



# REDD in a Post-Kyoto International Framework: Practical Considerations

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COMIFAC

# Stern Review



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- Deforestation responsible for about 18% of global GHG emissions
- To eliminate deforestation in Cameroon, DRC, Ghana, Bolivia, Brazil, PNG, Indonesia, Malaysia (responsible for 70% of land-use emissions: 4.9 GtCO<sub>2</sub> today, and 3.5 GtCO<sub>2</sub> in 2050 under BAU) would cost about US\$5-10 billion annually

## Alternative strategy:

*Land-use emissions are projected to fall by 2050, because it is assumed that countries stop deforestation after 85% of forest has been cleared.*



# The Intl' Framework

- **UNFCCC:** Refers repeatedly to emissions by sources and removals by sinks. LULUCF and industrial emissions regarded of equal importance. Call to promote sustainable management, conservation and enhancement of sinks.
- **Kyoto Protocol:** Instrument to reduce combustion related emissions.
  - Accounting for LULUCF (after a lot of controversy) for A/R/D based on “gross-net” approach with the limitation that activities need to be human induced and take place after 1990 [Art. 3.3].
  - Accounting for other LULUCF activities optional in the first CP [Art. 3.4]



*The KP deals with LULUCF only partially by including some parts while leaving others out. This leads hardly to a satisfactory system of accounting for LULUCF emissions.*

# Left out of the KP: Avoided Deforestation



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## The Problem I

- Forests store about 638 gigatonnes (Gt) of Carbon
- 50% more carbon than in the atmosphere
- Gross deforestation averages 13 million ha/year (net loss 7.3 million ha/year)
- LULUCF responsible for 25-30% of global GHG emissions

## The Problem II

- Scary scale
- Uncertainty: methodological issues, leakage, permanence etc
- Sovereignty issues and country specific circumstances
- Environmental, social and socio-economic effects

Things have (not) changed since Kyoto....have they?



# But there is reason for hope..



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- Scientific basis more robust
- Political will to address the problem of GHG emissions from deforestation
- Acknowledgement of the opportunity provided by the carbon market
- Private financing necessary to mobilize the required amount of funding
- Acknowledgement of country specific circumstances
- Active discussion of various proposals

# Forestry in Post-Kyoto Negotiations



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- **Does it need to be included?**
  - *Shall the focus remain on industrial emissions?*
  - *What are the environmental, policy, economic consequences?*
- **If so, to which extent?**
  - *Limited to offsets (CDM/JI)?*
  - *As part of the emission reduction commitments?*
  - *Limited to A/R, deforestation, degradation, SFM,..*
- **Under which legal instrument?**
  - *Independent forestry protocol?*
  - *UNFCCC/Kyoto Protocol?*
  - *Expansion of CDM/JI*
- **Which reward mechanism shall be used?**
  - *Markets? Non-markets?*



# Avoiding further deforestation: Issues/Proposals

- Deforestation & Degradation?
- Baseline based approaches vs stock based approaches
- Historic or future baselines?
- Fungible credits?
- National vs subnational and combined approaches?

# Implementation REDD in Practice: Key Questions



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- 1) How can any REDD mechanism be implemented? What are the respective capacities of Governments and other private/public actors?
- 2) How can any REDD mechanism be financed? How can finance reach the levels of society affected by the change/activities?
- 3) If relying on carbon markets, how can any arrangement be reflected in contracts?





# Implementation Capacity

- Governments: *often (not always) challenged in implementation capacity, weak enforcement, tendency to over-regulate*
- Public subnational actors: *often closer to the problem and to the solution, relationship to central government varies, need for direct incentives*
- Private sector: *needs framework and guidance, strong implementation capacity*

## **Needed: Improved national policies and capacities**

- Improvement of forestry laws, management practices, enforcement, land planning and zoning, data collection
- *Increased availability of funding*
- *Establishment of enabling frameworks without getting lost in details*
- *Empowerment of local actors*



# Financing

- Level of financing needed (regardless of the estimates) goes beyond ODA and government budgets
- Need to involve the private sector

**Status Quo:** Private sector generally interested, momentum, more talk than action, actors with experience cautious (or have pulled out already)

**Needed: Strong policy signal, reliable and predictable government action, risk mitigation**

- Investors are creative and powerful but: Robust government framework, manageable risks, prospect of returns
- *Take into account the special features of the carbon commodity vs traditional commodities (regulatory commodity, deferred creation)*

# Transactions



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Provided the carbon market shall be part of the policy mix, are we heading into the right direction to create such a market for REDD?

**Status Quo:** Carbon market “hot & sexy”, treated as a given, no time or resources invested in market feasibility, limited market consultations

**But:**

- Accounting for carbon in broad approaches burdened with insecurities
- Environmental credibility limited, high risk approach from a contractual point of view
- **Difference between assigned allowances and project-based off-sets on one hand and very broadly designed REDD approaches on the other**

**Needed: Modest approaches that allow learning and create confidence into the market place**



# Post-Kyoto negotiations

- Need to create a comprehensive system that rewards
  - Decreasing deforestation
  - Sustainable forest management
  - Restoring forests
  - Sustainable production and use of biomass
- Scientific basis more robust
- Political will incl from developing countries to address the problem of GHG emissions from deforestation
- Acknowledgement of the opportunity provided by the carbon market
- Active discussion on various proposals

**But is there political will? Or is the forestry issue a welcome diversion from the addressing the energy challenge?**

# More info



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