

Climate Policy Constraints and NGO Entrepreneurship: The Story of Norway's Leadership in REDD+ Financing

Erlend A. T. Hermansen and Sjur Kasa

Abstract

Norway – a small northern country with only 5 million inhabitants – is at present a global leader in REDD+ financing. In this paper, we explain why and how this happened by telling the story about the emergence of Norway's International Climate and Forest Initiative (NICFI) in 2007 and its institutionalization in the following years. We emphasize how a set of Norwegian climate policy characteristics prepared the ground for NICFI. These characteristics were the relative absence of less expensive potential emission cuts domestically, a tradition of seeking cheaper emission reduction options abroad, and few fiscal constraints due to high petroleum revenues. When the domestic demand for a more proactive climate policy started to increase from 2006 onward, two Norwegian environmental NGOs, The Rainforest Foundation Norway and Friends of the Earth Norway, exploited the window of opportunity that emerged from the tension between high domestic abatement costs and increasing domestic climate policy demands by proposing a large-scale Norwegian rainforest effort. This proposal resonated well with the new emphasis on reduced deforestation as a promising climate policy measure internationally. Towards the end of 2007, these ENGOs managed to convince a broad majority in Parliament that large-scale financing of measures to reduce deforestation globally should become an important part of Norwegian climate policy. Financing NICFI through the growth in the steadily increasing development aid budget dampened opposition from more fiscally conservative actors and facilitated the rapid set-up of a flexible implementing organization directly linked to some of the most proactive politicians. Several agreements with key rainforest countries were rapidly established, and including ENGOs in policy formulation and implementation helped maintaining the momentum and legitimacy for NICFI as a more permanent solution to Norway's climate policy dilemmas. NICFI's robustness and high level of legitimacy are illustrated by the fact that the initiative has survived the recent 2013 change of government quite intact. However, we also suggest that the long-time survival of the initiative may be dependent on the future of the UNFCCC process as well as the destiny of the national projects.

JEL Codes: Q23, Q54, Q58

Keywords: Climate change, Mitigation, Forests, REDD+, Norway.

CGD Climate and Forest Paper Series #15

**Climate Policy Constraints and NGO Entrepreneurship: The Story
of Norway's Leadership in REDD+ Financing**

Erlend A. T. Hermansen

CICERO Center for International Climate and Environmental Research –
Oslo, Norway

Sjur Kasa

Hedmark University College, Norway

CGD is grateful for contributions from the Norwegian Agency for
Development Cooperation in support of this work.

Erlend A. T. Hermansen and Sjur Kasa. 2014. "Climate Policy Constraints and NGO
Entrepreneurship: The Story of Norway's Leadership in REDD+ Financing." CGD
Working Paper 389. Washington, DC: Center for Global Development.
[http://www.cgdev.org/publication/climate-policy-constraints-and-ngo-entrepreneurship-
story-norways-leadership-redd](http://www.cgdev.org/publication/climate-policy-constraints-and-ngo-entrepreneurship-story-norways-leadership-redd)

Center for Global Development
2055 L Street, NW
Fifth Floor
Washington, DC 20036

202.416.4000
(f) 202.416.4050

www.cgdev.org

The Center for Global Development is an independent, nonprofit policy
research organization dedicated to reducing global poverty and inequality
and to making globalization work for the poor. Use and dissemination of
this Working Paper is encouraged; however, reproduced copies may not be
used for commercial purposes. Further usage is permitted under the terms
of the Creative Commons License.

The views expressed in CGD Working Papers are those of the authors and
should not be attributed to the board of directors or funders of the Center
for Global Development.

Contents

1. Introduction.....	1
2. A short outline of Norway’s climate policy dilemmas.....	2
3. A window of opportunity: The Stern Report, the IPCC Fourth Assessment Report and the “Climate Settlement”	4
4. Implementing NICFI: Establishing new agencies and bypassing bureaucratic establishments	10
5. Safeguards and financing – debates	12
6. The national projects.....	14
Brazil and the Amazon Fund – the largest project.....	14
Tanzania – A project driven by the Norwegian Embassy.....	17
Guyana – Solheim’s initiative	18
Indonesia – a necessary but difficult partner.....	20
7. Final words and prospects for the future	21
Literature	24
APPENDIX 1: Timeline of events connected to Norway’s International Climate and Forest Initiative (NICFI) mentioned in the main text.....	26
2007.....	26
2008.....	27
2009.....	28
2010.....	28
2013.....	29
2014.....	29
APPENDIX 2: An overview of the largest payments from NICFI up to August 1., 2014	29
Brazil	29
Indonesia	29
Guyana.....	30
Tanzania	30
Mexico	30
Vietnam	30
Ethiopia	30
UN’s International Climate and Forest Programme (UN-REDD Programme)	30
Forest Carbon Partnership Facility	31
Forest Investment Program	31
Congo Basin Fund - CBFF	31
Civil society and knowledge institutions	31

1. Introduction

At COP-13 in Bali in December 2007, Norway's Prime Minister Jens Stoltenberg surprised the world by promising 500 million USD (about 3 billion NOK) a year during the 2008-2012 period to prevent tropical deforestation. The news about the Norwegian effort had been released nationally at a press conference a few days before, on December 9. This paper aims to trace and discuss the causes of and motives for this remarkable effort through a historical account of the policy process. The **first part of the argument** developed in the historical account (section three) focuses on the activities of key actors, in particular two Environmental Non-Governmental Organizations (ENGOS). In 2006-2007, Norway's perceived climate policy shortcomings were suggested resolved by those ENGOS through a cross-party "climate settlement" in Parliament. When the opposition considered grasping this proposal and challenge the sitting government by proposing a broad climate settlement, the two ENGOS spotted this window of opportunity. Inspired by mounting international attention towards tropical deforestation cuts as a new mitigation option, they proposed a large-scale rainforest initiative to be part of the policy package. The **second part** of the argument developed in this historical outline is focused on the political context of the proposal. The ENGO rainforest initiative fitted very well with the basic politics of climate change in Norway. Due to high domestic abatement costs and powerful emission-intensive business lobbies, emission cuts through flexible mechanisms that permit investments in mitigation abroad have been prioritized by Norway from the beginning of the UNFCCC process (Andresen and Butenschøn, 2001, Bang, 2004, Asdal, 2011). Investments in REDD+ fitted very well with this climate policy priority. The arguments introduced to explain the emergence of NIFCI may also help us to understand why NIFCI has remained quite modestly debated in Norwegian society. Thus, a **third part** of the argument in this paper is that the combination of a strong political pressure for "doing mitigation abroad" and the involvement of two important ENGOS in the invention and further implementation of NIFCI appears to have prevented criticism from becoming too harsh.

The **fourth part** of the argument is that the organization of the initiative indeed helped the rapid implementation of NIFCI in spite of considerable skepticism within the ODA bureaucracy. The early engagement of governmental politicians with a strong ambition to act fast and decisively in developing NIFCI secured the funding of the initiative through the ODA budget, and located the Climate and Forest Secretariat (KOS) under their close supervision (and protection) in the Ministry of the Environment.

The paper is divided into seven sections. In the next section (2), we present the particularities of Norwegian climate policy as a background for understanding the context that facilitated the emergence of NICFI. Then, we (3) move on and present the vital importance of two ENGOs in both inventing the initiative and establishing a favorable context for it. We also outline how the same ENGOs became important in informing the policy process related to the implementation of NICFI and defending the initiative from criticism from Norwegian researchers and the ODA bureaucracy. Moreover, we discuss how the inclusion of the “rainforest billions” into Norway’s ODA budget neutralized the potential resistance from the Ministry of Finance against the initiative. We move on to (4) analyzing the process of organizing and institutionalizing NICFI in a way that located it close to an action-oriented politician who was a strong REDD+-enthusiast. After that (5), we discuss the general debate in Norway with regard to safeguards and financing. In (6), we present and discuss the development of NICFI initiatives in Brazil, Guyana, Indonesia and Tanzania. Rather than providing any detailed account or evaluation of the development of these initiatives, we discuss how the selection of cases was influenced by the complex interactions among KOS, the ENGOs and other actors. Finally (7), we summarize our findings by pointing to the importance of the interactions between dynamic ENGOs and a specific set of climate policy dilemmas in explaining the emergence of the initiative. We also discuss NICFI’s apparent resilience to political change by noting its continuation after the 2013 change of government. We also discuss its potential vulnerabilities, including its dependence on the performance of some key national projects. A timeline of the initiatives (Appendix 1), and a reasonably updated overview over disbursed funding (Appendix 2) are included as appendixes.

2. A short outline of Norway’s climate policy dilemmas

To understand NICFI, we need to take a closer look at Norwegian climate policy. Norway has traditionally been very active in the climate negotiations, and has at times enjoyed portraying itself as an ambitious “forerunner” in international climate policy (Tellman, 2012). However, these ambitions have been matched by a problematic domestic emissions profile, dominated by a small enclave of emission-intensive heavy manufacturing as well as offshore oil and gas. The presence of such well-organized and economically important emission-intensive sectors as well as the absence of a potential for less costly emissions cuts in the electricity sector due to virtual hydropower self-sufficiency emerged as a dilemma for Norwegian climate policy from an early stage (Reitan, 1998). Norwegian economists – dominating the powerful Ministry of Finance and associated expert agencies – shared the

concerns related to the costs of domestic emission cuts and promoted principles of global cost-efficiency from the early 1990s (Reitan, 1998; Asdal, 2011). Norway therefore became one of the most active proponents of “flexible mechanisms” like emission trading, CDM and “joint implementation” long before the signing of the Kyoto Protocol in 1997 (Bang, 2004). Joint implementation – or “Activities Implemented Jointly” in the language of the UNFCCC – was for example developed as an idea by Norway and the Netherlands (Matsuo, 2003). Although not formally a member of the European Union, Norway still joined the European Emissions Trading System from 2005. Jens Stoltenberg, both an outstanding economist from the University of Oslo, and chairman of the pro-industrial Labour Party 2002-2014 as well as Prime Minister 2000-2001 and 2005-2013 became one of the most influential proponents of international cost-effective mechanisms in Norway from the beginning of the UNFCCC process.

The basic strategy of avoiding costly domestic emission cuts and supporting cheaper cuts abroad through various flexible mechanisms helped to prevent the climate issue from becoming strongly politicized. The most notable exception from this pattern was a strong mobilization by ENGOs who were skeptical of plans for using natural gas as a source of electricity for domestic heavy manufacturing. These protests, which were present already from the late 1980s, really took off during the second half of the 1990s. Increasing government R&D investments into Carbon Capture and Storage (CCS) was one way of dampening these protests, and Norway emerged as one of the most ambitious investors in CCS R&D globally from the early 2000s (Tjernshaugen, 2011). These ambitions also reflect the comfortable fiscal position of the Norwegian government caused by mounting oil and gas revenue, a position that would become even more favorable in the wake of successive oil price increases from the early 2000s.

Besides the natural gas issue, Norwegian climate policy did not lead to any strong domestic political conflicts between the early 1990s and the middle of the 2000s. Most analysts - from Reitan (1998) to Gullberg and Skodvin (2011) - emphasize the “fit” between the global cost-efficiency arguments underlying Norwegian climate policy and the interests of the most powerful stakeholders inside and outside the government. That notwithstanding, there has always been some opposition against these principles by actors who wanted more action at the domestic level. Both the centrist Christian Democrats (Kristelig Folkeparti) and the Social Liberal Party (Venstre) entertained ideas about broader changes of production and consumption patterns, and (unsuccessfully) proposed a CO₂-tax on the powerful emission-

intensive electro-chemical industries when governing together 1997-2000 (Kasa, 2000). Symptomatically, that government was forced to leave office after not accepting the majority decision by the Parliament in 2000 to permit the construction of gas-powered electricity production plants without CCS. However, besides these relatively small centrist parties and the Socialist Left party (Sosialistisk Venstreparti), only ENGOs appeared to push for a more ambitious climate policy. There was indeed a small rainforest ENGO, the Rainforest Foundation Norway (Regnskogfondet, hereafter RFN), established in 1989 as the Norwegian leg of the International Rainforest Foundation. However, given the marginal attention to deforestation in the UNFCCC process at that time, RFN was not relevant for Norwegian climate policy. In our interview with Lars Løvold, leader of the Rainforest Foundation, he noted that working with rainforest policy issues was mostly for “especially interested people” in Norway during the early 2000s. However, he also noted that there was an awareness of the importance of the issue among the wider public. Moreover, there was a certain pick-up of ODA funding for Norwegian ENGO activities related to rainforest issues from about 2005, mostly to assist poverty reduction and biodiversity protection.¹ Løvold also had strong links to NGOs and indigenous organizations in Brazil. These contacts would become crucial for the later development of the Norwegian rainforest initiatives.

3. A window of opportunity: The Stern Report, the IPCC Fourth Assessment Report and the “Climate Settlement”

As in most other countries, political attention to the climate issue mounted in Norway from 2006 and onwards. While the government attracted criticism for a passive climate policy domestically, the issue of climate change climbed rapidly on the international agenda, with IPCC’s fourth assessment report as a major driver of the debate. Both the Stern review (Stern, 2006), which appeared in late 2006, and a Norwegian governmental commission putting forward proposals for strategies for domestic emission cuts² spurred an increasingly politicized debate. The Norwegian Prime Minister Jens Stoltenberg himself signaled a “moon landing” effort to develop a commercially viable CCS technological solution connected to the large Mongstad refinery on the west coast in his “New Year’s Speech” on January 1, 2007. The forming of the Coalition of Rainforest Nations (2004) and signals from Brazil that this key country considered abandoning its opposition to including deforestation in UNFCCC discussions (Santilli et al., 2003; Kasa, 2013) also attracted attention. The

¹ Interview with Lars Løvold, Brasília, March 2013.

² The report can be found on the Government’s website: <http://www.regjeringen.no/nb/dep/md/dok/NOU-er/2006/NOU-2006-18.html?id=392348>, retrieved June 2014.

emerging links between deforestation and climate change were echoed in some commentaries in Norwegian newspapers in this period,³ among them a piece in early September 2007 by RFN leader Lars Løvold, who proposed Norwegian support for rainforest conservation in Brazil.⁴

However, the ENGOs had already started moving. In January 2007, when it was widely known that a draft white paper on Norwegian climate policy would be issued by the coalition government, Lars Haltbrekken, leader of Norway's largest grassroots ENGO "Norwegian Society for the Conservation of Nature" (Norges Naturvernforbund, founded in 1914 and member of Friends of the Earth International, hereafter called FEN – Friends of the Earth Norway), grasped the opportunity. He proposed a broad, parliamentary "climate settlement" in the national media; an idea which should influence the Parliamentary negotiations after the release of the draft white paper.⁵ The draft white paper was launched in June 2007. The opposition parties were quite negative, discarding the proposed measures as "weak".⁶

At the same time, the government was gearing up its support for rainforest conservation. On April 18 2007, the Ministry of Foreign Affairs published its support for a 69 million NOK large-scale project by RFN to assist the establishment of protected areas in the Brazilian Amazon. The agreement was signed by Minister for International, Erik Solheim, from the left-wing Socialist Left Party (SV). Climate change played a modest role in legitimizing the initiative, but Solheim explicitly praised the Brazilian initiatives to curb deforestation when commenting on the project.⁷

Then, on September 27, 2007, a decisive initiative was taken. The leaders of the two NGOs RFN and FEN Lars Løvold and Lars Haltbrekken sent a letter to the Norwegian government, more precisely Prime Minister Jens Stoltenberg, and Ministers of Finance (Kristin Halvorsen), the Environment (Helen Bjørnøy), Foreign Affairs (Jonas Gahr Store) and International Development (Erik Solheim). Here, it was recommended that Norway cover ten per cent of the sum of the annual anticipated bill for implementing REDD+ globally, or 6 billion NOK (about USD 1 billion). The letter firmly links deforestation reductions to climate mitigation, and argues that Norway should cover a substantial share of

³ See for example Kjetil Alstadheim: "Kutta på skauen", Dagens Næringsliv, July 11 2007.

⁴ "Lula og klodens klima", VG, September 13 2007.

⁵ "Krever politisk forlik om klima", Aftenposten, January 8 2011.

⁶ «Regjeringens tallriksing redder ikke klimaet», VG, October 24 2008.

⁷ "Solheim tungt inn i regnskogen", Aftenposten, June 16 2007.

the costs. Cutting emissions from rainforests is pointed out as both cost-effective and something that can be done rapidly. Conservation of biodiversity, increased capacity to adapt to climate change as well as reducing poverty are mentioned as co-benefits. Moreover, they argue that since Norway has built much of its wealth on petroleum exports, the country has a moral obligation to contribute.

The authors do not recommend a market-based system for rainforest emission cuts, but advocate a more G77-inspired view suggesting that cuts from reduced deforestation should be additional to cuts among the industrialized countries. The letter refers to the IPCC and the Stern reports, as well as reports from other international organizations (International Institute for Environment and Development and World Resources Institute) and information from unspecified Brazilian NGOs.

According to one of the authors of the letter, the exact proposal of ten percent was rather arbitrary, but at the same time based on the estimates in the Stern Report:

"We proposed NOK 6 billion annually, and it was only based on letting Norway take ten percent of the cost, according to the Stern-report.

Interviewer: Why exactly ten percent?

Well, Norway had become a rich country, largely based on oil exploration, and we thought ten percent was a significant but realistic amount for a limited period. Remember at that time we all believed that an international financing mechanism would be in place together with a new climate agreement from 2013"⁸

A few months after the letter was sent, Norway's REDD+ donation became 50% of this proposal. The letter is seen as the most important input into the process ending with Norway's pledge at Bali and the establishment of NICFI. The authors promoted their ideas in the media, and they participated in hearings in the parliament. Løvold and RFN also arranged a visit for REDD+ supporters in the Brazilian NGO community they knew very well, including Marcio Santilli from *Instituto Socioambiental* (The Socioenvironmental Institute, abbreviation: ISA). The Brazilian visitors in October-November 2007 even included Marina Silva, Brazilian Minister of the Environment. The expression of support from the Brazilians for the ideas proposed in the letter in a Norwegian setting certainly helped the initiative gain legitimacy.

⁸ Interview with Lars Løvold, Brasília, March 2013.

The Brazilians also informed Norwegian decision-makers about the zero-deforestation initiative in Brazil that included concrete cost estimates for ending deforestation in the Amazon.⁹ Marina Silva also met the new “combined” Norwegian Minister of the Environment and International Development, Erik Solheim, who pledged 130 more millions for rainforest conservation in the Amazon through the UNDP and RFN.¹⁰

In the wake of these discussions, in early November 2007, the idea of a Norwegian climate settlement that FEN had advocated in January the same year gained traction among the opposition parties after meetings with the ENGOs.¹¹ In November, 2007, the leaders from all the opposition parties with the exception of Fremskrittspartiet (FrP) gathered around an alternative proposal as a basis for discussion with the government parties. Here, the idea of a large rainforest conservation project was included. The proposed annual sum from these negotiations became the final sum, namely NOK 3 billion /year. Gunnar Kvassheim from the Liberal Party (Venstre, V) was at that time chair of the Parliamentary Standing Committee on Energy and the Environment, and thus a very central person in the process. According to him the actual sum had little to do with research as such. Instead, it was more about political positioning between the different parties, mainly the sitting government and the opposition. When the opposition worked out their counter-proposal to the government's white paper, Børge Brende (the environmental spokesperson from the Conservative party) proposed a rainforest initiative of two billion NOK annually. The Liberal party responded by proposing three billion, “just to jack the pot” and put their stamp on the opposition's counter-proposal. Eventually the government accepted the opposition's rainforest proposal of three billion annually. Generally there is much to suggest that the political momentum rivaled research in setting the actual sum.¹²

Thus, it was the opposition parties who first responded to the letter, although it was originally sent to the government, but of course publicly known. The proposal from the letter certainly became important in the negotiations on a climate settlement, which started in November after the three opposition parties had launched their counterproposal to the draft white paper. Demonstrating the broad appeal of the proposal, the environmental

⁹ Interview with Lars Løvold, Brasília, March 2013.

¹⁰ ”Gir 130 millioner for å bevare regnskogen”, Adressavisen, October 30 2007.

¹¹ Cf. for example the meeting between various NGOs and the Conservative Party, October 2007, in which Haltbrekken restated his proposal, “Slik kan Norge bli klimanøytralt”, Aftenposten, October 11 2007.

¹² Communication with Gunnar Kvassheim, October 2014.

spokesperson from the somewhat “climate skeptical” populist right wing Progress Party did not explicitly reject the idea of a Norwegian rainforest initiative.¹³

Lars & Lars, the two ENGO representatives who had prepared the letter to the Parliament, also launched discussions with the government. The first government official they appear to have talked to about the idea of a Norwegian rainforest effort was the Minister of Finance, Kristin Halvorsen from SV. Halvorsen and Erik Solheim (SV), who had added the Ministry of the Environment to his existing portfolio as Minister of International Development, appear to have been the most important proponents of a Norwegian rainforest initiative in the intragovernmental negotiations. A newspaper commentary by Solheim supporting cooperation with NGOs over rainforest protection was printed in the influential newspaper VG (Verdens Gang) the same day that Solheim assumed office as Minister of the Environment.¹⁴

There was however some skepticism within the dominating Labour Party and among the bureaucrats in the Ministry of Finance (hereafter FIN). FIN has been one of the most powerful actors in Norwegian climate policy because of its key influence over economic policy and public spending. FIN is not considered very progressive when it comes to subsidizing environmental efforts (Asdal, 2011) due to its traditional emphasis on fiscal discipline and cost-effectiveness. In this case, however, protests from FIN were avoided when it became clear that the funding could be taken from the ODA budget. As Erik Solheim himself framed it: “The Ministry of Finance considers ODA funding as “already lost” due to the 1% target.”¹⁵ Norway has traditionally had one of the most generous ODA budgets in the OECD, and, given the rapid growth of the Norwegian economy in this period, the 1% of GNI target underlying ODA allocations in the budget also provided an expanding room for new initiatives. In fact, financing NICFI through the ODA budget would help Norway reaching the ODA target *and* becoming an important contributor to international REDD+ efforts. Moreover, it would mean avoiding spending more money domestically, which FIN is often reluctant to do because of the risk for “overheating” of the domestic economy. In addition, the results-based approach in REDD was deemed attractive by central politicians due to its focus on tangible results.

¹³ Ketil Solvik Olsen: ”Spillet om Klimaforlik”, Dagbladet, November 17 2007.

¹⁴ Erik Solheim: “Klima-bistand”, VG, October 18 2007.

¹⁵ Interview with Erik Solheim, June 2012.

That NICFI could be financed through the ODA budget also appears to have helped to overcome Labour's skepticism to such a large and costly project. Three of the opposition parties (The Conservative-, Liberal- and Christian Democratic parties) expressed skepticism to financing the initiative out of the ODA budget during the budgetary negotiations in the Parliament. The strongest resistance came from the Christian Democratic Party. The Socialist Left Party, which was part of the government, also saw the danger of rainforest funding "crowding out" funding for anti-poverty projects.¹⁶ Nevertheless, financing the project as part of the already agreed *increase* in the ODA budget became the favored solution, also supported by the Minister of the Environment and International Development Cooperation (Erik Solheim). This increase came as a consequence of Norway's ambition to set aside 1 % of her GNI for development and the country's rapid economic growth. A clear motive for Prime Minister Stoltenberg's support for the initiative seems to have been the basic complementarity between the initiative and Norway's long-standing interest in meeting its climate commitments by investing in emission cuts abroad. Stoltenberg's background as an economist and his ability to immediately catch the ideas underlying the Stern report probably helped. Stoltenberg and Stern had personal contact just before NICFI was publicly announced, having breakfast together with Prime Minister Gordon Brown on December 7, 2007.¹⁷

Still, it came as a surprise to almost everyone when Stoltenberg called a meeting with the most important environmental politicians in his office on Sunday December 9. Here, he declared that Norway would spend three billion NOK (about 500 million USD) annually to prevent deforestation of rainforest for five years. The news was published in Norwegian media the same day. On December 13, PM Stoltenberg announced the news in his speech at the UNFCCC summit at Bali. On January 17, 2008, Norway's famous Climate and Forest Initiative (NICFI) became one of the centerpieces of the Climate Settlement acclaimed by all the political parties in the parliament (Stortinget), apart from, the Progress Party (Fremskrittspartiet), which had not been part of the climate settlement discussions.

A major and surprising climate policy reform had been decided upon, but the process of actually developing the organizational underpinnings of the initiative remained. And the challenge of implementing the initiative was indeed overwhelming. A well-known Norwegian rainforest researcher, Arild Angelsen from the Norwegian University of Life Sciences

¹⁶See. for example also "Et svik mot verdens fattigste", Aftenposten, October 16 2011. Over the years, there has also been substantial resistance to this solution among development aid NGOs.

¹⁷ "Tente den norske julegranen i London", Aftenposten, December 6 2007.

(UMB), warned that similar “grand” initiatives in the past had ended with disappointment.¹⁸ Similar critical interventions from other rainforest researchers were published during the spring of 2008, focusing on the same topic.¹⁹ Critics also claimed that NICFI became so popular because it directed attention away from more painful domestic emission cuts.²⁰ Finally, the leftist newspaper *Klassekampen* pointed out that at the same time as Norway promises large sums for its rainforest project, The Norwegian Petroleum Fund invested in environmentally dubious projects in the Peruvian Amazon.²¹ All these concerns signaled important critical narratives related to the NICFI. However, it should be emphasized that these critical comments were nothing close to a wave of protests. The major NGOs and a broad majority in the Parliament were firmly behind this effort. This continued to be a lasting characteristic of the discourses surrounding NICFI. A main reason for this has been what we can call an “undersupply” of domestic climate policy, few fiscal restrictions due to soaring petroleum revenue, a correspondingly expanding ODA budget, and the initial involvement of usually very critical ENGOs. The fact that the strong initial role of ENGOs in NICFI produced a high level of consensus and ENGO interest in continuing the initiative has certainly also helped to limit criticism. In the following, we will discuss both how NICFI was implemented and the resistance its development met in the ODA bureaucracy and the broader society. We will also comment on the initiation and development of the partnerships with Brazil, Tanzania, Indonesia and Guyana, as we think they express many of the basic characteristics of NICFI. The speed and decisiveness with which these initiatives were pursued, in spite of periodic criticism, was facilitated both by the basic and durable consensus behind the initiative and the need such a “grand effort” would have to demonstrate rapid results.

4. Implementing NICFI: Establishing new agencies and bypassing bureaucratic establishments

When the decision to mobilize large-scale resources for rainforest conservation had been made, the question about how to implement it still remained. Institutionally, the most “natural” location of the initiative would probably have been in The Ministry of Foreign Affairs, or the affiliated Norwegian Agency for Development Cooperation (Norad).

¹⁸ Arild Angelsen; «Ut og kjøpe regnskog», *Dagbladet*, December 27 2007, and: ”Frykter liten effekt av regnskogmilliardene”, January 8 2008, website of forskning.no, <http://forskning.no/klima-miljovernbistand/2008/04/frykter-liten-effekt-av-regnskogmilliarder>, retrieved October 2014.

¹⁹ Ole Hofstad: ”Flåseri om avskoging”; *Dagbladet* January 12 2008. Trygve Refsdal: «Skogen og klimaet», *Dag og Tid*, April 4 2008.

²⁰ Janne Haaland Matlary: ”Det norske merverdighetskomplekset.” *Aftenposten*, December 22 2007.

²¹ “Oljepenger til gassutslipp i regnskogen»” *Klassekampen*, December 22 2007.

However, it was decided that a brand new section for climate change and forests, *the Climate and Forest Secretariat* (KOS) was to be established inside the Ministry of the Environment and given overall responsibility for NICFI. While hosting Norway's international climate negotiation team and having competence on environmental and climate policy in general, this Ministry's expertise on rainforest management and large and complex international projects was virtually non-existent. The Ministry of Foreign Affairs, supported by Norwegian missions abroad became responsible for NICFI-related foreign and development policy and disbursement of funds. Norad was assigned to provide technical advice and manage support to civil society and scientific institutions (Norad, 2010). Hans Brattskar, an experienced diplomat with no particular experience with forest-related issues, became director of KOS in March 2008.

The decision to develop NICFI through a new secretariat in the Ministry of the Environment was made by Minister for the Environment and International Development, Erik Solheim. The prime minister also encouraged this solution.²² In Norad there was some cautiousness linked to the feasibility of the initiative due to the agency's mixed experiences with complex ODA projects. There were also tensions over the inclusion of poverty and development objectives in NICFI.²³ Solheim was on his side firm that for any such initiative to succeed, it would have to be closely linked up to the political leadership. He feared that a new initiative would be halted by risk aversion if part of the normal line organization of the ministries or Norad. Therefore, he was happy with a new unit in the Ministry of the Environment with daily direct contact with himself. In controversial cases, Solheim and KOS tried to find consensual solutions, but if that turned out to be difficult, Solheim made decisions in line with the perspectives of the KOS secretariat.²⁴

Given this very rapid and politically driven process, much of the initial expertise on rainforest issues came from NGOs like RFN and WWF-Norway (Tvedten, 2011). Private consultancies like Meridian Institute and McKinsey would also play an increasingly important role as facilitators for different initiatives by NICFI. Special grants for researchers, NGOs and consultancies amounting to as much as almost a billion NOK after 2009 were channeled through Norad to create legitimacy for REDD+ both in recipient countries and in the global community, and to collect useful information (cf. overview of grants in

²² Interview with Erik Solheim, June 2012.

²³ Interview with anonymous Norad top-level staff, June 2012, experience from public meetings on REDD+ in Norad as well as informal discussions.

²⁴ Interview with Erik Solheim, June 2012.

Appendix 2).²⁵ Large sums were also set aside for building the international momentum for REDD+ activities through UN REDD, the World Bank's Forest Investment Program and the Forest Carbon Partnership Facility for which Norway appears to have been the dominant donor (Angelsen, 2013, cf. overview of disbursements in Appendix 2). Thus, though donations to individual countries have received most attention in the media, it is clear that the funds used for spurring the international process and international REDD+ organizations have been very substantial. This has also been at the core of the Norwegian strategy, which is described by KOS as: "To strengthen the international process on forests and climate to include forests in a future climate regime, to facilitate measureable and cost effective reductions of emissions, to develop Readiness efforts at a national scale and models for performance-based financing, and to preserve natural forests to make these forests able to fulfill a broad spectrum of environmental and social function."²⁶

Before we delve into the national projects, we will give a few examples of the debate on the risks of unintended negative social and environmental consequences of REDD+ projects, and how to manage them through "safeguards."

5. Safeguards and financing - debates

"Safeguards" are measures to prevent potentially destructive effects from REDD+ activities. Negative effects on transparency, participation, protection of biodiversity, and protection of the rights of local people should ideally be prevented in REDD+ projects. Such topics have come up in Norwegian media from time to time, based on worries both by researchers and NGOs. Concerns related to a serious threat to effective safeguard mechanisms, namely corruption, were prevalent from the beginning. In the run-up to COP-15 in Copenhagen, both researchers and other commentators expressed concerns about the potential for corruption in REDD+ generally in the wake of Interpol's warnings,²⁷ but with little reference to Norway's efforts. RFN also participated in this debate, and expressed skepticism of including avoided deforestation in emission trading markets.²⁸ During COP-15 in Copenhagen, Norwegian rainforest researcher Arild Angelsen also warned against the

²⁵ Interview with KOS staff, August 2012.

²⁶ "Regjeringens klima- og skogprosjekt", website of the Ministry of Climate and the Environment: <http://www.regjeringen.no/nb/dep/kld/tema/klima/klimaogskogprosjektet/bakgrunnsdokument.html?id=547202>, retrieved June 2014.

²⁷ "UN's forest protection scheme at risk from organised crime, experts warn", The Guardian, October 5 2009.

²⁸ "Grunn til korrupsjonsfrykt", website of ABC Nyheter, 6. October, 2009, <http://www.abcnyheter.no/nyheter/091006/grunn-til-korrupsjonsfrykt>, retrieved June 2014.

potential for corruption in REDD+ arrangements.²⁹ Just a few days later, Minister for Environment and Development, Erik Solheim, responded with a note that national plans, independent monitoring and performance-based solutions were the most adequate responses to corruption and governance problems.³⁰

The discussion on safeguards between the ENGOs and the government rapidly became quite explicit. One of the most important examples of this was a letter from Lars Løvold from RFN and Lars Haltbrekken from FEN to Minister of Environment and International Development, Erik Solheim, Director of NICFI Hans Brattskar, and Audun Rosland (head of the Norwegian UNFCCC negotiation team) in November 2010. Written by the “fathers” of the NICFI itself, the letter is called “Norway’s REDD position at COP 16 in Cancun”, and was meant to provide inputs to Norway’s negotiating strategy at COP 16 (Tvedten, 2011, pp. 40-42). In the letter, they noted that “[I]here are big conflicts of interest in the International REDD+ debate, and there is a significant risk that the REDD+ concept ends up watered down, leading to both lumbering and deforestation of natural forest.” They criticized the lack of social and environmental standards in REDD+ projects, and pointed out that these standards are just as important as carbon accounting procedures. The agreement on safeguards at COP 16 in Cancun was welcomed, but also criticized for not being binding by the RFN.³¹ Concerns over insufficient safeguard mechanisms have come up in the national debate in connection with some of the national projects, like the Readiness project in Tanzania. NGO concerns over these priorities appear to be quite constant, but they have not caused any broad debate.

Financing has been another hot topic. Tvedten (2011) refers to one of the lead figures of NICFI stating that:

“We want a compliance regime under the UNFCCC, with all required safeguards in place, measured on a national level, and with emission reductions that cut sufficiently deep in order to be an addition to, and not a substitute for, deep cuts in developed countries. That is also what the REDD+ agreement of Cancun principally presupposes.”

In the letter from Løvold and Haltbrekken from 2010 referred above, they express concerns that carbon markets may undermine efforts to put in place effective safeguards, and they

²⁹ “Stor fare for regnskog-korrupsjon”, Aftenposten, October 16 2009.

³⁰ “Kontroll med regnskogen”, Aftenposten. December 11 2009.

³¹ “REDD i klimaforhandlingene. Fra Cancún 2010 til Durban 2011.” Website of Rainforest Foundation Norway: <http://www.regnskog.no/no/om-regnskogene/klima-og-regnskogen/mer-fakta-om-klima-og-skog/redd-i-klimaforhandlingene.fra-canc%C3%BAAn-2010-til-durban-2011>, retrieved July 2014.

note the ethical problems associated with letting developed countries buy themselves out of their obligations. However, the ENGOs also appear to have been helpful in rejecting some criticism against NICFI regarding financing. Lars Løvold for example defended NICFI against a highly critical report at COP 17 in Durban, where safeguards in the Norwegian projects were described as virtually non-existent.³²

Another critical line outside the “safeguards” discussion has been related to the Norwegian Petroleum Fund’s – the world’s largest sovereign wealth fund – investments in companies with a record for deforestation. The fund’s track record of such investments has been a big issue for the ENGOs, and RFN has been particularly vocal on this topic.³³ On the other hand, NICFI staff express that this has not been a dilemma for NICFI, since the management of the Petroleum Fund is located in the Central Bank, far away from the organizations responsible for NICFI.³⁴

From these more general debates related to NICFI, we now move on with a look at some of the national projects.

6. The national projects

The presentation of the national projects below is quite brief and preliminary, aiming at analyzing 1) the background for selecting the national projects, and 2) identifying the main actors behind the projects. Angelsen (2013, p. 14) notes the heterogeneity of approaches behind the four “main national projects”, “ – from a general agreement expressing broad objectives with non-committing formulations (Tanzania), an apparently result-based and otherwise hands-off contract (Brazil), a quite detailed performance-based contract (..) (Guyana), to a “model contract” using the phased approach (Indonesia).” Due to space limitations, we do not look into the smaller agreements with Mexico, Ethiopia and Vietnam as well as the new (September 2014) partnerships with Peru and Liberia. Neither do we have the capacity to delve into the 500 million NOK investment in the Congo Basin Forest Fund.

Brazil and the Amazon Fund – the largest project

Alongside the development of KOS, there were negotiations with Brazil over funding for Brazilian rainforest conservation. Also here the ENGOs were crucial. In the context of Brazil’s new and more proactive climate and rainforest policy (Hochstetler and Viola, 2012),

³² ”Det norske regnskogsproblem”; Ny Tid, December 9 2012.

³³ ”Betaler for skogbevaring - investerer i ulovlig hugst.” Aftenposten, October 12 2011.

³⁴ Interview with NICFI staff, August, 2012.

negotiations with the Brazilians went on during the spring of 2008 alongside the establishment of KOS in the Norwegian Ministry of the Environment. RFN played a vital part also in this process. An important topic in these negotiations was for example the disbursement mechanism for donations, where Lars Løvold from the Rainforest Foundation became an important messenger for the Brazilians and their urge to express their skepticism against channeling Norwegian rainforest funding for Brazil through the World Bank.³⁵ Interestingly enough, the process towards the establishment of the Amazon Fund in Brazil under the auspices of the BNDES and the implementation of NICFI dovetailed closely. The two initiatives actually preconditioned each other as the Norwegian donation was crucial for the establishment of the Amazon Fund, and Brazil's interest in and capabilities for managing large donations was crucial for NICFI. People with ENGO-background were involved in governmental decision-making on both sides, and were important for the positive outcome of the negotiations (Kasa, 2013).

Løvold was also present when the Memorandum of Understanding between Norway and Brazil was signed in Brasília on September 16 2008. According to this agreement (with a following donor agreement with the Brazilian Development Bank (BNDES) housing the Amazon Fund signed on March 25, 2009), Norway will donate up to 1 billion USD to the Amazon Fund up to 2015 dependent on Brazil's performance in continuing to cut the country's deforestation.³⁶ As Angelsen (2013, p. 15) notes, third-party verification was an issue of contention up to the signing of the memorandum, in which Brazil managed to avoid such verification. Disbursements to the Fund should still happen only after documented cuts and approval of projects by the Amazon Fund. Such approvals, however, have turned out to materialize themselves very slowly. These delays also threatened Norway's 1% ODA target since performance-based funds were set aside in *Norwegian* bank accounts.³⁷ Thus, the Amazon Fund's slow implementation emerged as a point of debate and criticism even in a context where deforestation in Brazil continued to decline. This criticism has also hit NICFI in general. Both the Office of the Auditor General³⁸ and OECD (2013) criticized the slow

³⁵ Interview with Joao Capobianco, Secretary of Biodiversity, and later Executive Secretary for the (Brazilian) Ministry of the Environment, May 2011, Lars Løvold, Brasília, March 2014. Cf also "Brasil krever full styring over norske skogpenger", Bistandsaktuelt, August 28 2008.

³⁶ Cf. The website of the Norwegian Prime Minister's Office, "Én milliard dollar for å redde regnskogen", <http://www.regjeringen.no/nb/dokumentarkiv/stoltenberg-ii/smk/Nyheter-og-pressemeldinger/pressemeldinger/2008/en-milliard-dollar-for-a-redde-regnskoge.html?id=526492>, retrieved June 2014.

³⁷ "Norske regnskogmilliarder står ubrukt på konto", Dagbladet, July 18 2011. "Bistanden under 1%", Bistandsaktuelt, February 7 2013.

³⁸ "Riksrevisjonen slakter norsk skogsatsing", Bistandsaktuelt, November 5 2013.

disbursement of funding. This was an issue until an extraordinary disbursement of 2.9 billion to the Amazon Fund took place in 2013.³⁹

Another somewhat paradoxical aspect particularly related to the Brazil project and its role as a channel for ODA is certainly also the fact that it made middle-income “BRIC” country Brazil end up as the biggest recipient of ODA from Norway. The Christian Democratic Party as well as some NGOs working with poverty and development, who are all still critical of the “crowding out” effects on poverty reduction of taking funding to rainforest projects in relatively affluent countries like Brazil, have been vocal on this issue.⁴⁰ One way of avoiding this dilemma by ENGOs has been to emphasize the poverty prevention effects of forest projects.⁴¹

When discussing the key case of Brazil, it is also important to note that while NICFI was initially legitimized by references to simple “payment for performance” models, the initiative has evolved towards becoming more focused on political processes. One obvious reason for this has been the relatively steep learning curve which has involved a stronger focus on different national contexts in countries receiving REDD+ funding.⁴² However, NICFI as a catalyzer of political change has also gradually assumed importance as a source of legitimation for the project. One of the conclusions of the mid-term evaluation of NICFI in 2011 was that it was difficult to point to measureable cuts of emissions that came as direct consequences of NICFI, although the project had indeed had strong influence on national and global political processes (Norad, 2011).⁴³ In a context in which major NGOs like WWF Norway, FEN and RFN praised the Norwegian initiative with few reservations, at least publicly, the Minister for the Environment and International Development Erik Solheim pointed to the influence of NICFI on rainforest policies in several countries. A key example was certainly Brazil, in which Solheim claimed that the Norwegian donation to the Amazon Fund had “turned the ignition key” for Brazil’s movement towards a more pro-active position.⁴⁴ Brazil is widely promoted as a leading example of the effects of Norwegian rainforest funding, but Norwegian researchers have criticized this image of Norway’s influence, noting that most of what has been achieved in Brazil has happened quite

³⁹ “Rekordutbetaling mot regnskograsering”, Bistandsaktuelt, April 3 2014.

⁴⁰ ”Redder skogen – men svikter de fattigste”, Aftenposten, November 14, 2011, ”Brasil er Norges bistandsyndling igjen”, Morgenbladet, April 4, 2013.

⁴¹ ”Redder skogen – men svikter de fattigste”, Aftenposten, November 14, 2011.

⁴² Interview with KOS, August 2012.

⁴³ “Ståkarakter for skogsatsing”, Bistandsaktuelt, April 28 2011.

⁴⁴ Solheim, public meeting presenting Norad’s Real Time Evaluation of NICFI (Mackenzie et al., 2011), April 28 2011 .

independently of the Norwegian funding.⁴⁵ This echoes findings in the research literature that point to the complexities of Brazil's more proactive forest policies and its links with a broad range of domestic and international factors (Hochstetler and Viola, 2012; Kasa, 2013). However, these substantive critical points notwithstanding, most of the criticism of the Brazilian project – undoubtedly the “lead star” of NICFI – has been relatively mild.

Tanzania – A project driven by the Norwegian Embassy

The agreement with Tanzania was the first bilateral agreement coming out of NICFI. A letter of intent was signed by Stoltenberg and Solheim on April 21, 2008, during their visit to Tanzania. In contrast to the agreement with Brazil, the Letter of Intent on a Climate Change Partnership on April 21, 2008, mostly involves a “REDD-Readiness” effort, but also aims at the further purpose to “implement programs on adaptation and mitigation of climate change.” The Norwegian government promised NOK 500 million over five years to support capacity-building, policy development and preparatory activities, including a series of pilot activities, research and a secretariat for national REDD+ strategy. In 2009, the first contract for the development of a national REDD+-strategy was signed.

The project idea was actually developed by staff at the Norwegian Embassy in Tanzania in early 2008 before KOS was established. In contrast to the Brazilian project, no Norwegian ENGOs were involved. The Tanzania project was mainly managed through the Norwegian Embassy in Dar es Salaam (which appears to be the main driver of the project) with the assistance of the local Institute of Resource Assessment, and financed a series of REDD+ pilot projects in Tanzania. The mid-term review of NICFI (Norad, 2011) noted that REDD+ policy development was entirely financed by NICFI, as well as all activities of the REDD+ task force and Tanzania's REDD+ secretariat. While Norwegian ENGOs were involved in neither country selection nor implementation in the Tanzanian case, international ENGOs have indeed been important in the project's implementation. The Norwegian Embassy in Tanzania supported nine pilot projects by major international ENGOs, selected from 46 applications and evaluated by the National REDD+ Task Force and the Embassy. There was also funding for extensive research projects. The selection of international ENGOs as responsible for the pilot projects is partially explained by the pressures on NICFI to demonstrate early results (Norad, 2014b, p. 313).

⁴⁵ ”Forskere tviler på effekt av norske milliarder til bevaring av regnskog”, Nationen, August 7 2013. «Norske klimamilliarder redder ikke Brasil-skogen», Aftenposten, March 4 2014, ”Æren for trærne”, Dagens Næringsliv, August 18, 2014.

While the Tanzania project was planned to stimulate national forest policy development, political changes in the Tanzanian government appear to have dampened the existing motivation to develop a viable national REDD+ strategy.⁴⁶ While it is difficult to blame any of the responsible parties for this situation, this unraveling of a promising partnership may perhaps serve as an illustration of the political risks involved in the development of NICFI.

One incident related to the Tanzania project may also illustrate the robustness of NICFI in the domestic debate in Norway. One of the beneficiaries of Norwegian funding for pilot projects in Tanzania was WWF International. WWF implemented a pilot project in the country which ended up becoming very controversial. In November 2011, a group of three researchers from the Norwegian University of Life Sciences and the Norwegian Institute for Nature Research (NINA) accused WWF's projects of forcing the native population out of the area to avoid deforestation.⁴⁷ US researchers (Beymer-Farris and Bassett, 2012) presented similar claims in the journal *Global Environmental Change* in early 2012.⁴⁸ A heated debate between the Norwegian researchers and WWF broke out in the wake of these publications, and WWF responded by rejecting all claims.⁴⁹ However, although these claims turned out to be controversial (Burgess et al., 2013), even the appearance of apparently well-founded warnings against Norwegian REDD+ projects failed to resonate beyond a very localized debate over the Tanzania projects in the Norwegian public. Later, two other Tanzanian REDD+ pilot projects were stopped. Problems with corruption and economic mismanagement in these projects were reported in Norwegian newspapers.⁵⁰ Still, scandals like this have failed to resonate loudly in national media and among leading politicians.

Guyana – Solheim's initiative

The most surprising part of NICFI is perhaps the involvement with Guyana. The country had not been part of any preliminary discussions on rainforest projects in Norway, and Norwegian authorities had very little knowledge about Guyana. Bade (2012) has mapped the development of this effort thoroughly, and reaffirms the impression of a rapid process driven by politicians and KOS with few protests from the broader society. According to Bade, the start-up of this effort was on the Ministerial level, as Minister of International

⁴⁶ Interview with Ivar Jørgensen, Norad, October 2014.

⁴⁷ Hanne Svarstad, Tor A. Benjaminsen and Ian Bryceson: «Naturvern, bistand som ikke hjelper», *Aftenposten*, November 16 2011.

⁴⁸ "Forskere: Norske klimapenger kan bidra til tvangsflytting", *Aftenposten*, January 10 2012.

⁴⁹ Rasmus Hansson: "Uriktig om miljøvern", *Aftenposten*, November 17 2011.

⁵⁰ "To norske regnskogprosjekter har havarert i Tanzania", *Aftenposten*, July 19 2013.

Development Erik Solheim met Guyana's president Bharrat Jagdeo in several international conferences in 2008-2009. The head of KOS, Brattskar, also had meetings with Jagdeo. In February 2009, Jagdeo visited Norway and met Prime Minister Jens Stoltenberg. In a statement after the meeting, the Norwegian Prime Minister's office announced that Norway and Guyana "will seek to establish closer cooperation on climate and forest issues".⁵¹ Then, in April 2009, the Prime Ministers of the two countries both attended a meeting organized by the rainforest enthusiast Prince Charles in London. A few months later, in June 2009, Guyana launched its Low Carbon Development Strategy (LCDS). A Memorandum of Understanding and a Joint Concept Note was signed in November 2009 by Erik Solheim and President Jagdeo (Bade, 2012, p. 51). The agreement aims to support Guyana with up to USD 250 million in the period 2010-2015 for keeping deforestation low. Payments were to be done through the Guyana REDD+ Investment Fund (GRIF), established in October 2010, with the World Bank as trustee (Bade, 2012). Bade (2012, p. 56) writes that "[H]aving the World Bank as Trustee of the GRIF makes it possible for Norway to play a limited role." The following month GRIF approved its first project: Institutional Strengthening in Support of Guyana's LCDS.

According to Bade (2012, p. 59), Guyana appears to have been selected for three main reasons. First, Guyana is a high-forest-cover-low-deforestation country which needs mechanisms to prevent it from entering a stage of higher deforestation; second (Angelsen, 2013, p. 17), President Jagdeo appeared to have a strong willingness to host REDD+ projects; and finally, the country is so small that Norwegian funds were perceived as being large enough to make a difference (Bade, 2012, p. 59). Although Norad according to Bade (2012) had serious concerns about corruption, presented in a critical report related to Guyana already in 2010, only moderate criticism of the project has been voiced in Norwegian society, some of it from RFN. Parts of The Foreign Affairs Committee in Parliament expressed skepticism of the Guyana project in 2012, and Løvold from RFN suggested that the project should have been carried out in the Congo Basin instead of in Guyana (Bade, 2012, p. 76). Still, also in this case, criticism has been subdued, and the general legitimacy of NICFI upheld. The Guyana project appears as the national NICFI project most explicitly driven by Solheim and KOS.

⁵¹"Joint statement on climate and forest issues", February 3 2009, The Norwegian Government's website: <http://www.regjeringen.no/nb/dep/smk/aktuelt/nyheter/2009/samarbeid-norge-guyana-for-a-redusere-kl/joint-statement-on-climate-and-forest-is.html?id=544715> retrieved October 2014

Indonesia – a necessary but difficult partner

As one of the largest tropical forest countries with a high deforestation rate, engagement with Indonesia was necessary for NICFI. However, in contrast to the hands-off approach chosen in Brazil, Indonesia has been included in NICFI's portfolio with a much more measured approach emphasizing a logical sequence of phases from readiness to full implementation (Angelsen, 2013). Knowledge about the challenges related to corruption and problems of governance in the Indonesian forest sector is widespread in Norway, and such concerns were often aired in public meetings about REDD+. Adding to this cautiousness, Norwegian authorities had some negative experience with an environmental agreement with Indonesia initiated by the third Gro Harlem Brundtland government (1990-1996) as part of its strategy to strengthen economic ties with Indonesia. This agreement also included rainforest conservation projects at Sumatra. However, the rainforest projects were harshly criticized for insufficient implementation and lacking concerns for local populations by a Norwegian consultancy charged with evaluating the agreements.⁵²

Angelsen (2013, p. 17) notes that the agreement with Indonesia was delayed for several reasons, among them a low willingness to reform by the Indonesian side. After lengthy discussions, Norway and Indonesia signed a Letter of Intent in late May 2010, at the same time as the large "Oslo Climate and Forest Conference" was arranged in Norway's capital. The bilateral agreement pledges up to USD 1 billion in performance-based payments before 2020, in a sequential approach starting with preparations, capacity-building and pilot project identification.⁵³ Shortly after this, President Yudhoyono created a REDD+ Task Force to implement the Letter of Intent. Indonesia presented a REDD+ strategy in June 2012 (one of the conditions of the agreement), and a REDD+ agency in 2013. A well-known moratorium on new forest concessions was established in 2011, now extended to 2015.

In a recent report (Lash and Dyer 2014), the institutional developments on the ground in Indonesia are described as relatively disorganized, perceptions of REDD+ funding among stakeholders are unclear, and finally: "[A] major question for NICFI is how to support the necessary changes, and whether and how to do so within the context of the pay-for-performance approach." (Lash and Dyer, 2014, p. 10)

⁵² "På stubbene løs", *Ny Tid*, March 24, 2006.

⁵³ Letter of intent between Indonesia and Norway, http://www.regjeringen.no/upload/SMK/Vedlegg/2010/Indonesia_avtale.pdf, Norwegian Government's website, retrieved June 2014.

Relatively harsh criticism related to NICFI's engagement with Indonesia has also surfaced in Norwegian media⁵⁴, most interestingly from both FEN and RFN. In the wake of the moratorium on new concessions, hailed as an important step forward by Erik Solheim,⁵⁵ the two ENGOs criticized limitations in the moratorium and demanded reductions in transfers to Indonesia. A year later, the two ENGOs celebrated the anniversary of the logging moratorium together with Greenpeace Norway by delivering a letter from several prominent Indonesian NGOs to the recently appointed Minister of the Environment, Bård Vegard Solhjell. In the letter, the NGOs urged the Norwegian government to exert more pressure on Indonesia to strengthen the moratorium on new concessions. Løvold from RFN still noted that the moratorium had provided more openness on forest issues and a better relationship between NGOs and the Indonesian government.⁵⁶

However, again criticism failed to gain any particular momentum in the debate. The basic consensus underlying NICFI involvement with Indonesia has been sustained under the present government. The Minister of Climate and Environment from the new right-wing government, Tine Sundtoft, recently defended Norway's efforts in Indonesia in light of its alleged political impacts, even though deforestation rates appear to have been on the increase in the same period as the agreement with Norway was developed (Margono et al., 2014).⁵⁷ This echoes Solheim's 2011 legitimization of NICFI as a political "game changer."

7. Final words and prospects for the future

We summarize our conclusions in three main points. **First, the emergence of NICFI** appears as crucially dependent on the initiative of two Norwegian ENGOs (RFN and FEN), and uniquely well adapted to Norway's domestic climate policy dilemmas. NICFI emerged from a situation in which the contrasts between Norway's existing climate policy and the climate policy expectations that mounted in the years after 2006 became perceived as increasingly troublesome. This window of opportunity was exploited by FEN and RFN. These two ENGOs both helped preparing the ground for a "climate settlement" in the Norwegian Parliament and making NICFI one of the most important projects of this

⁵⁴ "Naturvernforbundet krever kutt i skogavtalen med Indonesia", *Nationen*, May 20 2011.

⁵⁵ "Lanseringen av moratoriet er et viktig skritt framover", website of the Ministry of the Environment, May 20 2011, link: <http://www.regjeringen.no/nb/dokumentarkiv/stoltenberg-ii/md/Nyheter-og-pressemeldinger/pressemeldinger/2011/lanseringen-av-moratoriet-er-et-viktig-s.html?id=643916>, retrieved October 2014.

⁵⁶ "Regnskogfondet, Greenpeace, Naturvernforbundet og 12 orangutanger serverer kake", website of Greenpeace Norway, May 2012: <http://www.greenpeace.org/norway/no/press/releases/Regnskogfondet-Greenpeace-Naturvernforbundet-og-12-orangutanger-serverer-kake/>, retrieved October 2014.

⁵⁷ "Viktige endringer i Indonesia", *Bergens Tidende*, January 12 2014.

settlement. Still, financing NICFI could have been troublesome if it had not been possible to fund it under the ODA budget.

The still prevailing political consensus underlying NICFI as a centerpiece of Norway's climate policy seems to have made NICFI resilient to criticism in the wider public and from the ODA bureaucracy. NICFI was sustained with pledges for 3 billion a year until 2020 in the new Climate Settlement supported by all parties except from the Progress Party (FrP) in parliament in 2012. There is even a tendency that political parties compete over being "fathers" to NICFI. The critical comments from the Progress Party (FrP) are relatively moderate, including concerns over unused funds and corruption risks.⁵⁸ NICFI received little criticism in the election campaign of 2013, and the new government appears to defend the initiative much in the same way as the previous government, again with a focus on NICFI's political effects and with Brazil as the leader among recipient countries. As noted above, there has been relevant and well-founded criticism against a tendency to "sell" Brazil's achievements as "Norwegian." These criticisms have, however, not triggered much debate, even though Brazil's new status as the biggest recipient of Norwegian ODA has raised eyebrows.

Our **second point** is that in addition to its strong fit as a solution to Norway's climate policy dilemmas, the strong involvement of the ENGOS in the initiative – both as initiators of NICFI itself and as beneficiaries of very generous funding – right from the beginning has broadened NICFI's legitimacy and may have pre-empted much of the traditional ENGO criticism usually directed against such policy initiatives. This resonates well with Terje Tvedt's (2007) claim that development NGOs are increasingly integrated into and financially dependent on a highly consensual "aid system." In line with this, we can question whether the very generous funding for civil society projects channeled through Norad, from which RFN and other Norwegian ENGOS have benefited greatly, may have dampened some of the potential criticism from the involved Norwegian ENGOS. While we note that the ENGOS for sure have been critical at some important junctures, such as the discussion on safeguards and financing, the domestic debate over NICFI has indeed remained rather subdued. However, making strong claims beyond these speculations would need more research.

⁵⁸ Ketil Solvik-Olsen: "Regnskog, penger og kontroll", TV2, November 12 2012, <http://politisk.tv2.no/gjestebloggerne/regnskog-penger-og-kontroll/> retrieved October 2014.

Our **third** point is that the organization of KOS as an executive agency closely linked to dynamic politicians like Erik Solheim secured that NICFI progressed fast enough to continue being a viable solution to Norway's climate policy dilemmas and at the same time protected it from potential conflicts with the ODA bureaucracy. Over time, the initial conflicts between KOS and Norad also appear to have been reduced. However, with the benefits of hindsight, the 2014 evaluation notes that the flexibility of NICFI and KOS may have come at the cost of more solid planning and transparency, and "there is a need to balance this flexibility and responsiveness with the need for solid planning (including Theory of Change) and reporting" (Norad, 2014a).

Funding for NICFI was indeed cut in the 2014 budget, from NOK 3 billion annually to NOK 2.4 billion, a decision that was fiercely criticized by RFN's new leader Dag Hareide.⁵⁹ However, this cut is legitimized by the lackluster speed of disbursements in many projects, although these have been accelerated considerably over the last years. In a press release, the government promises up to 3 billion also for 2014 if there is a "clear need" for this.⁶⁰ Another change is that the budgetary responsibility for NICFI became centralized in the new (from 2014) Ministry of Climate and Environment.

Overall, there is much to suggest that NICFI remains well anchored and stabilized as a centerpiece in the Norwegian climate policy portfolio in the years to come. While all kinds of climate policy initiatives are certainly dependent on the speed of the international process, NICFI meets so many of the climate policy needs of a wealthy exporter that it is hard to see it being reduced rapidly. Moreover, the choice of the newly elected Labor Party leader Jonas Gahr Støre to put more emphasis on climate policy⁶¹ from the party's central role as the major parliamentary opposition may also be favorable for the sustainment of NICFI. Nevertheless, NICFI is still quite dependent on the future destiny of the national projects. Given their size and importance, Brazil and Indonesia are key countries here. While there is some uncertainty over the future of forest policy and deforestation in Brazil (Soares-Filho et al., 2013, Godar et al., 2014), uncertainties related to Indonesia are at a different order of magnitude (Margono, 2014). Disappointments in these two cases could undermine NICFI, and certainly make the planned future spending of Norway's rainforest initiative difficult to achieve.

⁵⁹ Dag Hareide: "Erna kutter regnskog-hvorfor?" Website of NRK (Norwegian Broadcasting Corporation), November 8 2013.

⁶⁰ "Ambisiøs videreføring av norsk klima - og skogsatsing", Press release from the Ministry for Climate and Environment, November 8 2013.

⁶¹ "Klima på topp for Støre." Dagens Næringsliv, June 14, 2014.

Literature

- Asdal, K. (2011). *Politikkens Natur: Naturens Politikk*. Oslo: Universitetsforlaget.
- Andresen, S., & Butenschøn, S. H. (2001). Norwegian climate policy: from pusher to laggard? *International Environmental Agreements*. 1(3):337-356.
- Angelsen, A. (2013). REDD+ as performance-based aid: General lessons and bilateral agreements of Norway (No. 2013/135). WIDER Working Paper.
- Bade, H. (2012). *Aid in a rush*. Master's thesis. Oslo: University of Oslo.
- Bang, G. (2004). *Sources of influence in climate change policymaking: A comparative analysis of Norway, Germany and the United States*. Oslo: Unipub.
- Beymer-Farris, B. A., & Bassett, T. J. (2012). The REDD menace: Resurgent protectionism in Tanzania's mangrove forests. *Global Environmental Change*. 22(2): 332-341.
- Burgess, N. D., Mwakalila, S., Munishi, P., Pfeifer, M., Willcock, S., Shirima, D., & Marchant, R. (2013). REDD herrings or REDD menace: Response to Beymer-Farris and Bassett. *Global Environmental Change*, 23(5);:1349-1354.
- Godar J, J., Gardner, T. A., Tizado, E. J., & Pacheco, P. (2014). Actor-specific contributions to the deforestation slowdown in the Brazilian Amazon. *Proceedings of the National Academy of Sciences*, published ahead of print October 13, 2014, doi:10.1073/pnas.1322825111
- Gullberg, A. T. & Skodvin, T. (2011). Cost effectiveness and target group influence in Norwegian climate policy. *Scandinavian Political Studies*. 34(2):123-142.
- Hochstetler, K., & Viola, E. (2012). Brazil and the politics of climate change: beyond the global commons. *Environmental Politics*. 21(5);:753-771.
- Kasa, S. (2000). Policy networks as barriers to green tax reform: The case of CO2-taxes in Norway. *Environmental Politics*. 9(4):104-122.
- Kasa, S. (2013). The Second-Image Reversed and Climate Policy: How International Influences Helped Changing Brazil's Positions on Climate Change. *Sustainability*, 5(3):1049-1066.
- Lash, J. & Dyer, G. (2014). *Norway's International Climate and Forest Initiative: A Strategic Evaluation*. Oslo: Ministry of Climate and Environment.
- Margono, B. A., Potapov, P. V., Turubanova, S., Stolle, F., & Hansen, M. C. (2014). Primary forest cover loss in Indonesia over 2000-2012. *Nature Climate Change* 4 (8):730-735.
- Matsuo, Naoki (2003). CDM in the Kyoto negotiations. *Mitigation and Adaptation Strategies for Global Change*, 8 (3):191-200.
- Nilsen, T. T. (2010). *Landscape of Paradoxes* Masters Thesis. Oslo: University of Oslo.
- Norad (2010). *Real-time evaluation of Norway's international climate and forest initiative: executive summaries from country reports*. Oslo: Norwegian Agency for Development Cooperation.
- Norad (2011). *Real-Time Evaluation of Norway's International Climate and Forest Initiative*. Contributions to a Global REDD+ Regime 2007-2010. Evaluation Report 12/2010. Oslo: Norwegian Agency for Development Cooperation.
- Norad (2014a). *Real-Time Evaluation of Norway's International Climate and Forest Initiative Synthesising Report 2007-2013*. Report 3-2014. Oslo: Norwegian Agency for Development Cooperation.
- Norad (2014b). *Real-Time Evaluation of Norway's International Climate and Forest Initiative Synthesising Report 2007-2013*. Report 3-2014. Annexes 3-19. Oslo: Norwegian Agency for Development Cooperation.
- OECD (2013). *Norway - DAC Peer Review of Development Co-operation*. OECD: Geneva.
- Reitan, M. (1998). Ecological modernisation and 'realpolitik': ideas, interests and institutions. *Environmental Politics*. 7(2):1-26.
- Santilli, M., Moutinho, P., Schwartzman, S., Nepstad, D., Curran, L., & Nobre, C. (2003). Tropical Deforestation and the Kyoto Protocol: a new proposal. *COP-9, December*, 1-12.
- Soares-Filho, B., Rajão, R., Macedo, M., Carneiro, A., Costa, W., Coe, M., ... & Alencar, A. (2014). Cracking Brazil's Forest Code. *Science*, 344(6182):363-364.

- Stern, N. (2006). *The Economics of Climate Change*. London: HM Treasury.
- Tellmann, S. M. (2012). The constrained influence of discourses: the case of Norwegian climate policy. *Environmental Politics*, 21(5):734-752.
- Tjernshaugen, A. (2011). The growth of political support for CO2 capture and storage in Norway. *Environmental Politics*, 20(2):227-245.
- Tvedt, T. (2007). International development aid and its impact on a donor country: a case study of Norway. *The European Journal of Development Research*, 19(4):614-635.
- Tvedten, I. Ø. (2011). *Silent Struggles: The depoliticization of Norway's International Climate and Forest Initiative*. Master's thesis. Oslo: University of Oslo.

APPENDIX 1: Timeline of events connected to Norway's International Climate and Forest Initiative (NICFI) mentioned in the main text

2007

January:

Lars Haltbrekken from FEN (Friends of the Earth – Norway) proposes a parliamentary “climate settlement”

June:

Draft white paper on Norwegian climate policy launched by the coalition “red green” government (Labour, Center Party, Socialist Left Party), immediately criticized by opposition parties

September:

Lars Haltbrekken from FEN (Friends of the Earth Norway) and Lars Løvold from RFN (Rainforest Foundation Norway) write a letter to the Norwegian government proposing that Norway should cover 10% of the costs of implementing REDD+ globally, 6 billion NOK/year

October:

Erik Solheim (until then Minister of International Development) adds the position as Minister of the Environment to his portfolio

October-November:

Staff from Brazilian ENGOs as well as Brazilian Minister of the Environment Marina Silva visit Norway and participate in discussions

November:

The opposition parties in the Norwegian parliament propose NOK 3 billion annually by Norway for funding a global initiative to cut tropical deforestation as part of a “climate

settlement” in parliament. At the same time, there are discussions within the government about a Norwegian rainforest initiative.

December:

Prime Minister Jens Stoltenberg meets Nicholas Stern in London

Prime Minister Jens Stoltenberg announces that Norway will provide up to 3 billion NOK annually to REDD on COP-13 in Bali

2008

January:

“Climate settlement” involving all parties except the Progress Party with Norway's International Climate and Forest Initiative (NICFI) as a major feature

March:

Hans Brattskar announced as head of the New Climate and Forest Secretariat (KOS) in the Ministry of the Environment, responsible for NICFI.

April:

Letter of Intent on Climate Change Partnership between Tanzania and Norway signed during a visit to Tanzania by Stoltenberg and Solheim

June:

Congo Basin Forest Fund created with Norwegian and British support

August:

The Amazon Fund is established with Norway as a major prospective donor

September:

Norway and Brazil sign MOU including plan for Norwegian donations to the Amazon Fund.

September:

The UN's International Climate and Forest Programme (UN-REDD) is established with Norway as initiator

2009

March:

Norway and Tanzania sign Letter of Intent promising NOK 500 million over five years

November:

MOU and Joint Concept Note between Guyana and Norway signed

December:

COP 15 in Copenhagen

2010

May:

Norway and Indonesia sign Letter of Intent. Norway pledging up to NOK 1 billion in performance-based payment before 2020, Indonesia declaring logging moratorium coming into effect from May 2011.

November:

Critical letter from Lars Haltbrekken (FEN) and Lars Løvold (RFN) to Minister of the Environment and International Development, NICFI leader Hans Brattskar, and the head of the Norwegian UNFCCC negotiation team expressing concerns over REDD+ safeguards.

2013

November:

New right-wing minority coalition government taking over. New Minister of Climate and Environment Tine Sundtoft promises continuing climate and forestry project with up to 3 billion annually until 2020

2014

October:

Funding for NICFI sustained in the proposed budget by the sitting right-wing government

APPENDIX 2: An overview of the largest payments from NICFI up to August 1., 2014

Brazil

Payment for results obtained: *4.55 billion NOK.*

(for Brazil reduced deforestation during the (forest) years 2008-2012)

Indonesia

Start-up Support: 180 million NOK for the establishment of the necessary institutions and reforms, such as the introduction of a moratorium on new logging concessions in primary forest, mapping of Indonesia's forests and peat bogs etc. Further 33 million NOK in 2013.

Total: NOK 218 million

Guyana

Payment for results achieved: 388 million NOK for Guyana's deforestation results in 2009 and 2010 (deforestation held at very low levels). Start-up support: 16 million NOK channeled through Conservation International for Guyana Forestry Commission's efforts to build a national system for forest monitoring and carbon measurement (MRV) system.

Total: NOK 404 million

Tanzania

278 million NOK to the development of a national REDD + strategy and support for pilot projects run by civil society organizations, and support for research and capacity building. The support is managed by the Embassy in Dar es Salaam.

Mexico

75.5 million NOK to the development of Mexico's systems for forest monitoring and carbon measurement (MRV) system, as well as efforts to share this information with other tropical forest countries which are in the process of building up their systems.

Vietnam

Start-up support: 100 million NOK to the regional pilot programs and the building of national institutions, with the aim of making Vietnam able to receive performance-based support from 2015.

Ethiopia

80 million NOK in support to the work of Ethiopia's Development Strategy (Climate Resilient Green Economy).

UN's International Climate and Forest Programme (UN-REDD Programme)

1124 million NOK, enough to assist developing countries in the following priority areas: developing national systems for forest monitoring and carbon measurement (MRV) system, indigenous and local community rights, biodiversity, green economy, good governance and anti-corruption.

Forest Carbon Partnership Facility (FCPF)

(administered by the World Bank)

Readiness Fund: *419 million NOK*

Carbon Fund: *970 million NOK*

Forest Investment Program

(part of the World Bank's Climate Investment Funds)

855 million NOK

Congo Basin Fund - CBFF

(channeled through the African Development Bank)

500 million NOK

Civil society and knowledge institutions

(administered by Norad)

1103 million NOK for civil society organizations and knowledge institutions.

For an overview of grants, cf. Norad's website:

http://www.regjeringen.no/upload/MD/2011/vedlegg/klima/klima_skogprosjektet/Norad_CFI_Grant_recipients_2009_2012.pdf

http://www.regjeringen.no/upload/MD/2011/vedlegg/klima/klima_skogprosjektet/Norad_CFI_2012_grant_recipients_PROJECT_NAMES.pdf

The overview includes only the largest payout records. Total amounts are rounded to the nearest million.

Source: Ministry of Climate and Environment's website:

<http://www.regjeringen.no/en/dep/kld/kampanjer/the-governments-climate-and-tree-project/how-are-the-funds-being-spent.html?pid=734170>, retrieved October 2014.