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Institutional Design for Improved Forest Governance through REDD: Lessons from the Global Environment Facility

Key words: REDD, legitimacy, biodiversity, climate change, GEF, governance

1. Introduction

The United Nations Food and Agricultural Organization (FAO) estimates that the world's forests are disappearing at the rate of 13 million hectares annually – and that does not include the loss of natural forests to plantation areas (FAO, 2010). According to the Stern report (2007) and IPCC (2007), deforestation alone contributes about 18 per cent of all man-made CO2 emissions, aggravating the global environmental threat of the greenhouse effect. This was the background for the decision at the Bali conference of the parties (COP 13) of the United Nations Framework Convention on Climate Change (UNFCC) (Decision 2/CP.13, 2007) to consider measures for reducing emissions from deforestation and forest degradation (REDD) in developing countries. So far, one of the major institutional efforts to respond to this challenge is found in the UN-REDD initiative. In September 2008, the UN-REDD Programme was launched to support national REDD plus strategies. REDD *plus* signifies a stronger commitment, albeit no guarantee, that the so called 'co-benefits' of protecting biodiversity and livelihoods should be included on an equal footing with carbon storage and uptake.

Are there relevant lessons to be drawn from the largest environmental multilateral funding mechanism, the Global Environmental Facility (GEF), for the design and establishment of UN-REDD? The GEF has existed for close to twenty years and has undergone considerable changes. It has delivered significant results, especially in its two main focal areas of activity: climate change and biodiversity. The donors are developed countries and recipients are countries in the South and economies in transition. However, it took a long time before GEF delivered results, and there are significant differences in perceived legitimacy and effectiveness of GEF activities in the climate and biodiversity issue-areas. The main implementing agencies of the GEF are established international organisations, including the World Bank, United Nations Development Programme

(UNDP) and United Nations Environment Programme (UNEP). As such it has a basic structural similarity to the emerging UN-REDD initiative, which in addition to UNEP and UNDP includes the FAO. Moreover, GEF and UN-REDD are largely preoccupied with the same two global environmental problems, climate change and biodiversity (and respond to the two main international regimes supporting these, namely the UNFCCC and the Convention on Biological Diversity (CBD). These organisational and institutional similarities speak in favour of drawing lessons relating to perceived legitimacy and effectiveness of the GEF for the evolving UN-REDD Programme.

From a governance perspective, the UN-REDD initiative poses major challenges for effectiveness as well as legitimacy with regard to global design and reach, in addition to numerous challenges for national and local governments, not least relating to conflicts over natural resource utilization. The idea of REDD is new and ambitious, incorporating the novel and central idea of payment for environmental services (PES). The design of UN-REDD is important as it may channel a great deal of the international funding that may become available for payment for ecosystem services-related schemes. If agreed, up to US$ 30 billion could be transferred annually from rich countries to poor owners of endangered forests.[1] Also relevant is the World Bank's Forest Carbon Partnership Facility, launched at COP 13 in Bali and, along with the Forest Investment Programme, aimed at preparing the ground for REDD.[2] However, as the REDD mechanism is essentially still at the drawing-board stage, it is important to focus not only on financing but also the crucial aspect of institutional design.

In methodology, we have used document and literature analysis and also interviews with key actors in the GEF Secretariat, the GEF Evaluation Office, the Scientific and Technical Advisory Panel (STAP), representatives from selected state actors, the Implementing Agencies and ENGOs (eight in all, Andresen and Rosendal, forthcoming) This allows a wide range of views to be expressed and brings out a variety of perceptions about the effectiveness and legitimacy of GEF. Caution is advisable with actors closely linked to the GEF, as they may be naturally inclined to inflate the positive aspects. Similarly, external actors may be influenced by their own agendas when making statements. Still, this fairly broad and inclusive range of interviews should provide some balance to this methodological challenge. As for REDD we have benefitted from direct insights into the Norwegian REDD process in our role as invited external experts.

We first discuss the concepts of legitimacy, effectiveness and performance and how they relate to the design and functioning of GEF and UN-REDD. In section 3 we describe

[1] http://www.un-redd.org/AboutREDD/tabid/582/Default.aspx
Accessed 12 October 2010.

the GEF as an organisation and discuss how GEF and UN-REDD intersect with regard to institutional design and policy objectives. Section 4 addresses perceived legitimacy and effectiveness of GEF activities and performance on the ground with regard to its main objectives of responding to climate change and biodiversity problems in developing countries. Next, we examine factors explaining the performance of the GEF and comment on lessons to be learned for designing UN-REDD. In conclusion we briefly discuss the suitability of the GEF as a 'model' for UN-REDD.

2 Securing effectiveness and legitimacy

The performance of the GEF in terms of legitimacy and effectiveness is the dependent variable in our study, from which lessons are then drawn for the UN-REDD Programme. Most large-scale studies on the effectiveness of international environmental institutions have tended to focus quite narrowly on performance in terms of results, generally neglecting the issue of legitimacy (Miles et al., 2002; Breitmeier et al., 2006). Effectiveness can be viewed in terms of outputs (rules and regulations), outcome (behavioural change) and impact (problem-solving). A causal link has to be established between the institution in question, behavioural change and problem-solving. Similarly, most of the ecological economics literature on Payment for Ecosystem Services (linking up to the issue of REDD) has focused on cost-effectiveness (Wunder et al., 2008; Angelsen, 2008). However, particularly within global institutions with deep conflicts over values and fairness, legitimacy may be equally or even more important, not least for long-term effectiveness. This constitutes a central tenet of the Earth Systems Governance Project, which enquires into the sources of legitimacy of global governance as well as how institutional design may contribute to enhance legitimacy.[3] Legitimacy is the major concern in this article, although the relationship to effectiveness will also be discussed.

In political theory, legitimacy focuses on the justification and acceptance of political authority. A legitimate institution is one that has a right to govern, on the basis of, for example, expertise or public accountability – as contrasted with the exercise of coercive power. International environmental institutions face a dilemma: greater effectiveness may 'require more authoritative systems of international governance' (Bodansky, 2007:721). Without a firmer basis of legitimacy, however, states are often unwilling to entrust such institutions with the necessary decision-making authority.

It has been maintained, however, that "environmental governance stacks up extremely well by most criteria of democratic legitimacy, especially in comparison with economic and security institutions" (Bernstein, 2005:151). Following a well-known distinction in the literature, we speak here of input and output legitimacy (Bäckstrand,

[2] Selected recipient countries will receive grant support as they build their capacity for REDD. http://www.forestcarbonpartnership.org/fcp/ Accessed 9 August 2009.
[3] http://www.earthsystemgovernance.org/

2006; Scharpf, 1999; see also Biermann and Gupta, 2011). Input- or process-based legitimacy directs attention to the participation of relevant stakeholders, transparency and accountability in the decision-making process. Regarding international funding mechanisms, input legitimacy is particularly demanding to study as it relates to the international level as well as to the national and local levels. For GEF, input legitimacy in general would mean that the parties, donors and recipients, experience scope for participation and influence in decision-making processes at all three levels. A comparative study that assessed democratization in global governance according to a model of deliberative democracy identified the GEF as "perhaps the most inclusive and open international organization" (Payne and Samhat, 2004: 7). In this article, however, emphasis is on how input legitimacy is perceived empirically at the domestic and local level, where recipients are concerned about how well project design fits perceived national needs as well as their participation in and influence on project development. As available information on these issues is rather general, we focus here on the aspect of participation in decision processes in assessing perceptions of input legitimacy. Most studies dealing with the issue of legitimacy tend to emphasize the significance of participation, see for example Steffek (2003).

On the face of it, output legitimacy is quite similar to the effectiveness, understood as institutional performance. However, as also outlined in the introductory article (Biermann and Gupta 2011); while effectiveness simply focuses on results, output legitimacy is concerned with the *perception* of results among a broader range of stakeholders. For recipients, output legitimacy derives from how the various affected parties/stakeholders themselves evaluate the benefits that they receive *ex post*. Do they feel that the results meet their national and local needs? In the GEF case, we can expect a tension between donors and recipients of GEF funding, as the main goal of the GEF is to realize *global benefits* rather than respond to local needs. Therefore, donors will tend to focus on the traditional cost-effective results generated by their funding and the global benefits achieved. Thus, their approach can be expected to be closer to the traditional notion of effectiveness and thereby narrower than output legitimacy. For the recipients, however, higher levels of perceived output legitimacy may to some extent compensate for reduced input legitimacy: if they are satisfied with what they get, they may be less concerned about how the process is organized.

Moving to effectiveness, in analyzing and explaining institutional performance, several analysts underline the importance of problem structure (Miles et al., 2002; Biermann and Siebenhüner, 2009). Basically, the more 'malign' a problem, the lower is presumably the effectiveness of the institution in question. As both climate change and biodiversity are malign problems, the GEF faces huge challenges in dealing with these

issues. Given the problem structure and limited resources, we cannot expect high levels of performance.

We hold that biodiversity is even more difficult to deal with than climate change. Recently, climate change has loomed large on the international political agenda and has risen almost to the level of high politics, not the least because of linkages to key issues such as security, energy and trade (Oberthür & Kelly, 2008). Although achievements so far are modest, we can note the considerable attention and high visibility, as well as strong business and associated technology interests – important preconditions for more forceful action. In contrast, biodiversity has attracted far less international political attention. This does not mean that loss of biodiversity is less of a problem than climate change – several sources have argued that the two are equally important (EC, 2008; GBO, 2010).[4] Rather, the problem of biodiversity loss is less attractive because it is less amenable to technological solutions (Jänicke and Lindemann, 2010). Moreover, it is harder to measure, less visible in the media and seemingly less dramatic, as it seems to be of more immediate relevance for the well-being of indigenous communities and poor people.

Transferring these lessons to REDD, it may be advantageous for this mechanism to be defined narrowly as a climate issue in order to attract more money and attention and maybe higher effectiveness. On the other hand, in terms of legitimacy, a comprehensive, integrative approach with strong stakeholder participation may have greater long-term success. In short we will consider how GEF effectiveness and legitimacy is perceived empirically at national and local levels (projects). The main sources (evaluation reports) focus on both forms of legitimacy at the project level, but output legitimacy and not the least effectiveness (results) is attributed most weight.

In line with Miles et al. (2002) we also believe that the interests and power of key state members together with the institutional set up represent important explanatory perspectives for the performance of the GEF. We will therefore delineate and discuss who the main actors are, and their interests and influence in affecting the course and direction of the GEF. As to the institutional set-up the GEF is a complex web of organizations and regimes, all important agents of policy change (Adler, 2009). What is the significance of the formal decision-making structures in terms of member influence? What is the link between the formal and the 'real' decision-making structure? The role, influence and interactions among the main implementing agencies will be crucial in explaining performance. The fundamental question here concerns the relationship

[4] UN Secretary General: 'Conservation of biodiversity makes a critical contribution to moderating the scale of climate change and reducing its negative impacts by making ecosystems -- and therefore human societies -- more resilient. It is therefore essential that the challenges related to biodiversity and climate change are tackled in a coordinated manner and given equal priority'. Accessed 16 June 2010: http://gbo3.cbd.int/the-outlook/gbo3/foreword/foreword-by-the-united-nations-secretary-general.aspx

between the many actors involved within international institutional frameworks. Do they all pull in the same coordinated direction, using their authority, competence and comparative advantages to assist the South in their implementation efforts? Or is the picture characterized by lack of trust, by turf battles and conflicts of interests? Against this background, what lessons can be drawn for REDD in terms of institutional design?

3 Why are lessons from the GEF relevant for UN-REDD?

3.1 GEFs organisational structure

The GEF membership consists of 178 developing and developed countries. The GEF organizational structure includes a Council, an Assembly where all members participate at bi-annual meetings, a Secretariat, Implementing and Executing Agencies, as well as a Scientific and Technical Advisory Panel and an independent Evaluation Office. The GEF Council is the main governing body of the GEF; it decides by consensus and meets twice annually. It has 32 members who represent GEF member countries through regionally divided constituencies and with equal representation from developing and developed countries. Thus, in formal legal terms the decision-making structure of the GEF is quite 'democratic' and should thereby score fairly high in terms of international input legitimacy, also among developing countries. The GEF Secretariat has a staff of 67[5] and is a neighbour with close ties to the World Bank in Washington, DC. Every four years, donors commit funds through a process known as 'GEF Replenishment'.

Since 1999, the Implementing Agencies have been joined by several Executive Agencies – the regional development banks and a few others. The UNDP has a major role in capacity-building and technical assistance, UNEP in technical and scientific analysis and the World Bank in managing investment projects (Werksman, 2004). They (along with the Executive Agencies) are responsible for creating project proposals and for managing GEF projects in collaboration with the recipients. The recipient country approves final projects and provides documentation on GEF activities, including on implementation.

In addition to climate change and biodiversity, the GEF serves as the financial mechanism for several other environmental conventions. In 2004 a new Resource Allocation Framework (RAF) was adopted, according to which the GEF mission is to be oriented towards potential and performance. Within RAF, resources are allocated on the basis of a county's potential for general global environmental benefits and its performance in such projects. The first round of the RAF gave all countries a minimum of US$ one million with further allocations to be based on performance and potential for

[5] http://www.thegef.org/gef/gef_staff Accessed 16 June 2010.

producing global environmental benefits. In short, the GEF represents a very complex organizational set-up, based on existing international institutions. Although the detailed set-up of the UN-REDD Programme is yet to be determined, it seems likely to have a structure quite similar to that of the GEF.

3.2. Similar focus: climate change and biodiversity

The ecological rational for our 'lessons from the GEF approach' is that tropical forests represent a significant link between biodiversity and climate change, as they capture and store carbon, as well as harbouring between 50 and 80 per cent of the world's terrestrial species diversity (Wilson, 1988). Climate change represents a major threat to ecosystems, along with habitat degradation and pollution, as many species may be unable to adapt to new habitats when the old ones are altered or destroyed (MA, 2005). The world's ecosystems provide the goods and services necessary for human well-being, and it is estimated that the loss and deterioration of ecosystems deprives humanity of ecosystem services at about US$ 250 billion yearly (MA, 2005). A high level of diversity or variation within ecosystems and species may serve to ensure greater capacity for ecosystems to function as a CO_2 sink – both capture and storage – and also to act as a buffer enhancing species survival potential in the face of climate change. While the 'carbon sink' argument demands that a certain quantity of forests be preserved, biodiversity in addition requires qualitative choices. There exists considerable compatibility between the objectives for forest management from the perspectives of biodiversity and climate. REDD has the potential to increase the resilience of ecosystems in the face of climate change, as long as specific attention is paid to areas of high biodiversity. Incompatibility in this area may thus result from a lack of knowledge about causes and effects, e.g., as relating to biofuels and plantations, rather than any real clash of objectives as such. A recent FAO report (2009) concludes that 'expansion of monocultures for agro-fuels production will be a key factor in the failure to halt deforestation'. However, there is also real danger that REDD, with its potential to affect land-use on a large scale, may have detrimental effects on biodiversity through for instance increased pressure for timber extraction in old growth forest areas (Miles & Dickson, 2010).

A focused and narrow approach to REDD objectives (such as emphasizing the carbon sink aspect alone), may seem more likely to be effective and this has been used as an argument against including biodiversity conservation in REDD (see Lederer, 2011). A high 'score' on cost-efficiency in a system of carbon quotas may, however, have different costs in terms of socio-economic impacts, as what is gained in efficiency may be lost in legitimacy and long-term sustainability (Wunder, 2006; Hope et al., 2005). Natural forests provide important ecosystem services, including climate and water regulation, pollination, access to drinking water, food and medicines. The links between poverty and the environment are complex, but there is a correlation between poverty and

dependence on natural resources (Angelsen and Wunder, 2003). PES (and potentially REDD) is essentially a means of trying to integrate biodiversity and ecological services into the economy and to remedy market failure by paying for services for which there is no market.

3.3 Similar environmental goals?

According to the GEF homepage, 'the GEF helps developing countries fund projects and programmes that protect the global environment.' This is to be done by providing '*new and additional funding to meet the incremental costs of measures to achieve agreed global environmental benefits*' according to the GEF mission.[6] At first glance that may seem a straightforward goal. However, the mission is complicated by two central concepts: 'incremental costs' and 'global environmental benefits'. How to operationalize these costs and how to define global benefits as opposed to local and national ones? Opinion may well differ at the international, national and local levels as to who the most relevant stakeholders are and how they should be included. The strong focus on the collective global level and the downplaying of the national and local level may be understandable, as these are global problems. Still, the global approach was controversial among recipient countries (Rosendal, 2000:167), which has served to reduce the perceived legitimacy of the GEF among them.

Similar questions arise in considering design and functioning of UN-REDD, as carbon mitigation is clearly a global concern. At the same time, the UN-REDD Programme is aimed at 'tipping the economic balance in favour of sustainable management of forests so that their formidable economic, environmental and social goods and services benefit countries, communities and forest users while also contributing to important reductions in greenhouse gas emissions'.[7] In terms of approach and goals, the UN-REDD Programme therefore seems more sensitive to national and local needs than the GEF. This may indicate that there have been certain 'lessons learned' from the global goals-focus of the GEF. If this is implemented in practice, it has the potential to avoid some of the problems of legitimacy that GEF has faced. The GEF, however, has been in operation for almost two decades. What has been achieved and how does it 'score' on various dimensions?

[6] http://www.thegef.org/gef/whatisgef

[7] http://www.undp.org/mdtf/UN-REDD/overview.shtml Accessed 9 August 2009.

4. Evaluating the performance of the GEF

4.1 Outputs: Most resources to climate and the 'rich' developing countries

What outputs – in terms of economic resources, projects and priorities – have been generated by the GEF? Since 1991, the GEF has generated US$8.6 billion in direct grants and over $36 billion in co-financing from other partners. Most of this has funded biodiversity and climate change projects in developing countries.[8] GEF allocation by country between 1991 and 2005 shows that despite the large membership from the South relatively few actors have received a comparatively large share of GEF support. Moreover, the countries that have received more than US$ 100 million are all large economies (Category 1): China (516 US$ million), Brazil (253), Mexico (210), India (165), Russia (157), and the Philippines (117). Smaller developing economies have received limited assistance from the GEF and there are no African states in Category 1.[9]

Most GEF projects and funding have been split equally between biodiversity and climate change, with climate receiving the total sum of US$ 2,546.617 million for 653 projects and biodiversity US$ 2,548.563 million for 841 projects.[10] Thus, the GEF as such has treated these two issue-areas as equally important. However, when co-financing is added to the budget, beyond the control of the GEF, a sizable difference emerges. From 1991 and 2002, the climate change area received an estimated US$5 billion in co-financing as against only US$2 billion for biodiversity (Pearce, 2004). In the period 2002–2006 another US$ 20 billion was allocated in co-financing but only about 3.17 billion of this went to biodiversity.[11] Thus, we can conclude that the relatively developed developing countries get the most funding overall, and due to co-financing, climate change gets the most resources. This indicates higher GEF effectiveness and probably higher output legitimacy for climate projects and for the 'richer' developing countries.

Will the large 'developed' developing countries also be the main recipients of future UN-REDD and Forest Carbon Partnership Facility funds? And if so, how is this likely to affect the interest structure between parties and the priorities for funding? So far, only about US$107 million has been pledged by 11 donor countries to the Readiness Fund, to support the REDD Readiness efforts of the 37 countries selected for participation in the Forest Carbon Partnership Facility. These 37 include least developed and lower and upper middle income countries, but it is still too early to predict which

[8] http://www.gefweb.org/interior.aspx?id=44 Accessed 11 August 2009.

[9] These categorizations and counting have been done by the authors, based on GEF documents.

[10] http://www.gefweb.org/interior.aspx?id=44 accessed July 2007. This means that more than 5 of the 7.7 billion go to climate and biodiversity.

[11] http://www.gefweb.org/interior_right.aspx?id=224 Accessed 6 February 2009.

ones will benefit from larger shares of funding in the future. However, this may *indicate* that the REDD approach so far has been more sensitive to the needs also of the least developed countries.

4.2 Biodiversity projects have higher perceived legitimacy than climate

While outputs give a strong indication of 'who gets what', we have to delve a bit more deeply to investigate the 'real' performance of the GEF on the ground. Our evaluation is based on reports from the independent GEF Evaluation Office (GEF, 2008; GEF, 2006) and on a few additional scholarly sources. The performance of the GEF illustrates the complexity and challenges of its aims, as progress and results have been slow in coming and also hard to measure as conclusions tend to be quite general and vague. The second overall performance study of the GEF (OPS2, 2002:103) – after almost a decade of operations – concluded that the GEF had yielded significant project results, but that, given its relatively brief existence and the modest amount of funding, substantial global impacts could not be expected. The third overall performance study (OPS3, 2005:3) was more specific: 'the GEF Biodiversity Programme has had a notable impact on slowing or reducing the loss of biodiversity.' Concerning climate change, OPS3 concluded that the GEF portfolio had performed satisfactorily (OPS3, 2005:4). The most recent study reports a decline in the World Bank share as well as decrease in *real* terms in overall GEF funding (OPS4, 2010). These evaluations all seem to apply a rather traditional effectiveness approach in terms of environmental *impacts* of the projects. Moreover, the last report suggests that while there seems to have been gradual progress over time this has been impeded more recently due to reduced funding. As the GEF Reports do not consider co-financing, effectiveness of climate projects would probably have been higher if this aspect had been included.

In spite of the decreasing share of relative funding for biodiversity projects, insights from programme studies and overall performance studies indicate that the GEF has been of greater importance in the biodiversity area than in climate, as regards the strengthening of capacity-building in developing countries (Clémençon, 2006). For the poorest people, access to natural resources and ecosystem services from biodiversity is essential to maintain their livelihoods and indeed their very survival. Biodiversity projects are usually located in poor areas and depend on impoverished provincial governments for co-financing – obviously a difficult situation but it appears that GEF funding helps at least to some extent to improve the situation. It is therefore a paradox that where GEF resources are most needed, the relative share of funding is decreasing. This implies higher perceived input and output legitimacy for biodiversity projects than

might initially be expected, indicating that fewer resources make a bigger impact for biodiversity compared to climate.

However local-level participation in project development remains a point of criticism, serving to reduce input legitimacy (Matz, 2005:296, Heggelund et al., 2005). Although critical of the lack of inclusion of local experts, China is quite satisfied with the results obtained, particularly in relation to climate change projects (Heggelund et al., 2005). This illustrates the trade-off between input and output legitimacy. There are also some indications that efforts are being made to improve performance in local participation regarding biodiversity projects. OPS4 reports that those 70% of biodiversity projects with greater focus on global environmental benefits were specifically designed to pay attention to operational local ownership, indicating a higher score for input legitimacy for biodiversity projects over time (OPS4, 2010:27). Most evaluations find, however, that the GEF Small Grants Programme (SPG), which is devoted primarily to biodiversity, is doing the best job on this account (Boisson de Chazournes, 2005). According to OPS3 (2005:13) the Small Grants Programme has been 'well received by recipient countries' and it is 'effectively responding to country priorities at the local level'. Both OPS3 (2005:13) and the GEF Biodiversity Programme Study (BPS, 2004) found 'evidence suggesting that smaller-sized projects may hold more promise in achieving sustainability, not least due to their more transparent, participatory and country driven approach'. These findings are echoed in OPS4 (2010:31), indicating that the biodiversity projects of the Small Grants Programme have higher perceived legitimacy and effectiveness.

The recently developed Resources Allocation Framework (RAF) seems to pull in the other direction, aiming to boost effectiveness in a more traditional narrow sense. As noted, there have been problems with how projects involving biodiversity, land degradation and livelihoods fit the GEF criteria of global environmental benefits. This is a trend that might become aggravated with the RAF, as it leads GEF funding to be linked to performance and 'good governance' in addition to 'global' environmental problems.[12] Moreover, RAF indicators do not include the CBD objectives of sustainable use and equitable sharing, as they are geared towards the 'first world priority of preservation' (Jackson, 2007:126). In its first evaluation of the Resources Allocation Framework, the GEF Evaluation Office (2008:5) concluded that 'the RAF does not provide effective incentives to improve performance'. If this conclusion still stands, it indicates lower prospects for legitimacy as well as effectiveness.

In sum, while effectiveness may be higher for climate projects, perceived legitimacy (both types) may in fact be higher for biodiversity projects, especially as they play a dominant role within the Small Grants Programme. These represent a very small

[12] NN7, Senior Policy Advisor for UN Affairs, The Nature Conservancy (TNC), interview 25 Oct 2007.

fraction of GEF funding but the GEF biodiversity portfolio also tends to be of greater importance for strengthening capacity-building in poor countries than climate change projects. It thus seems that successful efforts have been made to strengthen local-level participation in biodiversity projects but it remains to be seen whether this development will be undermined by the RAF. In climate change projects, however, perceived low input legitimacy is compensated by higher output legitimacy in recipient countries like China.

How do these lessons square with the recent REDD debate? There is growing attention to utilising synergies between climate and biodiversity aspects in project development: According to a recent UNEP assessment report (2009), boosting investments in conservation, restoration and management of natural ecosystems will provide the best and most effective way to slow down climate change, accelerate sustainable development and achieve the poverty-related Millennium Development Goals. Similarly, UNEP and IUCN (2007) conclude that REDD has the potential to link carbon and biodiversity PES, *if and only if* a more targeted approach to REDD is adopted – one that encourages investment only in high-biodiversity forests. Also reports from the European Commission and UNEP (EC, 2008; TEEB, 2010) conclude that investing in the restoration and maintenance of the Earth's multi-trillion dollar ecosystems – from forests and mangroves to wetlands and river basins – can have a key role in countering climate change. The reports recognize that enhancing the resilience of ecosystems and maintaining biodiversity are key elements of the climate mitigation and adaptation agendas.

Despite growing agreement and awareness of the importance of including biodiversity conservation and concern for local and indigenous people in REDD projects, however, an inherent challenge remains: monitoring is currently restricted to capturing carbon emissions.[13] Project monitoring and evaluation focus only on carbon levels. This has implications for the types of stakeholders that can benefit from REDD projects and raises concerns about both input and output legitimacy. It will be difficult to achieve REDD plus unless criteria and principles can be developed for evaluating the conservation and livelihood aspects of projects. So far, the will seems to be higher than the ability to implement acknowledged lessons, also from the GEF, about biodiversity and climate governance synergies.

[13] http://www.gofc-gold.uni-jena.de/redd/sourcebook/Sourcebook_Version_Nov_2009_cop15-1.pdf Accessed 16 June 2010. The Global Observation of Forest and Land Cover Dynamics has developed a sourcebook providing a consensus perspective from the global community of earth observations and carbon experts on methodological issues relating to quantifying the greenhouse gas (GHG) impacts of REDD activities. The book emphasises remote sensing for monitoring changes in forest cover, estimating forest carbon stocks and reporting emissions of carbon at the national level (GOFC-GOLD, www.fao.org/gtos/gofc-gold)

5. Explaining performance – lessons for REDD

As explained in section 2, problem structure goes a long way in explaining why progress in terms of effectiveness can be expected to be very modest for these two issue areas, particularly biodiversity. As problem structures tend to be rather stable and difficult to change, however, we will deal with the two more dynamic perspectives of actor influence and institutional set-up in explaining varying GEF performance in these two issue-areas.

5.1 The U.S. calls the shots

The USA is the dominant actor in the GEF (Boisson de Chazournes, 2005). The US was also the main architect behind the results-oriented RAF and although opposition was strong, it succeeded in getting it adopted (Andresen and Rosendal, forthcoming; Boisson de Chazournes, 2005). The USA appears to give higher priority to the GEF compared to most other major donor nations. Its active role on the Council may also reflect the fact that it is the sole key actor *not* party to the CBD and the Kyoto Protocol: thus, Washington may feel the need to put its mark on the GEF Council. Traditionally the EU has tended to oppose the traditional US result-based (effectiveness) approach in global environmental governance (Vogler and Hannes, 2007).[14] However, EU countries as well as the usual bridge-builders, the Nordic countries, are generally not very visible at GEF Council meetings, partly because they do not give as much priority to the GEF as they do to more traditional multilateral environmental agreements (MEAs).[15] Hence, in the GEF there is little trace of the major 'like-minded countries' or bridge-builders, leaving more room for manoeuvre and influence to the USA.

Although the restructuring of the GEF in 1994 led to equal representation between the North and the South on the Council (Matz, 2005:284), the overall low number of representatives (32) gives less room for coordination and cooperation for developing (recipient) countries. Thus, the G-77 has less influence in the GEF – in contrast to the COPs and global UN fora. Most developing countries were against the RAF and voiced their opposition not the least in the COP biodiversity debates (Jackson, 2007). The COPs are not, however, very significant for the development of the GEF. The OPS4 report also notes that 'the GEF Council's constituency system creates problems for developing countries because of a lack of clear guidelines as to how constituencies are formed, how they operate, how Council members and alternates should be selected and rotated' (OPS4, 2010:34). As noted, most GEF money goes to a few major recipient countries (such as China, Brazil and India). This may arguably lead to these countries having little incentive to collaborate with the poorer and smaller countries of the South. The GEF agenda seems driven by key donors and a few major recipient countries.

[14] This is also reflected in the discussions over the new Resource Allocation Fund.

[15] NN5, Senior evaluation officer, GEF Evaluation Office, interview 23 October 2007.

The question is whether these factors are likely to feature in the development of UN-REDD and the Forest Carbon Partnership Facility. It is far too early to pass judgement as the UN-REDD Programme currently has only three donors: Norway (committed US$ 84 million), Denmark (committed US$ 2 million) and Spain (pledged US$ 20 million), and eight recipients (Democratic Republic of Congo, Indonesia, Papua New Guinea, Tanzania, Panama, Zambia and Vietnam).[16] The Forest Carbon Partnership Facility has 11 donors,[17] who have contributed US$107 million to 37 recipients.[18] The World Bank has also launched the Forest Investment Program – a targeted programme under the Strategic Climate Fund, with a pledged US$204 million from Australia, Norway and the UK. While it is still early to compare with the ambitious plans and the funds dispersed by the GEF, the REDD mechanisms are clearly increasing in terms of financing.

Also important is the fact that countries are essentially split over the design and evolution of REDD, with similarities to the basic disagreements over GEF. The Coalition of Rainforest Nations, which includes Costa Rica and Indonesia, favours a market-based REDD mechanism, and in this they are supported by the USA and Australia. Brazil, on the other hand, has advocated an international fund without selling quotas. Many European countries would prefer a combination of the two, but are basically reluctant to support a quota system alone.

Lessons from another market-based climate-based mechanism, the Clean Development Mechanism (CDM) of the Kyoto Protocol, are instructive here. CDM has opened up opportunities for reducing carbon dioxide emissions from deforestation and forest degradation but again, the spread of CDM projects is restricted. For example, climate change is expected to have significant impacts on the African forestry sector. The world's forests are disappearing at the rate of 13 million hectares annually but Africa is particularly hard hit, with an annual loss of 3.4 million hectares (FAO, 2010). However, Africa has only 2.3 per cent of the world's Clean Development Mechanism projects (FAO, 2009) and thus the CDM tends to score low on legitimacy (Lövbrand et al., 2009; see also Lederer, 2011). As Newell points out (2009:432), an important aspect of CDM governance is that the same prosperous countries tend to be chosen again and again for carbon and forest projects. Again, we are reminded about the co-financing part of the GEF, which is primarily supporting climate projects in a few, richer developing countries. This clearly illustrates the challenge of legitimacy for poor countries also in designing UN-REDD: Will

[16] http://mdtf.undp.org/factsheet/fund/CCF00. Accessed 25 October 2010.

[17] Donors are Australia, France, Australia, Finland, Japan, the Netherlands, Norway, Spain, Switzerland, the UK and the USA.

[18] These include six in Africa (the Democratic Republic of Congo, Gabon, Ghana, Kenya, Liberia, Madagascar); five in Latin America (Bolivia, Costa Rica, Guyana, Mexico, Panama); and three in Asia (Nepal, Lao PDR, and Vietnam).

future REDD funding be targeted primarily at countries suffering from high deforestation, like Brazil and Indonesia? Will the benefits go to those with large forested areas and less deforestation, among them many countries in the Congo basin? Will DR Congo lose out due to poor performance records, if these are included in a UN-REDD mechanism (similar to the expected results of the GEF Resources Allocation Framework)? Unless properly dealt with, these aspects may split developing countries over the design of UN-REDD.

5.2 Implementing agencies: turf battles or comparative advantages?

While the influence of key members and the institutional set up of the GEF may be most important for its overall direction and priorities, such as the introduction of the RAF and the emphasis on effectiveness, the Implementing Agencies and the GEF Secretariat are important for implementation on the ground.

There are no GEF offices in individual countries so the Implementing Agencies remain largely in control. However, the most recent Secretary General of the GEF, Monique Barbue, has strongly emphasized the need for the Secretariat to focus more on development on the ground. Moreover, the staff at the Secretariat is said to be particularly preoccupied with biodiversity (Andersen and Rosendal, forthcoming). This may be part of the explanation for the higher score on legitimacy for biodiversity projects among recipients more recently. Still, the funding goes through Implementing Agencies, strengthening their influence. At times the GEF is almost invisible against the larger shadow of the World Bank, making it hard to identify – and measure – the environmental effects of the GEF against the World Bank.[19] The World Bank remains the big brother in the GEF project portfolio. UNDP is middle-sized, while UNEP is only the 'little brother' (Andresen and Rosendal, 2009). Moreover, the World Bank has responsibility primarily for climate and energy projects, whereas the UNDP and UNEP deal with biodiversity. As a result, climate projects tend to attract more institutional energy, since the World Bank is the most powerful of these organizations and can attract co-financing more easily through its well-established project loads (Heggelund et al., 2005). This goes a long way in explaining the higher priority and higher effectiveness of climate change projects compared to biodiversity projects. Still, the fact that biodiversity projects tend to score higher on legitimacy indicate that UNDP and UNEP are doing good leg-work on the ground. In this sense the Implementing Agencies may have succeeded in blending their complementary competences.

If a similar structure or role comes to apply between organizations in the design of the UN-REDD Programme, it may work in different directions. On the positive side, it may mean that the competence and commitment of already established UN organizations

[19] NN3, International Economist, Global Environment Facility Desk Officer, US Treasury Department, interview 24 October 2007.

are utilized to the fullest extent. It is precisely this bundle of organizations, with differing priorities and responsibilities, which may allow for a comprehensive approach that involves an understanding of ecosystem services and a greater emphasis on poverty alleviation. Arguably, a single, streamlined organization might be more effective but a broader organizational structure is likely to do better in terms of including different values and stakeholders, with positive consequences for legitimacy. Also, this is clearly what most donors prefer, as it avoids the expense of establishing new institutions and organizations. The result could be greater willingness to make financial commitments to UN-REDD.

Less optimistically, the broad-based organizational structure is also likely to involve the same turf-wars among UN bodies that have characterized the work of the GEF (Boisson de Chazournes, 2005). With the UN-REDD Programme based on collaboration among FAO, UNDP and UNEP, plus the World Bank centrally involved through the Forest Carbon Partnership Facility, the potential for turf wars is very similar. Although turf battles are unavoidable with many organisations involved, we have also seen that they represent comparative advantages on the ground. For example, involvement of the World Bank alone may have rendered higher effectiveness overall but lost out in terms of legitimacy.

The GEF serves both the CBD and the UNFCCC without prioritising one or the other and without focusing on potential conflicts between their short or long term objectives. There are, however, different frames represented by the multilateral environmental agreements that the GEF is meant to serve. In the CBD, a comprehensive set of norms and principles has been hammered out through long and hard negotiations. These include its Article 8j on the rights of indigenous peoples and other provisions for access and benefit sharing from use of genetic resources. The CBD is the most comprehensive Multilateral Environmental Agreement as regards socioeconomic concerns. Such norms and principles are lacking in the UNFCCC, which was negotiated with the atmosphere in mind, rather than ecosystem conservation or concerns for local and indigenous communities (Rosendal, 1995). The above discussion also suggests that recognizing the potential for synergies as well as disruption between biodiversity and climate change projects and acknowledging the rapidly shrinking relative share of funding for biodiversity may help the GEF to adopt a more conscious approach to these interactions, thus enhancing its perceived legitimacy.

This may be significant for the development of REDD as well, which – through existing systems for monitoring and verification – has become linked primarily to climate change. In other words, the measurable global benefits are primarily linked to the value of forests in terms of carbon storage and uptake. Although the growing attention to REDD *plus* is increasingly taking conservation and local rights into consideration, it may be easier to raise money for the quantifiable aspects linked to carbon markets. The direct effects of climate-related projects (e.g. GHG offsets) are more easily measured than

biodiversity projects, for which monitoring, reporting and verification systems are still lacking. Hence, climate related projects may more readily lend themselves to market-based credits, which are more relevant from the private-sector perspective. It is more difficult to measure the corresponding impacts related to biodiversity, as these involve highly complex issues, ranging from species protection to human livelihoods.

Climate change is likely to dominate the environmental agenda in the foreseeable future. The framing of REDD within the UNFCCC has tended not to explicitly include concern and awareness about co-benefits. A negative result from the climate-change framing is that effects from (first-generation) biofuels and other short-term measures may jeopardize biodiversity and protected areas (FAO, 2009; Rosendal, 1995). Another example is found in the first phase of the Kyoto Protocol, which tended to create incentives for plantations rather than old-growth forests, 'leading to the destruction of biodiversity and the displacement of indigenous people' (Gillespie, 1999:19). As Dauvergne and Neville (2009: 1100) suggest, 'Biofuels seem poised to lead to even more degradation of vulnerable ecosystems in some of the world's poorest countries'. We have already seen how the greater role of private–public partnerships in global environmental funding, through co-financing under GEF and in the CDM favours economically attractive projects in climate and energy rather than biodiversity conservation projects (Lövbrand et al., 2009; Newell, 2009). Now that forest conservation has been included in the next phase of the Kyoto process, the question is whether this greater focus on carbon emissions from deforestation might re-focus awareness of forest conservation and local needs, thereby boosting legitimacy of an emerging REDD mechanism among key stakeholders. The danger is that 'sustainable forest management' as used in the text on REDD plus (UNFCCC, 2010), will again be used to increase incentives for plantations as well as timber extraction in old-growth forests (Miles & Dickson, 2010).

6. Conclusions

Our analysis suggests that while the complex and comprehensive GEF model is far from ideal, it is what could be achieved in terms of political feasibility. Those who provide the most resources are bound to be most influential in deciding institutional set-up as well as the overall direction and priorities. The dominant position of the USA as well as the World Bank has contributed to the bias towards a northern environmental agenda and an emphasis on effectiveness in the GEF's climate change project portfolio. Although there have been turf battles between the many organizations involved, the broad organisational and thematic composition of the GEF has also provided it with overall comparative advantages on the ground through the roles played by UNDP, UNEP as well as the GEF Secretariat. This has provided for a fairly high score in terms of legitimacy not the least

for biodiversity related projects, although they receive less overall funding. In other words, being able to draw on well-established organizations with different scope and mandates can provide for a comprehensive set of competences that can be useful for UN-REDD as well. Both comprehensiveness and long-term funding may increase the scope for legitimacy, although there may be a trade-off here with short-term cost-effectiveness. It is also positive that UN-REDD seems inclined to include some of the least developed countries and is more sensitive to local needs than the GEF.

Carbon storage is itself one of the many ecosystem services that biodiversity (in this case forest biodiversity) provides. Still, and a basic problem of today's environmental agenda, is the tendency to see biodiversity as a mere 'co-benefit' of carbon markets, a bonus that may or may not be achieved along with climate change solutions. This tendency is enhanced by the very criteria developed for evaluating projects of international environmental funding. As we have noted, most evaluation reports view performance in terms of cost-effectiveness and REDD evaluations are still confined to measuring carbon offsets. Against this background, a major challenge for global environmental governance lies in developing a mechanism to monitor impacts that balances carbon storage and uptake with the other ecosystem services provided by biodiversity, as well as concern for local livelihoods. Thus, the larger funding potential associated with climate projects can boost effectiveness while long-term concerns for livelihoods and biodiversity ensures a higher level of legitimacy, hence enhancing sustainability, commitment and permanence in projects that receive REDD funding. To some extent the GEF has succeeded in achieving such a balance, but there is room for improvement.

A final important lesson from the GEF is to recognize that things take time, results will be hard to measure and progress late in coming, thus the short-term expectations from UN-REDD, in terms of both legitimacy and effectiveness, should not be too high.

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