Avoiding Deforestation and Degradation

From green ideals to REDD money...
A brief history of schemes to save forests for their carbon

The world has finally accepted that climate change is not only happening but is accelerating. As a result, political pressure for action on the issue is mounting: one obvious way of tackling climate change is to concentrate on the 20 per cent of greenhouse gas (GHG) emissions that are caused by deforestation. While there is general agreement that deforestation must be curtailed, intense discussions continue about how this can be achieved, with attention now focussed on the Reduced Emissions from Deforestation and Degradation initiative, or REDD. There are concerns that with so many countries and organisations involved and lavish financial packages being discussed, lessons of the past will be ignored. This must not happen. This briefing paper outlines both the history of schemes to protect forest carbon resources and the position of present day discussions.
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History

Forests at the UNFCCC

International discussions about deforestation and the GHG emissions it creates have been going on for more than a decade under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC). However, when the UNFCCC negotiated the Kyoto Protocol, both policy-makers and civil society organisations decided that as emissions from forest loss were impossible to accurately measure or control, they could not be included in the Protocol's carbon accounting and trading scheme. It was felt that any benefit arising from efforts to reduce such emissions would be short-lived and be subject to considerable leakage – carbon emissions might be reduced in one place only to be relocated to another area. There were also concerns that too much focus on the issue of tropical deforestation would mean that rich countries would be under less pressure to lower their own emissions. As a result, the Kyoto Protocol provided few incentives for reforestation and none to maintain existing forests.

Two contrasting proposals

Discussions about avoiding deforestation returned to the UNFCCC in 2005 when Costa Rica and Papua New Guinea (PNG), key members of the ‘Coalition for Rainforest Nations,’ presented a draft proposal 'Reducing emissions from deforestation in developing countries: approaches to stimulate action.' The proposal pointed out that the Kyoto Protocol did not include mechanisms through which developing countries could reduce emissions by curtailing deforestation. It asked the parties to consider financing ‘environmental sustainability’ as a way to draw developing nations towards emission reductions. The proposal suggested that carbon markets could be used to give a monetary value to environmental resources and to create funds for sustainable development.

The Brazilian Government took a different line. In November 2006, it presented its own proposal to a UNFCCC meeting in Nairobi. The document proposed that any forest climate regime should be voluntary and should not be used as an offset mechanism to allow Annex 1 countries to meet their GHG emission commitments through reducing emissions in developing countries. The Brazilian proposal suggested a fund based arrangement through which positive incentives would be given to developing countries which voluntarily reduced net deforestation emissions. This would be judged according to a given reference emission rate.

Bali 2007

Following on from these two different proposals, the Bali Action Plan (adopted in December 2007 by the UNFCCC) included an action point aimed at reducing emissions from forests and called for a decision to be made by the Parties to the UNFCCC in Copenhagen in December 2009, on how this would be brought about. It also called for measures to improve conservation and “[enhance] forest carbon stocks in developing countries.” The Plan was vague on what a forest climate agreement would entail and where financing should come from: it delegated the task of coming up with recommendations to an ‘Ad Hoc Working Group on Long-Term Cooperative Actions’ (AWG-LCA). The Group will present its final recommendations to the UNFCCC meeting in December 2009.

Prior to REDD negotiations under the AWG-LCA, the UNFCCC’s Subsidiary Body for Scientific and Technological Advice (SBSTA) led a two-year process investigating various methodologies for measuring forest carbon stocks and monitoring changes in deforestation rates. Its first findings, including the views of different parties, were presented in May 2008. The major outstanding methodological issues of the SBSTA that will be reported to the UNFCCC meeting in Poznan in December 2008, include establishing reference emission levels; addressing displacement, non-permanence and definitional issues and the implications for indigenous peoples and local communities.

Existing country proposals currently on the table

Deliberations are continuing at the UNFCCC with proposals from various governments and NGOs on the table. At the same time, the World Bank and a consortium consisting of UNDP, UNEP and the FAO, have launched partnership arrangements examining how economic incentives can be used to stop deforestation and to encourage tropical countries to protect their forest carbon reservoirs. These are discussed in Box 1. All these proposals rest on the premise that money is needed to protect forests and it should come from Annex I countries. Apart from the proposals by the Coalition for Rainforest Nations and Brazil, some other country proposals which highlight some of the key issues in the REDD negotiations are discussed below. For more details on the different country proposals and references to original documents, see the FERN background report ‘An overview of selected REDD proposals.’
COMIFAC Congo Basin countries presented a joint proposal as the Commission for Central African Forests (COMIFAC). The proposal stresses that forest degradation (rather than deforestation) in the Congo Basin, is likely to threaten nearly 60 per cent of the area’s forests. The submission specifies that degradation, caused by ‘unbridled forest exploitation,’ does not refer to sustainable forest management (timber companies utilizing some management practices) or rural activities such as firewood collection and slash and burn farming. The proposal states that emissions from these sources should be excluded from any REDD accounting, to allow the Congo Basin countries some form of forest exploitation.

India India’s proposal emphasises the role of ‘carbon sequestration’ within a REDD mechanism, including afforestation and reforestation projects. India favours compensating countries for all forestry activities which ‘enhance’ carbon (e.g. planting trees), or ‘save’ it (e.g. conserving forests). However this takes the debate full circle as the bulk of arguments regarding issues such as non-permanence and leakage are concerned with the distinction between avoiding emissions (stopping at source) and sequestration (creating a sink). It is generally accepted that the creation of a forestry sink is not effective in reducing cumulative emissions: as a result, by including sequestration activities in a large scale REDD mechanism the environmental integrity of the scheme is undermined.

Norway Norway’s proposal combines the market-based approach from the Coalition for Rainforest Nations with the fund-based approach advocated by Brazil. In its view, markets are needed to mobilize the private sector while funds provide an incentive to countries with historically low deforestation rates.

Box 1: UN-REDD and the World Bank’s FCPF

The World Bank’s Forest Carbon Partnership Facility (FCPF)

Despite the World Bank’s continued funding of projects associated with large-scale extraction of fossil fuels and the dismal failure of its previous attempts to protect forests, in September 2007 the bank’s board approved the establishment of the FCPF to assist developing countries in their efforts to reduce emissions from deforestation and degradation (REDD). Donor governments seem keen to be involved, with Australia, Finland, France, Japan, Norway, Spain, Switzerland, the United Kingdom and the United States making commitments totalling about US$ 82 million to date, by September 2008.

The FCPF was launched at the Bali UN climate talks in December 2007 despite indigenous peoples’ protests that they had not been consulted. In response, the World Bank carried out three retroactive “consultations” in early 2008. In June 2008 the Facility became operational and by July the Bank had nominated fourteen countries to receive grant money to help them prepare for future REDD systems, in particular by establishing emissions reference levels, adopting REDD strategies, and designing monitoring systems.

UN REDD Initiative

Three UN Agencies – UNEP, UNDP and the FAO – have collaborated in this programme, which established a multi-donor trust fund in June 2008 that allows donors to pool resources and provide funding with the aim of significantly reducing global emissions from deforestation and forest degradation in developing countries. The creation of the trust fund was followed by the launch of the UN-REDD initiative in Norway in September 2008. Despite the UNDP’s own guidance concerning governance and consultation, the initiative was launched without any meaningful consultation with any civil society organisations. So far Norway has contributed US$35 million to the fund. The fund aims to provide resources for country-level REDD activities and has developed eight criteria for phase one pilot countries. Nine countries have since been selected as phase one countries eligible for UN-REDD funds.
Norway's submission calls for the involvement of indigenous peoples and local communities in REDD decision-making processes and rewards them for the forests they protect. It also suggests independent monitoring of accounting methodologies for tradeable carbon credits, though this is criticised as cumbersome by those advocating a market-based approach. These will be important issues for discussion at Poznan.

Tuvalu  Tuvalu has proposed the creation of a global trust fund which communities could draw on to fund forest protection measures. At the end of a pre-determined period, certificates would be issued by national governments, based on estimates of the amount of emissions saved. Governments would report annually to the COP. The proposal emphasises that the certificates are not tradeable and supports Brazil in stating that REDD should not be used as an offset mechanism by Annex 1 countries. The proposal is supported by countries with smaller areas of forest and low historical rates of deforestation, such as Bangladesh and Nepal: both these countries have said REDD should encourage community based forest management. Tuvalu suggests finance for an international fund could be raised by a tax on international aviation and bunker fuels, estimating US$24 billion could be raised annually\textsuperscript{16} – rivaling or exceeding the levels of finance that might be achieved through trading forest credits.\textsuperscript{17} It proposes a demand side mechanism which would penalise Annex 1 countries for importing goods which have caused deforestation in tropical countries in order to ‘close the loop’ on leakage.\textsuperscript{18}

Conclusions

The above schemes are similar in that they advocate money being transferred from the richer north to protect forests in the poorer south. Yet, there are many fundamental differences between the schemes:

1. Whether REDD should be financed through a fund (as suggested by Brazil and Tuvalu), or whether its resources should come from emissions trading (as suggested by Papua

The creation of large scale monoculture plantations such as this eucalyptus plantation in Brazil is a serious REDD risk, if proposals such as put forward by India are adopted by the UNFCCC.

Photo: Jutta Kill
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New Guinea and Costa Rica) or a mixed approach (as favoured by Norway, COMIFAC and India).

2. Whether the financial arrangements for raising funds should be voluntary (as suggested by Brazil) or enforced through global or regional agreements (as suggested by Tuvalu and Norway).

3. Whether the REDD money should be administered by governments (as suggested by Brazil and Norway) or have civil society oversight (as suggested by Tuvalu). 19

4. Whether independent auditing is required to verify any measurement and monitoring requirements (as suggested by Tuvalu and Norway). 20

5. How to define a forest. There is the question of definitions of forests and whether this will include industrial plantations (as suggested by India) or ensure primary forests are targeted (as suggested by Tuvalu).

6. Whether and how to measure emission reductions, carbon stock or governance reforms?

Recommendations

Although this briefing note looks mainly at the history and current state of play of REDD schemes, it makes clear that in order for future discussions to progress, the issues outlined below that kept forests out of the original Kyoto Protocol are as relevant today and must be considered by all countries:

- Curtailing deforestation must happen in tandem with cutting fossil fuel emissions;
- Measuring carbon and emissions resulting from forest loss is not an exact science and cannot be done accurately; 21
- Efforts to reduce emissions must have inbuilt safeguards against leakage.

As well as dealing with these concerns, FERN believes that adopting the following recommendations would help ensure money for avoided deforestation works to reduce emissions globally.

- Discussions need to focus on a distribution mechanism that ensures all forested countries have access to resources from an international scheme. Using carbon trading as a tool to pay for REDD schemes would be perverse as only those countries that deforest would be eligible for money.

- Forests must remain outside any trading mechanism linked to the Kyoto Protocol. Including forests in existing carbon markets would lead to further market distortions and fail to give incentives to long term investments aimed at cleaner technologies in Industrialised countries. 22

Conservation and sustainable use of forests should be a result of REDD. Very few of the proposals on the table, with the possible exception of the proposals of Brazil and Tuvalu, are likely to achieve this goal.

Photo: Dorothy Jackson
Recognize the rights of local communities to their forests.

Policies that deal with the demand for internationally traded commodities which drive deforestation (such as timber, palm oil and soy) must be an essential element in reducing deforestation. Policies should also focus on the countries driving this trade – so far the only mention of this in relation to REDD is contained in Tuvalu’s proposal for a Carbon Deficit Levy.

Endnotes
1 The Kyoto Protocol is an international agreement linked to the UNFCCC. The Protocol sets binding targets for industrialised, or Annex 1 countries, for reducing GHG emissions. These reductions amount to an average of five per cent against 1990 levels over the five-year period 2008-2012. The UNFCCC ‘encourages’ industrialised countries to stabilize GHG emissions, the Protocol ‘commits’ them to do so.
2 At COP 11 in Montreal, 28 November to 9 December 2005.
3 The Coalition for Rainforest Nations endorses market-based ‘developmental finance’ mechanisms, which yield concrete environmental benefits. The Coalition for Rainforest Nations consists of Bangladesh, Belize, Bolivia, Central African Republic, Cameroon, Colombia, Costa Rica, DR Congo, Dominican Republic, Ecuador, Equatorial Guinea, El Salvador, Fiji, Gabon, Ghana, Guatemala, Guyana, Honduras, Indonesia, Kenya, Lesotho, Liberia, Madagascar, Malaysia, Nicaragua, Nigeria, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Samoa, Sierra Leone, Solomon Islands, Suriname, Thailand, Uganda, Vanuatu, and Vietnam. Annex 1 countries are countries that have agreed to reduce their GHG emissions to target levels below their 1990 emissions levels. If they cannot do so, they must buy emission credits. They include the industrialised countries that were members of the OECD (Organisation for Economic Co-operation and Development) in 1992, plus countries with economies in transition, including the Russian Federation, the Baltic States, and several Central and Eastern European States.
5 http://unfccc.int/resource/docs/2007/cop13/eng/06a01.pdf#page=3
6 At Conference of the Parties (COP) 15 in Copenhagen in December 2009.
7 This Working group will have a chair and a vice chair with one being from a Party included in Annex 1 of the Convention and the other from a non Annex 1 country. They shall alternate between an Annex 1 and non-Annex 1 country. Their first meeting took place in April 2008 (with the first REDD negotiation under this group in August 2008). Its work programme will be based on input from Parties received.
8 FCCC/SBSTA/2008/L.12
9 COP 14
10 Broken Promises, how World Bank Group policies fail to protect forests and forest peoples’ rights; by Forest Peoples Programme, Global Witness and others. Available at http://www.forestpeoples.org/publications/broken_promises_eng.shtml
12 See presentation Charles McNeill of UNDP at www.rightsandclimate.org
13 These include DRC, Tanzania, Zambia, India, PNG, Vietnam, Bolivia, Panama and Paraguay.
14 The Central African Forest Commission (COMIFAC) is the primary authority for decision-making of sub-regional actions pertaining to the use of the Congo Basin forests. It is made up of the forestry ministers of Cameroon, Central African Republic, Republic of Congo, Equatorial Guinea, Gabon, and Democratic Republic of the Congo.
15 The FAO defines forests as land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. FAO definition of deforestation: the conversion of forest to another land use or the long-term reduction of the tree canopy cover below the minimum 10 percent threshold. The Kyoto Protocol defines forests as a minimum area of land of 0.05-1.0 hectares with tree crown cover (or equivalent stocking level) of more than 10-30 per cent with trees with the potential to reach a minimum height of 2-5 metres at maturity /in situ/. A forest may consist either of closed forest formations where trees of various storeys and undergrowth cover a high proportion of the ground /or open forest. Young natural stands and all plantations which have yet to reach a crown density of 10-30 per cent or tree height of 2-5 metres are included under forest, as are areas normally forming part of the forest area which are temporarily unstocked as a result of human intervention such as harvesting or natural causes but which are expected to revert to forest.
17 The UK government’s recent Eliasch Review suggests $7 billion could be generated from forests credits in the carbon market in 2020 – this is significantly less than Tuvalu’s and several other proposals to raise non-market funds, and suggests that carbon trading may not be the ‘silver bullet’ for financing forest conservation that countries have been led to believe. The Eliasch Review can be downloaded from: http://www.occ.gov.uk/activities/eliasch.htm
18 Fry (2008) Reducing emissions from deforestation and forest degradation: Opportunities and pitfalls in developing a new legal regime. RECIEL, 17 (2) Oxford: Blackwell publishing
19 For more information see FERN’s background report ‘An overview of selected REDD proposals’ available at www.fern.org
20 Ibid
21 See for more information FERN submission to Eliasch Review at http://www.fern.org/media/documents/document_4131_4132.pdf
22 Ibid

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