 30 billion USD annually (Peskett et al. 2008). Not unexpectedly REDD+ has become popular among developing countries and today more than 40 countries are developing national REDD+ strategies (Angelsen et al. 2009).

However, the potential environmental and social risks associated with REDD+ have lately received increasing attention. Many of the tropical countries containing significant remaining forest area are characterized by very weak institutions and governance frameworks which may limit the possibility for REDD+ to actually deliver the envisioned social and environmental benefits. As pointed out by Lyster (2010) and Sunderlin et al. (2009) unclear tenure arrangements is an institutional weakness that may prove to be particularly challenging for the successful implementation of REDD+ in many countries. Without clear tenure there is a risk that less powerful stakeholders, such as forest dependent indigenous people, are made worse off if large scale investments in plantations are made or a command-and-control forest protection approach for implementing REDD+ is followed. Similarly, most tropical countries lack capacity to enforce their legislative framework for environmental and natural resources management and are likely to have difficulties to manage potential negative effects from REDD+ related investments.

The magnitude, distribution and management of social and environmental co-benefits and costs hence lie at the heart of the implementation challenges facing REDD+ initiatives in many countries (Kanowski et al; Lyster 2010; Corbera and Schroeder 2010) and successful implementation of REDD+ requires that these issues are also thoroughly addressed in the negotiations around the climate change convention. This was clearly manifested at the recent climate change negotiations in Cancun where benefit sharing

mechanisms and safeguards played a central role in the negotiations around REDD+ (UNFCCC, 2011). However, while there are plenty of experiences from mitigation of environmental and social risks from large investment projects through project level environmental assessments and other procedures to `safe guard´ investments, there is considerable less experience from integrating environmental and social considerations in policy level strategic initiatives such as REDD+. This paper discusses the potential contribution of strategic environmental and social assessment (SESA) for improving governance and incorporating environmental and social considerations in the preparation of REDD+ Readiness proposals. The use of SESA has been proposed by the Forest Carbon Partnership Facility (FCPF).

The paper continues as follows: Section 2 presents some lessons learned from forest sector reform in developing countries, and how REDD+ may facilitate successful sector reform. Section 3 presents experiences from using strategic environmental assessments (SEA)[1] in policy and sector reforms. Particular attention is paid to mechanisms for analyzing and strengthening institutions and governance frameworks needed for managing diverse and often indirect environmental and social impacts related to sector reforms. Section 4 discusses the FCPF-proposal to use SESA for incorporating environmental and social considerations in the preparation of REDD+ Readiness Packages. This section also includes an analysis of an SEA of Kenya's forest sector reform and of Kenya's REDD+ readiness preparation proposal. Section 5 finalizes the paper by drawing key conclusions.

2. REDD+ implementation challenges in the light of experiences of forest sector reform in developing countries

REDD+ is the latest in a series of large scale initiatives to forest reforms. This section discusses the opportunities and challenges with REDD+ in the light of experiences from forest sector reforms in developing countries.

2.1. Experiences of forest sector reform in developing countries

Significant efforts have been made to reform forest management and reduce forest loss in developing countries during the last couple of decades. The launching of the International Tropical Timber Organization (ITTO) and the Tropical Forestry Action Plans (TFAP) in 1985 marked the beginning of significant efforts to (i) create world-wide institutions to arrest deforestation, (ii) enhance conservation of the world's forests, and (iii) increase funding and guidance for sustainable forest management. Forest sector reform is currently a global phenomenon and one apparent success is that forest reforms have become an integral part of governments' policy making in many developing countries. Increasingly, forest policies and forest reforms are linked to the wider policy context including cross-sectoral policy formulation, rural development and environmental conservation (Nilsson, 2005).

However, despite the growing attention to forest sector reforms experiences show that there is a marked discrepancy between policies and official political commitments on the one hand, and goal achievements and real outcomes on the other. Deforestation and forest degradation continue to be significant global problems (Pfaff et al, 2010). The characteristics and outcomes of forest reforms have varied substantially across countries. Changes in forest management on the ground have typically been an effect of three interacting forces: international forest policies (or "regimes"; Karsenty et al 2008), domestic forest policies, and other domestic (e.g. agriculture, infrastructure) policies (Pfaff et al, 2010). Many of the reform efforts have been largely promoted by international actors and donor agencies, such as the World Bank.

The support of key constituencies in society has been critical in ensuring the success of forest sector reform. The support of key politicians and policy makers is particularly critical in ensuring success. In nearly all forest reforms, new legislation or the revision of the existing legislation must have the support of the political elite to be successful. Furthermore, successful implementation of the reform goes beyond the mere passage of legislation. Experiences show that strong political leadership is vital in implementing successful reforms especially where institutions are rather weak. Further, addressing the general governance conditions in the country in tandem with forest policy reforms is key to successful outcomes. Smith *et al* (2006) find for instance that instituting radical reforms in Peru's forest sector was hindered by a history of governance failures in the forest sector. Conversely, sectoral policy reforms can also serve to promote and enhance democratic governance (Brinkerhoff, 2000). The failure to substantially involve forest dependent communities and civil society organizations in the design and implementation of TFAP was an important factor undermining the political support for the initiative. This is an important lesson for REDD+ since TFAP may be the closest predecessor to REDD+ in scope and ambition.

Another key weakness of the TFAP (and lesson for REDD+) was its narrow focus on industrial forestry and associated inability to address drivers of deforestation outside the forest sector such as infrastructure, agriculture and uncertainty of land tenure (Pfaff et al 2010). This corresponds with the more general finding that narrowly conceptualized forest policy reforms often turn out to be unsustainable in the long run (Nilsson 2007). Despite political intentions, it has been proven difficult to integrate and harmonize different forest-related cross-sectoral issues in practice.

Historically, forest conservation strategies in developing countries have been dominated by protectionist approaches that involved fencing of areas for forest conservation and excluding local communities from management and in many instances the utilization of forest resources. In fact, about 70% of world forests are still owned and administered by governments (White and Martin, 2002). Broadly, this approach viewed development objectives of local communities as being in direct conflict with the objectives of biodiversity conservation and other environmental objectives of forest conservation (e.g. soil

conservation, ensuring hydrological balances). However, in most cases the top-down exclusionary approaches to protected areas have not been successful in preventing deforestation. The associated loss of forest biodiversity has become one of the major conservation challenges facing the world (Geist and Lambin, 2002).

In recognition of the problems associated with the protectionist approach one of the main thrusts of forest sector reforms world over has revolved around changing the relationship between local communities and the state in the management of forests. The need to increase the participation of the local communities in forest management, and increase benefit sharing, through decentralized forest management has been increasingly recognized (Agrawal and Gibson 1999). Unlike fortress conservation, that viewed people as a 'threat' to conservation, local communities are viewed as potential partners in biodiversity conservation and sustainable forest management. However, the results of decentralization in forest reforms have at best been mixed and some studies have even proposed that a reversal to state management should be considered (see Büscher and Dietz, 2005 for an example). One explanation behind these mixed results is that well intentioned decentralization reforms often are poorly implemented in practice. It is also common that decentralization in forestry has other aims than promoting local stakeholder representation such as cost reduction or raising forestry department revenues (Larson and Ribot 2009).

2.2. Can REDD+ facilitate successful forest sector reform?

The growing understanding of the importance of deforestation and degradation as sources of greenhouse gas emissions, and the potential to achieve cost-effective emissions reduction from addressing these emission sources, have created massive attention to REDD+. Some have expressed optimism regarding the potential of REDD+. Provided that REDD+ offers significant funding to protect forest-based carbon pools, and thereby forest resources at large, REDD+ has potentially a very strategic position in forest sector reform and sustainable forest management in developing countries. Influential analysts suggest REDD+ can reduce or prevent deforestation and forest degradation (Sohngen and Beach, 2006; Sathaye *et al.*, 2006; Kindermann *et al.*, 2006) and that forest carbon sequestration offers potentials for low cost reductions in the global net carbon emissions (Stern, 2006; Eliasch, 2008). To illustrate the Stern review

argued that reducing deforestation "is a highly cost-effective way of reducing greenhouse gas emissions" (Stern 2006, p.xxv). The economic rationale behind this optimism is the belief that REDD+ financing would correct for a market failure and compensate custodians of forest resources for protection and sustainable management. By directing the compensation to local forest managers, it provides opportunities to increase benefit sharing of forest rents among local communities, and reinforce efforts to devolve forest user rights to the very same communities. At the national level it is believed to act as a financial incentive to move away from large scale deforestation and instead promote afforestation and/or conservation of existing forests for the global public goods they provide.

Others have however, cautioned on the potential of REDD+. Issues which have been raised pertain to technical and political difficulties in setting and agreeing on *baselines*, the risks of *leakage* (i. e. that successful REDD+-induced forest protection in one area is compensated with increased deforestation in some other area), and *additionality*, which highlights the risk that forests protected and financed by REDD+ would have been conserved in any event and that forests under most threat typically fall outside REDD+. Gullison *et al*., (2007) suggests that REDD+ based policies will depend on two key factors: first, whether the potential savings from slowed tropical deforestation are sufficient to substantially contribute to overall emissions reductions and secondly, - on the permanence of the carbon storage - whether tropical forests (and the forest carbon) protected from deforestation will persist in the long term in the face of all pressures exerted on forests, such as natural wild fires or human pressures for crop land conversion. Persson and Azar (2007) note that REDD+ would give incentives directly to agents of deforestation and not to national governments; but this raises moral hazard issues with regard to forest owners threatening to clear forests in expectation of compensation. They also raise issues of the substantial size of financial resources that would be needed to effect a significant change in behavior. In light of these concerns it must be considered that incentives to reduced fossil fuel based emissions could increase the demand for carbon neutral energy sources including bio-fuels and thus make deforestation or biomass cultivation *more* profitable, which would necessitate higher REDD+ credits.

Finally, proponents of REDD+ are frequently criticized for underestimating the inherent political economy issues associated with REDD+. These include the risk of elite capture of the benefits of REDD+ by vested interests in the forest sector, the risk of increased *land grabbing* – especially in regions with weak tenure rights – as an effect of increased potential land values due to REDD+, changed power relations among forest stakeholders, and the risks (eviction, reduced access to non-timber forest products etc.) facing indigenous peoples and local forest communities due to the potential financial gains associated with sharpened forest protection and enclosures. REDD+ projects may very well increase governments' interference in local customary land tenure systems and increase the state's control over forests, redirecting (financial) benefits from local communities to the national treasury (Humphreys, 2008).

Many developing countries are in the preparatory stages of REDD+ initiatives. Against the backdrop of experiences from forest sector reform in developing countries it is clear that REDD+ will face considerable implementation challenges (Angelsen et al, 2009). Besides sorting out a range of within-sector technical issues on how to adequately set up a viable REDD+ scheme, there is strong need to coordinate the forestry sector policy with other key sectors exerting pressures on the forest resources, most critically the agriculture, mining, infrastructure and transport sectors. Experience shows however that effective cross sector coordination is difficult to achieve in practice. There is also a need to complement project interventions with appropriate policy and institutional changes at the national level that address the wider governance challenges associated with forest sector reform. Most notably promotion of broad-based benefit sharing and concerns for equity issues, prevention of land grabbing and real political economy risks that elite interests capture REDD+ rents. Finding mechanisms for involving forest dependent communities and other key stakeholders in the design and implementation of REDD+ may be a key factor for successful development of REDD+.

In Kenya (as we will see in some more detail below) as well as in many other developing countries, development of REDD+ is linked to ongoing forest policy reforms. Given its potential to mobilize funds

internationally, REDD+ has the potential to offer the much needed financial resources to carry out reforms. But it could also result in conflict over the control of forests and associated carbon credits. Government authorities typically assume that they have the right over the carbon credits. On the other hand, local forest communities may have legitimate traditional rights over the forest resources and would feel treated unfairly if they did not benefit directly from this new source of finance.

3. Lessons learned from policy level environmental assessment for integration of environmental and social concerns in sector reforms

The following section gives an overview of experiences from applying policy level environmental assessments in sector reforms. The section provides a background for discussing which of the many REDD+ related implementation challenges described above that the strategic environmental and social assessments related to REDD+ initiatives - as suggested by the FCPF - may help to address.

3.1. Environmental assessments at the project and the policy level

In many tropical countries environmental impact assessments (EIA) constitute one of few environmental regulatory procedures that are actually put into practical use. EIA is used to identify and mitigate environmental - and many times also social - impacts of investment projects and is likely to be an important institution also for mitigation and management of impacts of REDD+ related investment projects. While EIA has become a fundamental institution in environmental governance systems all over the world, several factors have been identified that limit the usefulness of EIA. These include that EIA tends to be applied late in the decision making process when decisions on location of project sites are already taken and that it fails to address cumulative impacts of many different projects (Sadler 1996).

As a complement to project level EIA there is an increasing application of strategic environmental assessments (SEA) aiming at integrating environmental considerations in policies, plans and programs (OECD, 2006; Dalal-Clayton and Sadler 2005)[2]. SEA theory and practice have gradually evolved from focusing on feeding technical information into decision making processes into a greater focus on issues related to participation and learning as a mean for environmental integration (Bina 2008, 136-144).

3.2. Strategic environmental assessment for strengthening institutions and governance

In response to a mandate for strengthening SEA in its activities, in the mid-2000s the World Bank embarked on a testing program for applying SEA at the policy level[3]. Building on the growing recognition of the central role of institutions for sustainable development (World Bank, 2003) and experience accumulated from supporting sector reforms in a diverse set of countries, the World Bank proposed an SEA-approach for incorporating environmental considerations in policy formulation (World Bank, 2005 and Ahmed and Sánchez-Triana, 2008). Central to this approach was an understanding of the intrinsically political nature of sector policy reform. Since sector reform brings about significant changes in formal institutions, such as laws, policies and regulations, it is a sensitive political process often driven by strong economic interests (World Bank, 2011). The weaker the institutional and governance framework in which sector reform is formulated and implemented, the greater the risk of regulatory capture by vested interests. In situations such as these, the recommendations of environmental assessment are often of little relevance unless there are strong constituencies that support them that have sufficient political power to make their voices heard in the policy process. Against this background the suggested focus of SEA at the policy level was on analyzing and strengthening the institutions and governance frameworks to manage environmental and social risks. The proposed approach focused on the achievement of four outcomes: (i) raising attention to environmental and social priorities, (ii) strengthening environmental and social constituencies, (iii) enhancing social accountability, and (iv) improving policy learning. These outcomes are discussed below.

Raising attention to environmental and social priorities

A key feature of applying SEA in policy and sector reform is to call the attention to key environmental and social concerns affecting the sector to be reformed and to link them with economic growth and other key development issues (World Bank, 2005; Ahmed and Sánchez-Triana, 2008). This is done through analytical work to identify key environmental and social issues and through involving a broad range of stakeholders in selecting environmental and social priorities. Special efforts are made to ensure that the voices of the vulnerable and marginalized groups in society are effectively heard. In this way, SEA can channel concrete demands from the stakeholders to the policy makers.

Strengthening environmental and social constituencies

Groups or networks organized around a common environmental or social concern affected by the policy process constitute a critical force for integrating environmental and social considerations in policy reform. SEA can strengthen constituencies with environmental or social stakes in the policy process through opening up the policy process to a broader set of stakeholders and ensuring their meaningful participation in discussions related to environmental and socials risks of the sector reform. Civil society and community based organizations, the media and the legislature are examples of actors that may form important parts of constituencies for environmental and social change (World Bank 2005, Blair 2008, Feldman and Khademian 2008). Without strengthened constituencies that can demand accountability with regard to environmental and social priorities, integration of these concerns in policy reform would be short-lived. Laws, presidential decrees or regulations eventually adopted when policies are formulated risk to be partially applied, reverted or even ignored during policy implementation (Blair, 2008; World Bank, 2005).

Enhancing social accountability

Enhancing social accountability as part of an SEA is a key mechanism for improved environmental governance and ensuring that a policy SEA can have an influence beyond the policy formulation phase. By facilitating a more inclusive policy process and providing stakeholders with access to information about environmental and socials risks related to the sector reform SEA can enable stakeholders to hold decision-makers as well as implementing agencies to account (Blair, 2008). For example the establishment of monitoring frameworks for how environmental and social concerns are integrated in the implementation of sector reform have been an important lever for accountability demands in several cases (World Bank, 2011). SEA processes can also highlight underlying legislation and implementation practices that obstruct information disclosure, public participation and access to justice on environmental matters (Ahmed and Sánches-Triana, 2008, p 192).

Improving policy learning

Taking into account that SEA is a rather limited intervention in scope and time it is important that it becomes a lever for a broader and more long-term policy learning process. Through providing a forum for

repeated interaction and deliberation, SEA can facilitate trust building and sharing of problem perceptions among stakeholders. Under the right conditions, stakeholders can start to deal with the complex problems and responses to environmental and social issues related to the sector reform and share policy dilemmas and tradeoffs (World Bank 2010). Constituency strengthening and improved social accountability, as described above, constitute important mechanisms for ensuring that policy learning continues after the SEA. SEA can also contribute to policy learning through setting up publicly available systems for monitoring and evaluation of environmental and social aspects related to sector reform implementation (World Bank, 2005; Ebrahim, 2008).

3.3. Lessons learned from the World Bank Pilot Program on SEA

In order to test and enhance the approach for applying SEA in policy and sector reform – as outlined above - the World Bank has undertaken a pilot program comprising pilot SEAs in Africa, South Asia and East Asia and in the mining, transport, urban development and forestry sector, respectively (World Bank 2010)[4]. A comprehensive evaluation of the pilot SEAs found that SEA under conducive circumstances can enhance environmental governance and improve formulation and implementation of sector policies. Not surprisingly, there were large variations in the outcomes of the evaluated pilot SEAs. Nevertheless, the importance of focusing on raising attention to key environmental and social concerns, strengthening of constituencies, accountability and learning was largely validated by the evaluation.

However, the evaluation found that contextual factors were of overriding importance in hindering or facilitating the attainment of the main benefits of SEA. In some cases, these factors were aligned in such a way that pursuing SEA was not meaningful. In the case of one of the SEA pilots, a newly elected government decided to postpone reform processes initiated by a previous administration effectively closing the process the SEA was intended to inform and influence. SEA is hence most effective when there is a political willingness, or a window of opportunity, for integrating environmental and social concerns in sector policy reform. The evaluation also found that lack of ownership of the SEA within the ministry or agency behind the reform process can be a serious hindering factor for the integration of environmental and social concerns. The World Bank or other development agencies should thus refrain

from financing SEAs unless it is assured that the lead ministry or agency has the capacity and commitment to integrate the SEA process and recommendations into the policy formulation process and to take responsibility for uptake and implementation of the recommendations. Since SEA is a new concept to many sector ministries and agencies there is often a need to develop capacity within these organizations on the role of SEA and how to conduct it. Another finding of the evaluation was that the influence of an SEA is crucially dependent on effective follow up and continued activities by constituencies that can hold government agencies and other actors to account during policy implementation. Without such a continuous process the influence of individual SEAs on governance and policy making is meager. Finally, the need to adapt SEA to specific contextual factors was identified as a key prerequisite for successful outcomes by the evaluation (World Bank, 2011).

4. The potential contribution of SESA to REDD+ and forest sector governance

As noted in the introduction, REDD+ initiatives will need to have a broader focus than just on reducing greenhouse gas emissions in order to be effective and sustainable. A range of environmental and social concerns of a diverse set of stakeholders constitute major implementation challenges. REDD+ initiatives will also need to go beyond the forest sector and address drivers of deforestation in other sectors. This section discusses early attempts of using SEA to address some of these challenges in forest sector reform and REDD+. The section focuses particularly on the Forest Carbon Partnership Facility (FCPF), the use of SEA in forest sector reform in Kenya and the Government of Kenya´s REDD+ readiness preparation proposal.

4.1. The FCPF and the use of SESA in REDD+

The World Bank has established the FCPF with the purpose to assist developing countries in their efforts to reduce emissions from deforestation and forest degradation - REDD+ - by providing value to standing forests. Acknowledging that REDD+ is not simply a forestry initiative the FCPF has been designed “to set the stage for a large-scale system of incentives for reducing emissions from deforestation and forest degradation, providing a fresh source of financing for the sustainable use of forest resources and biodiversity conservation, and for the more than 1.2 billion people who depend to varying degrees on

forests for their livelihoods" (FCPF). In order to address the significant social and environmental challenges associated with REDD+, the FCPF has proposed the application of strategic environmental and social assessment (SESA) for incorporating environmental and social considerations in the preparation of the so called REDD+ Readiness Package[5]. The proposed SESA comprises an *Environmental and Social Management Framework (ESMF)* assuring compliance with the World Bank safeguard policies and a *strategic component* which is largely influenced by experiences from applying SEA in policy and sector reform.

The ESMF will describe the institutional arrangements and procedures to be followed as well as guidance for mitigating and managing environmental and social risks from potential decisions, activities and projects related to REDD+ strategy options and proposed interventions. ESMF comprehensiveness will be achieved by considering in its formulation the World Bank's safeguard policies for environmental and social protection[6]. Disclosure and consultation of the ESMF would ensure that stakeholders are informed of relevant issues that may affect them before projects, decisions or activities, including investments, legal or regulatory measures, with environmental and social impacts are adopted.

SESA's *strategic component* aims at facilitating FCPF recipient countries to achieve the four expected outcomes of applying SEA in sector reform (as described above): raising attention to environmental and social priorities, strengthening constituencies, enhancing social accountability and promoting policy learning. SESA's strategic component combines analytical work and public participation to identify key environmental and social priorities associated with the drivers of deforestation and forest degradation as well as the legal, policy, institutional and capacity gaps and political economy constraints for addressing the identified priorities. FCPF recipient countries are also expected to assess how REDD+ strategy options would affect these gaps and constraints and suggest how to address them during the implementation of REDD+.

4.2. Integration of environmental and social concerns in Kenya´s forest sector reform and REDD+ readiness preparation proposal

Kenya has applied for support to the FCPF and is also one of few countries which have applied SEA in a comprehensive forest sector reform. This section discusses the opportunities and challenges involved in integrating environmental and social concerns in the forest sector reform process and REDD+ in Kenya.

The forest sector reform process in Kenya

Forest reform in Kenya has a long history and goes back at least to the preparation of the Forest Sector Master Plan of 1994. The need to undertake reform arose from a prolonged period of poor management of forest resources. The sector was characterized by political meddling especially through unjustified forest excision, weak enforcement of the forest laws, massive corruption and a fundamentally flawed forest legislation that bestowed too much power to the state at the expense of other stakeholders, especially local forest communities. The old forest law did not have any provision for the inclusion of local communities' needs and priorities in forest conservation but gave the government total control over forest resources. The clamor for reforms led to enactment of a new forest law in 2005 that set the stage for a fundamentally different way of managing forests, including devolution of forest user rights, organizational and institutional changes at the national and local level, the engagement of local communities and promotion of private investment. The adoption of new legislation and establishment of a semi-autonomous Kenya Forest Service (KFS) opened a major opportunity to address the inequalities of the past and to improve the quality and sustainability of Kenya's forests, trees and woodlands (GoK, 2005).

The Strategic Environmental Assessment of Kenya´s Forests Act

The new Forests Act represented a window of opportunity to improve forest governance. Consequently, the World Bank supported the implementation of the new Forests Act through facilitating a policy level SEA related to the forest sector reform in 2006. The objectives of the SEA were to inform and influence the process of implementing the Forests Act and inform the policy dialogue regarding sustainable use of natural resources. Acknowledging the complex political economy of the forest sector it was decided that the SEA should pay specific attention to institutions and governance issues that could hinder or facilitate the reform process (World Bank, 2005, 2007, 2010).

A team of national and international consultants facilitated the SEA in close collaboration with the Forest Reform Committee and Secretariat established by the Ministry of Environment and Physical Planning. A crucial element of the SEA was its reliance on the active participation of a wide range of stakeholders, through workshops and one-to-one discussions. This dialogue was essential in identifying key issues and priorities for action. The main sequence of activities included four phases as follows:

(i)Screening and scoping: this initial phase entailed a rapid assessment of the political economy of the forest sector in Kenya. It also involved determining who should be approached as stakeholders and it identified the key environmental and social considerations that would need to be taken into account in later phases of the work. *(ii)Situation assessments* provided a baseline description of the governance and institutional, economic, financial, social and environmental factors that needed to be taken into account in implementing the Forests Act. (*iii)Environmental policy priorities* were selected by the stakeholders in two workshops. Key forest issues related to the implementation of the Act were discussed and prioritized in the first workshop. The second workshop brought together findings from the various assessments and stakeholders agreed on priorities for action. *(iv)The final stage of the SEA* involved the preparation of a Policy Action Matrix (PAM) which captured policy issues and priority action areas and set these out with clear timetables, stakeholders, expected outcomes, and responsibilities for action. These actions were discussed at a third workshop, with the intention of obtaining commitments from key stakeholders to taking forward the various initiatives.

A recent evaluation found that the SEA of the Kenya Forests Act to some extent managed to raise attention to environmental and social priorities and strengthen constituencies through the extensive involvement of stakeholders. The SEA also encouraged increased transparency and accountability in forest governance, for example through the formulation of the Policy Action Matrix. This tool is available online[7] and has provided some stakeholders with an important lever for holding government and other stakeholders to account (Slunge et al. 2010).

However, the evaluation also found that there were several important factors that limited the influence of the SEA. Although serious attempts were made to link the SEA to the government's planning process for the implementation of the Forests Act, many stakeholders sensed that the ownership for the SEA belonged to the World Bank. The dismantling of the Forest Sector Reform Committee and Secretariat by the new government in 2008 led to changes in staff and loss of "SEA-champions". This further decreased government ownership of the SEA and the momentum in implementing the recommendations from the SEA. The limited human and financial resources for communication and follow-up of the SEA findings and recommendations also severely constrained the effectiveness of the SEA. Contextual factors such as the post-election violence in 2008 and the persistence of informal rules and behavior in the forest administration despite the formal transition from the Forest Department to Kenya Forest Services were also found to have limited the influence of the SEA on the implementation of the Forests Act. (Slunge et al 2010; World Bank 2010)

The role of SESA in Kenya's REDD+ readiness Process

Kenya´s process of preparing for REDD+ started in 2008 with the preparation of the Project Idea Note. Between 2009 and 2010 the country embarked on developing the REDD+ readiness preparation proposal which was submitted to the FCPF in June 2010. The process for preparing the proposal was consultative in nature involving regional stakeholder meetings. Key emerging issues at these meetings included land rights, ownership of carbon stocks, indigenous knowledge and protection of intellectual property rights on conservation. The GoK-proposal clearly recognizes that REDD+ strategies will have substantial social and environmental impacts beyond carbon accumulation. In line with FCPF guidelines, SESA is identified as a multi-sectoral and participative methodology for identifying and managing these impacts. The GoK-proposal outlines how SESA *will be used* in the preparation of the REDD+ Readiness Package. (GoK 2010).

One of the key challenges for implementing REDD+ in Kenya pertains to cross-sectoral planning and coordination. For this purpose efforts have been made to anchor the REDD+ process in the wider national climate change mechanisms and a high level National REDD+ Steering Committee has been set up as

well as a smaller Technical Working Group. The Kenya Forestry Service (KFS) has been designated as the responsible body for coordinating the REDD+ readiness activities (GoK, 2010). However, as discussed above, cross-sector coordination is difficult to achieve in practice. Policy alignment and coordinated implementation may prove especially difficult with the agriculture sector and the new land policy. SESA could potentially strengthen cross-sector coordination through facilitating analytical work which further deepens the understanding of the role of forests for the provisioning of ecosystem services such as water regulation and soil conservation of importance for other sectors and the economy as a whole. Through providing access to information SESA could also strengthen constituencies that could demand accountability during REDD+ implementation.

Another challenge for the REDD+ implementation in Kenya relates to benefit-sharing and improvement in the welfare of local communities. Political and regulatory uncertainties still exists in the forest sector and the current legal framework does not explicitly provide for benefit-sharing mechanisms with the local communities. There is a general perception that since the forests are legally property of the state, KFS has the dominant right to appropriate the benefits. For example the forest adjacent communities are concerned that REDD+ would be a burden to them by depriving them of access to land and forest products. In essence they want a clearly defined benefit sharing mechanism and this may become a source of future conflict (GoK, 2010, 27). A related problem is that five years after the enactment of the Forests Act very few community forestry associations are fully functional. Given the central role that communities have to play in the REDD+ processes, strengthening community involvement is a key challenge. SESA could potentially contribute to improved community involvement and dispute settlement related to REDD+ benefit sharing. Key mechanisms for this would be facilitating meaningful participation of local stakeholders in planning and implementation of REDD+ strategies and facilitating stakeholders´ access to information on REDD+ related environmental and social benefits and costs.

The GoK-proposal also identifies poor forest governance and weak institutions as a major driver of deforestation and degradation. General improvements in governance and institutions in tandem with the

implementation of the legal and policy framework for forestry management are likely to be instrumental to the success of REDD+. SESA could make a contribution to improving governance through highlighting key institutional and political economy constraints to REDD+ implementation and by facilitating inter-sectoral coordination, the definition of a concerted benefits distribution framework and a system for monitoring and evaluation of social and environmental impacts of REDD+ and associated governance indicators (GoK 70-71). This follow up mechanism could provide stakeholders with a tool for exacting social accountability, and could be inspired by the Policy Action Matrix from the SEA of Kenya´s forest sector reform (World Bank 2007).

However, in order for SESA to substantially contribute to improved governance and effective REDD+ it needs to form part of a long term and sustained effort to integrate environmental and social concerns in policy formation. If SESA is perceived just as a FCPF requirement and a hurdle to pass in order to get access to carbon funding it is likely to be of minor importance.

5. Conclusions

Arguably, leaving aside the risk of emission leaching, the greatest benefit of REDD+ would be to provide a strong incentive for conserving forests, reducing forest degradation, and promoting afforestation and reforestation. Consequently, the potential environmental benefits of REDD+ would be reduction of carbon emissions and biodiversity conservation as a result of enhanced carbon sinks. However, the realization of these benefits may pose significant risks to the rural poor and indigenous communities who may find it increasingly difficult to access forest resources or land for their livelihoods. In addition, our review of experiences in developing countries found that successful forest reforms have been impaired by (i) insufficient political leadership and support of key constituencies; (ii) lack of cross-sector coordination and ability to address drivers of deforestation and degradation outside the forest sector; (iii) weak mechanisms for involvement of local communities in forestry management and benefit sharing; and (iv) difficulties to address general governance weaknesses and challenging vested interests in the forest sector.

Against this background the challenges to successfully implementing REDD+ are likely to be very substantial. The difficulties faced by forest reform in Kenya along with the existing challenges of REDD+ preliminary identified for Kenya also underline the importance of strong governance for a successful REDD+ process.

Our review of the FCPF and of experiences from applying SEA in sector reforms indicates that applying SESA in the preparation of the REDD+ Readiness Package has a clear potential to contribute to strengthening governance and effectiveness of REDD+. On the one hand, SESA's strategic component can identify priority environmental and social factors underlying the drivers of deforestation; assess existing institutional and capacity gaps, and political economy constraints to address these priorities; and, recommend regulatory, policy, institutional and capacity adjustments to fill these gaps. This is critical for informing the selection of REDD+ strategy options in developing countries. Furthermore, through engaging weak and vulnerable stakeholders in the formulation of REDD+ Readiness Packages, SESA can be an important channel for incorporating the concerns and interests of the rural poor and indigenous communities. By opening up the policy process to a broader set of stakeholders and ensuring their meaningful participation in discussions related to environmental and social risks associated with REDD+, benefit sharing frameworks are likely to be more comprehensive and responsive to the demands and expectations of multiple stakeholders. In summary, SESA's strategic component has the potential to create and disclose key information which can enhance the transparency of the formulation of the REDD+ readiness package. By opening the REDD+ process to the participation of all key stakeholders, SESA may contribute to hold decision makers in REDD+ more accountable than in traditional forest reforms. Through these mechanisms SESA can potentially reduce the risk of capture of REDD+ by vested interest.

On the other hand, SESA's ESMF will bring into the REDD+ process the World Bank's standards for environmental and social safeguarding. If all donors of REDD+ were aligned into promoting compliance of the ESMF adopted by beneficiary countries, an important check and balance mechanism would be built into the REDD+ implementation for promoting sound environmental and social management. Again, by

increasing stakeholders´ access to information and involving them in environmental and social monitoring, SESA's ESMF could facilitate stakeholders to hold decision-makers as well as REDD+ implementing agencies to account. This can be expected to reinforce the beneficial effect of the SESA's strategic component on strengthening governance and on addressing vested interests. Through providing a forum for interaction and deliberation on REDD+ related environmental and social concerns SESA can facilitate trust building and sharing of problem perceptions among stakeholders. This can be important for improving cross-sector coordination as well as for involving local communities in REDD+.

However, in order for SESA to contribute substantially to addressing REDD+ related environmental and social concerns, experiences from SEA in sector reform demonstrate that the following need to be assured: (i) *Strong ownership* for SESA must exist in the ministry or agency in charge of the REDD+ process and be fully integrated with the overall consultation and planning process for REDD+. Environmental agencies should generally have a consultative role but not be in charge of SESA; (ii) Government agencies need to have *sufficient capacity* to conduct SESA in an efficient way that is adapted to a specific local context. Without such capacity there is a risk that blueprint approaches to environmental assessments will be used without strong effects on governance; (iii) SESA should form part of a *sustained policy learning process* and be a lever for continuous stakeholder interaction on REDD+ related environmental and social concerns; and (iv) a solid and transparent *system for monitoring and evaluation* of progress in relation to the social and environmental priorities identified through SESA should be established.

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Notes

1. The terms SEA and SESA are alike and are used interchangeably in this paper. Sometimes SEA only addresses environmental issues in a biophysical sense but many times social concerns are included in SEA. SESA makes explicit that SEA should include consideration of social issues.
2. Strategic Environmental Assessment is defined by OECD as "Analytical and participatory approaches to strategic decision-making that aim to integrate environmental considerations into policies, plans and programs, and evaluate the inter linkages with economic and social considerations" (OECD, 2006)
3. This mandate was given by the World Bank Environment Strategy of 2001
4. The cases are: SEA of the Kenya Forests Act 2005; Sierra Leone Mining Sector Reform Strategic Environmental and Social Assessment (SESA); Dhaka Metropolitan Development Plan SEA (Bangladesh); SEAfor the Hubei Road Network Plan (2002 – 2020) (China); West Africa Minerals Sector Strategic Assessment (WAMSSA); and Rapid Integrated Strategic Environmental and Social Assessment (SESA) of Malawi Mineral Sector Reform.

5. The Readiness Package (R-Package) describes the strategy options and actions adopted by countries to be ready for REDD+. The implementation of the REDD+ Readiness Package would materialize in the creation of carbon stocks for which countries will receive monetary compensation. See http://www.forestcarbonpartnership.org/fcp/
6. The World Bank's environmental and social safeguard policies provide guidelines for incorporating environmental considerations in Bank supported activities in developing countries. See http://go.worldbank.org/WTA1ODE7T0
7. www.policyactionmatrix.org