

REDD Negotiations: Case for HFLD Countries

**Policy Approaches and
Positive Incentives for Conservation,
Sustainable Management of Forests and
Enhancement of Forest Carbon Stocks**
Paramaribo, 13th March 2009

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REDD Negotiations: Case for HFLD Countries

**Presentation on invitation of
Ministry of Physical Planning, Land
and Forest Management
Government of Suriname**

Key Person

**Mr. Marlon Mohamed Hoesein
The Deputy Permanent Secretary**

Arrangement of Presentation

- **Background of negotiations**
- **Story of India's case: Montreal to Bali**
- **Main issues under discussions/ negotiations: technical, policy**
- **Block/country positions**
- **Best option for HFLD countries**

Background of Negotiations

**UNFCCC and Kyoto
Protocol have made
Carbon a tradable
commodity**

Role of Forests in Climate Change

- Forests are both sources and sinks of carbon**
- Forests contribute about 17.4% of global CO₂ emissions**
- Forests provide large and relatively low cost mitigation opportunities to address climate change**
- Forests provide other ecosystem goods and services to communities to cope up with climate change**

IPCC 4th Assessment Report

Share of different sectors in total anthropogenic GHG emissions in 2004 in terms of CO₂ equivalent

- Energy Supply 25.9%
- Industry 19.4%
- Forestry 17.4%
- Agriculture 13.5
- Residential and Commercial building 7.9%
- Waste and Wastewater 2.8%

How to reduce emissions?

IPCC, 2007

Sector	Key mitigation technologies and practices currently commercially available.
Industry	More efficient electrical equipment; heat and power recovery; material recycling; control of non-CO ₂ gas emissions;
Agriculture	increase soil carbon storage; restoration degraded lands; improved rice cultivation techniques; improved nitrogen fertilizer application; dedicated energy crops;
Forests	Afforestation; reforestation; forest management; reduced deforestation; use of forestry products for bioenergy
Waste	Landfill methane recovery; waste incineration with energy recovery; composting; recycling and waste minimization

The Agenda

- **Agenda Item on “Reducing emissions from deforestation in developing countries: Approaches to stimulate action”** first presented in COP 11 Montreal (2005) in response to request of Papua New Guinea and Costa Rica
- **COP11 invited parties and accredited observers to submit views on related issues and also to organize a workshop**

Reducing emissions from deforestation in developing countries: Approaches to stimulate action

Workshops

Rome: 30 Aug-1 Sept 2006,

Cairns: 7-9 March 2007,

Tokyo: 25-27 June 2008

**Active Agenda Item with COP
(BAP) and SBSTA (REDD)**

Avoided Deforestation

Compensated Reduction

**Reducing Emissions from
Deforestation in Developing
Countries (REDD)**

Compensated Conservation?

“Compensated Reduction”

Financial incentives to Non Annex 1
countries

for

reducing present annual
deforestation rate and stabilizing it in
future

**Indian Case:
Montreal to Bali
And Beyond**

India made its stand clear in UNFCCC 1st Workshop on REDD in Rome (2006) and 2nd Cairns (2007), and COP-12 in Nairobi

- Nations not managing forests in a sustainable manner stand to benefit from the proposal**
- Thereby favouring only avoidance of deforestation goes against very preamble of UNFCCC and Kyoto Protocol (sustainable development)**
- Reducing deforestation only defers emissions**
- Capable of shifting attention of Annex I countries from crucial domestic action for GHG reduction**
- Nations who have implemented strong conservation regulations put at disadvantage**

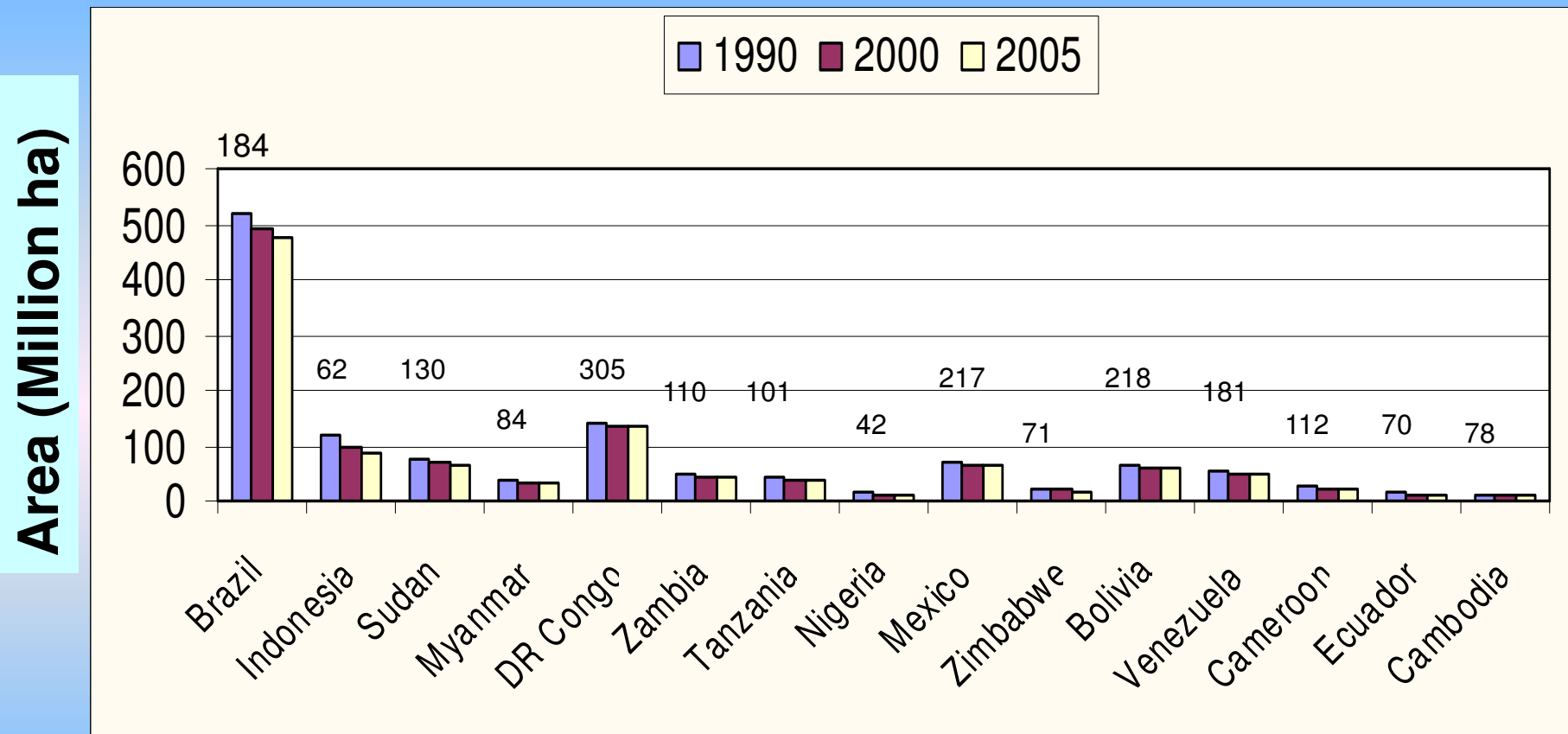
**India worked its way slowly up
through
Cairns Workshop (March
2007), SBSTA 25 (May 2007)
and
Bali COP (December 2007)**

Forested Nations can be divided into two groups

- Nations with decreasing Forest Cover
- Nations with increasing Forest Cover

Nations with decreasing Forest Cover

(Top 15 Non Annex 1 Countries with Highest Deforestation rate)

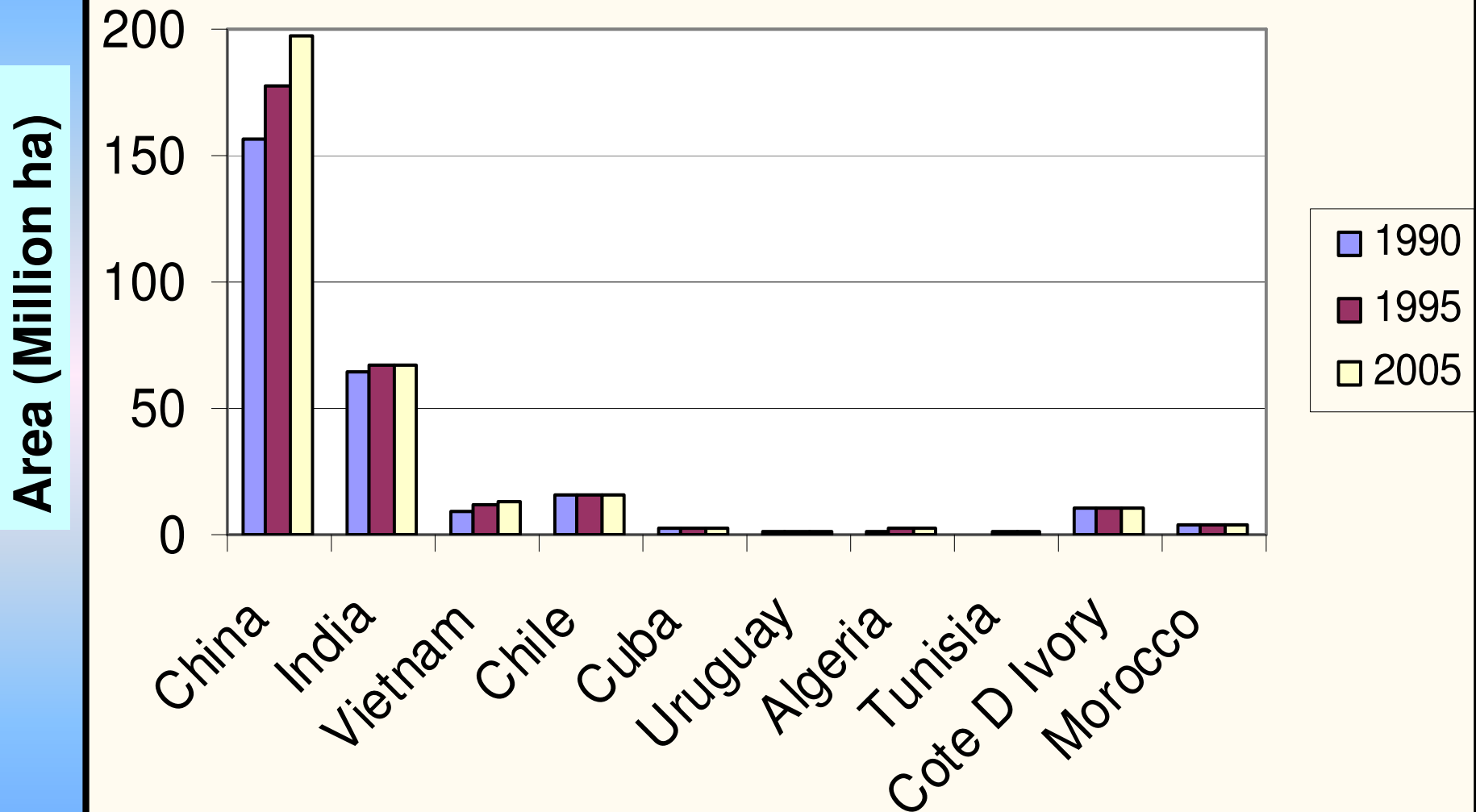


The number above the bars represent the years needed to reach zero forest cover with present rate of deforestation

Source: FRA 2005 (FAO 2005)

Nations: Increasing Forest Cover

Top 10 Non Annex 1 Countries



Source: FRA 2005 (FAO, 2005)

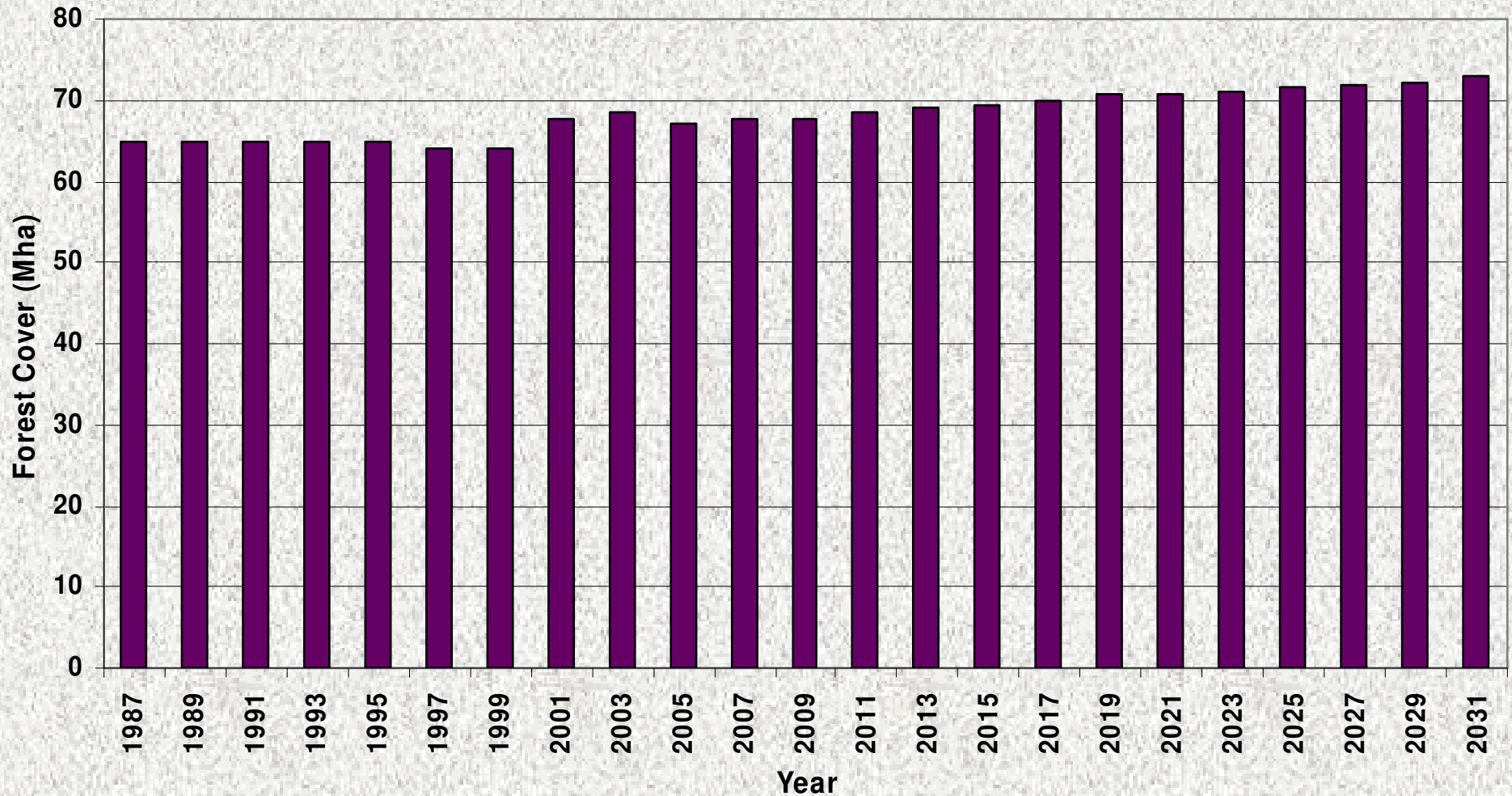
Change in extent of Forest Cover and wooded lands 1990-2005

(Excluding Annex I Countries, Data Source: FAO, 2005)

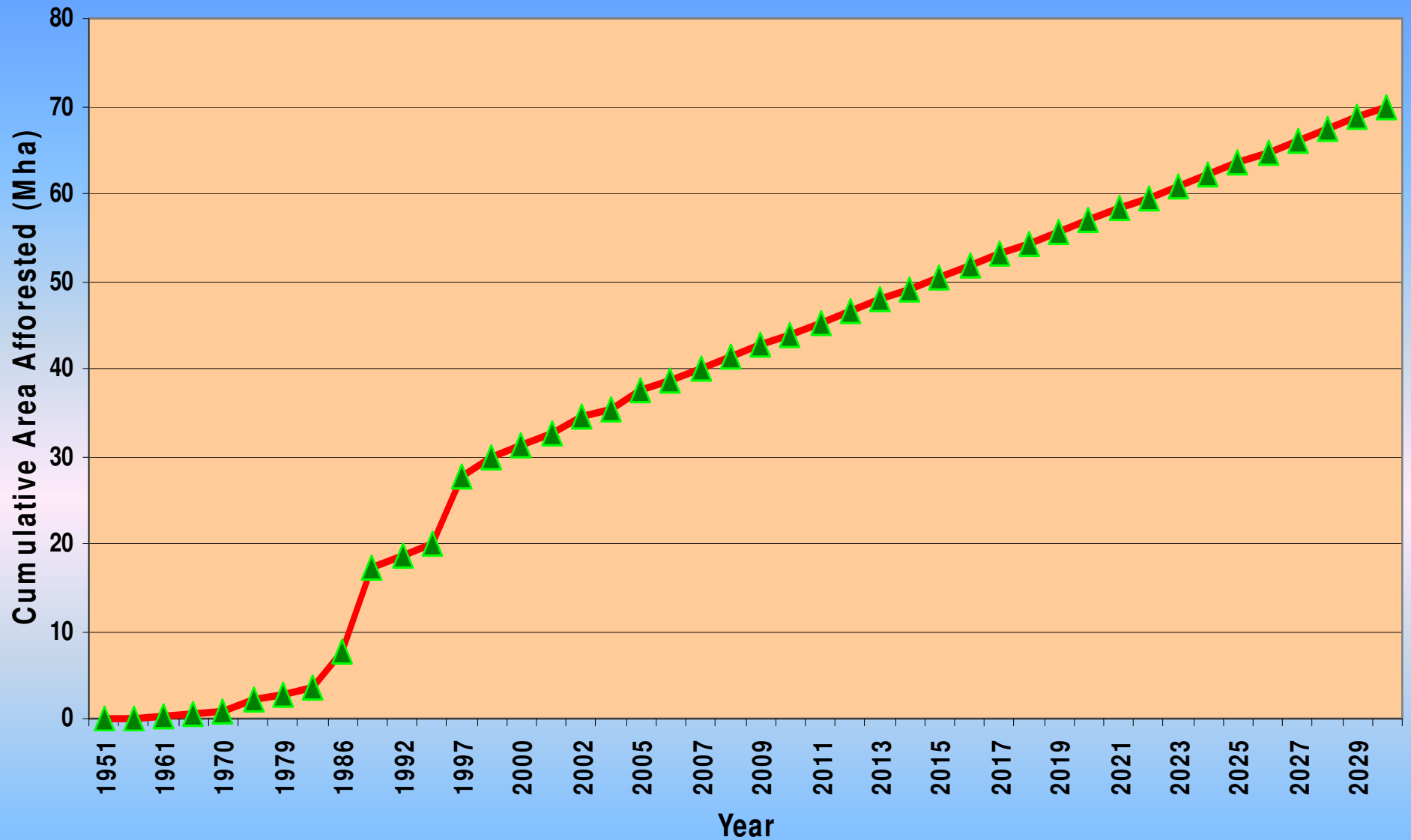
S. No.	Countries	Number of Countries	Area 1,000 ha		Annual Change	
			1990	2005	1,000 ha/year	%
1	Non Annex Countries with increasing forest cover and other wooded lands	27	443,092	479,624	2,436	+0.55
2	Non Annex Countries with decreasing forest cover and other wooded lands	74	2484,885	2283,436	13,430	- 0.54
3	Countries with negligible or No change	90	-	-	-	-

Acceptance of India's Position

- India's breakthrough in second UNFCCC workshop at Cairns in Australia: 7-9 March 2007
- Put forth policy approach and scheme of incentives for rewarding nations for conserving and increasing forest carbon stocks
- India before Cairns practically had no allies to support incentives for forest conservation
- Countries post-Cairns started speaking of incentives to benefit more countries including nations with strong conservation background (China, Congo Basin Countries, Cameroon, PNG, Bolivia, Mexico, Thailand, Sri Lanka, Pakistan, Nepal, Bhutan, *Suriname??*)



Projected trend in forest cover under the current trend scenario
(Source: Indian Institute of Science, 2006)



Projected Afforestation under current trend scenario

(Source: Indian Institute of Science, 2006)

Carbon Stock Projection: Indian Scenario

Model based projection of carbon stocks in India's forests and tree cover, as per studies of Indian Institute of Science, Bangalore (2006), estimates increase in carbon stocks as contained in the country's forests from **8.79 GtC in 2005 to 9.75 GtC in 2030**

Compensation Claim: India

Proposed policy approach of Compensated Conservation seeks incentive for

1. Incremental stocks of 0.96 GtC between 2006-2030 (projected increase from 8.79 GtC in 2006 to 9.75 GtC in 2030)
2. Baseline stocks of 8.79 GtC as on 2006

Issues at COP-12 on "Avoided Deforestation"

Carbon Stored/Saved

Compensated Reduction

Baseline

Project

BAU

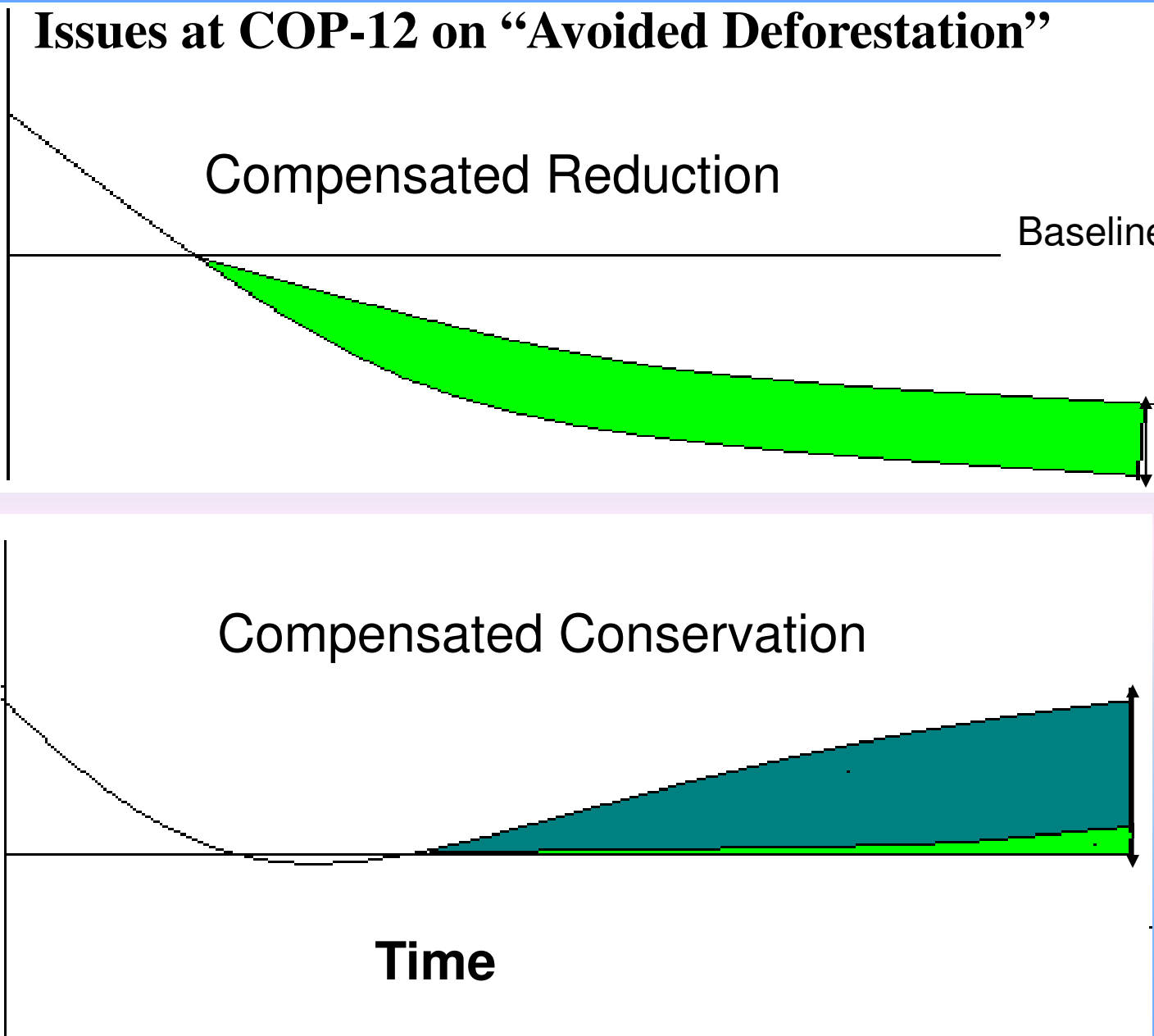
Compensated Conservation

Project

BAU

Baseline

Time



COP 13: December 2007

Bali Action Plan: “...*Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries...*” [Para 1b (iii) of BAP]

REDD: “...*inter alia, assessments of changes in forest cover and associated carbon stocks and greenhouse gas emissions, incremental changes due to sustainable management of the forest...*”

Submission March 2008 (SBSTA)

Views on Methodological Issues and Policy Approaches

- **Assessment of changes in forest cover and associated carbon stocks**
- **Incremental changes due to sustainable management of forest**

Input invited on possible methodologies to verify claim of increase of carbon stocks due to increase in forest cover, and increase in biomass and soil carbon due to conservation, and sustainable management of forest (*policy approach*)

Parties Submissions on REDD

(21 March 2008)

- **FCCC/SBSTA/2008/MISC.4 and Add.1–3**
- **Most submissions advocate**
 - **Use of IPCC GPG (LULUCF) 2003**
 - **Remote Sensing (RS) based assessment and monitoring**
 - **Supported by robust sampling and ground truthing**
 - **Need for continuous data collection**
 - **Sustainable management of forests and forest conservation**
 - **Need to define deforestation and degradation**
 - **Which policy issues?**

Other Policy issues

- ✓ **Support Market based mechanism (Costa Rica)**
- ✓ **Cap and trade market mechanism (Congo basin countries)**
- ✓ **Satellite based continuous data collection (Japan)**
- ✓ **Reference level based on historical changes in forest resources (Japan)**
- ✓ **Nested baseline specific to different regions in a country (Nepal)**
- ✓ **Incentive for C stocking and sequestration (Nepal)**
- ✓ **Also address degradation of C stock within forest (Switzerland)**

Indian Submission

(21 March 2008)

Salient Features

- **Policy approach**
A Comprehensive REDD Mechanism
(Must include all approaches)
 - **Conservation, Sustainable Management of Forests and Increase in Forest Cover (for Carbon added)**
 - **Reducing Deforestation (for Carbon saved)**
- **Incentives**
 - **Incremental Carbon stocks**
 - **Baseline Carbon stocks**
- **Common Methodology based on remote sensing and minimum ground verification**

Accra Workshop

Decision 1/CP.13, paragraph 1b (iii) BAP

- policy approaches and positive incentives on issues for REDD; and role of conservation, sustainable management of forests and enhancement of forest carbon stocks

AWG-LCA 1 (FCCC/AWGLCA/2008/L.2)

- workshop on policy approaches and positive incentives on REDD issues in BAP

Indian Viewpoint on REDD

Comprehensive REDD

Carbon Saved and Carbon Added

• **Reducing Deforestation & Degradation**

• **Conservation, Sustainable Management of Forests, Increase in Forest Cover (A&R)**

Indian submission incorporates above and seeks incentives on Incremental and Baseline stocks

Emerging Policy Options

- 1. Conservation, sustainable management of forests, increase in forest cover/A&R (Add C)**
- 2. Reducing deforestation and degradation rates (Save C)**

Policy Options and Accounting Approach

National Accounting

1. Whole area under CN, SMF, A&R *or*
2. Whole area under RD *or*
3. Whole area divided into mutually exclusive zones- i) CN, SMF, A&R, ii) RD

Sub-national Accounting

1. Reported area under 1, 2 or 3???
2. What about changes in C stocks in remaining area? (Leakage?)

Sustainable Management of Forest

- **Improvement in existing cover**
- **Increase in forest/tree cover**
(harvest < increment) = net addition
- **Net GHG removals estimation with reference to starting date (baseline)**

SMF means state of increment in forest carbon stocks

Methodology: Policy Elements (India)

- **National Level Accounting Mechanism**
- **Baseline Year/Starting Date: Flexibility** (say 1990)
- **Reference Emissions Level**
- **Assessment of Forest Carbon Stocks**
 - **Biomass Carbon**
 - **Soil Organic Carbon (SOC)**
- **Assessment at regular intervals** (5 year National Level Forest Carbon Accounts)

Supports

development of a common methodology for all policy approaches, based on remote sensing and minimum ground verification to achieve defined confidence level

Financial Incentive

Same Basket (REDD) *for*

- **Conservation, sustainable management of forests, increase in forest cover (A&R)**
- **Reducing deforestation rates (and degradation)**

Financial Incentive

...contd...

Carbon Saved=Carbon Added

- **Same incentive for**
 - **1 unit of carbon saved (RD)**
 - **1 unit of carbon added (CN, SMF, A&R)**

Financial Incentive Conservation Approach

Incremental Stocks

**Payment at Same Rates as for
Reducing Deforestation Approach**

Financial Incentive Conservation Approach

...contd...

Baseline Stocks

**Annual payments on a separate scale for
maintaining baseline C stocks to
compensate for opportunity and
management costs incurred**

**(Insurance for Keeping Baseline Stocks
Intact)**

Financing

1. Change in C stocks

- RD
- CN, SMF, A&R

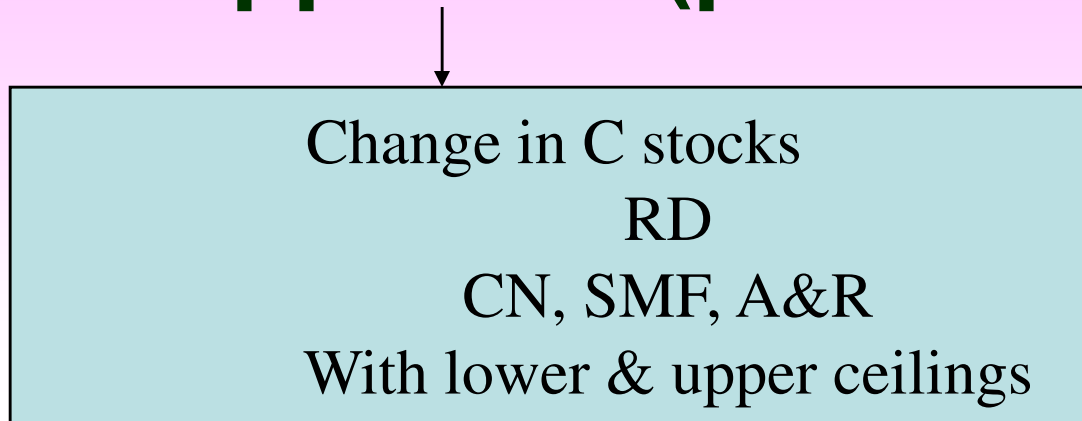
2. Maintenance of baseline stocks

- **Market approach (part of C market)**
- **Non-market approach**

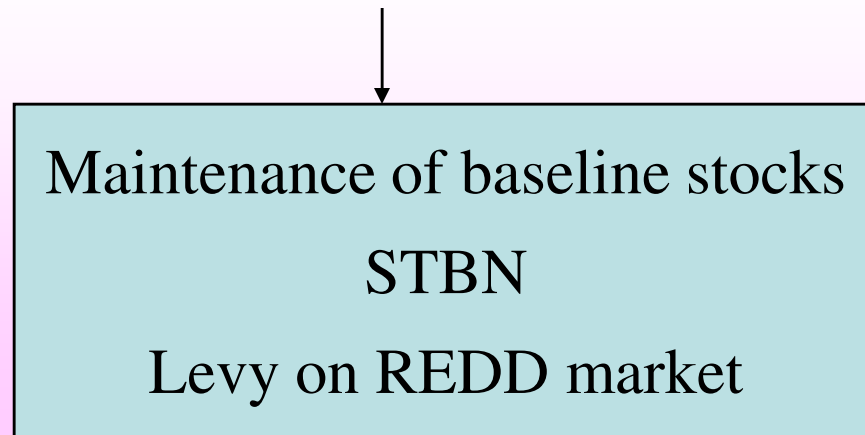
Financing

...contd/-

- **Market approach (part of C market)**



- **Non-market approach**



Methodology to Assess Forest Carbon Stocks

- **Carbon per unit area**
 - Biomass (agb + bgb)
 - Soil Organic Carbon
- **Sample Stratum**
 - Forest Type Groups (=200)
 - Crown Density Classes (3)
 - Sample Points (20,000 for BC, 600 for SOC)
- **Calculation**
 - Algorithms for computing agb, bgb from wood or timber or stand volume

Methodology to Assess Forest Carbon Stocks

- **Work in progress on Second National Communication (SNC) to UNFCCC**
 - **Biomass Carbon (FSI)**
 - **SOC (ICFRE, IIRS)**

Main Issues for Discussions/Negotiations

- Technical**
- Policy**

Technical/Policy Issues Relate to Emerging (Policy) Options

- 1. Conservation, sustainable management of forests, increase in forest cover/A&R (Add C)**
- 2. Reducing deforestation and degradation rates (Save C)**

Technical

Main Methodological Issues

(SBSTA 28, Bonn June 2008,
FCCC/SBSTA/2008/L.12)

Estimation and monitoring

- National monitoring systems to facilitate results-based, demonstrable, transparent and verifiable estimates
- Options for robust, consistent methodologies including forest inventories, ground-based, and remote-sensing approaches, as appropriate;
- Applicability of the considered methodologies, including those in existing good practice guidance of the Intergovernmental Panel on Climate Change (IPCC), to the assessment of reductions in emissions from deforestation; reductions in emissions from degradation, and incremental changes due to sustainable management of the forest.

Development of Methodology

...contd...

Methodology Common to Both Approaches based on remote sensing and minimum ground verification

Simultaneous Development of Methodology

- Expert meeting organized by UNFCCC (23-24 March 2009, Bonn) slated to discuss methodological issues related to all policy approaches in same meeting**

Assessment of Forest Carbon Stocks

–Biomass Carbon

–Soil Organic Carbon (SOC)

At agreed interval with respect to

–Reference emissions level

–Reference level

Policy

Accounting Approach

National Accounting

v/s

Sub-national Accounting

Financial Incentive

- **Same Basket (REDD) for both policy approaches**
- **Quantum of incentive for incremental stocks v/s reducing decremental stocks**
- **Incentive for baseline stocks?**
- **Market and/or Non-market mechanism**
- **Market safeguards**

Financial Incentive Conservation Approach

...contd...

Baseline Stocks

- Annualized payment**
 - One time payment**
- (Insurance for Keeping Baseline Stocks Intact)**

Status of Issues

Methodological and Policy Issues

Unresolved

State of readiness??

**Finalization of Definitions,
Guidelines, Modalities and
Procedures by COP 15??**

Poznan Highlights

- **SBSTA decision on REDD (SBSTA/2008/L.23)**
 - Replacement of semicolon (;) with comma (,) (para 4)
 - Reference made to para 11 of 2/CP.13: Bali COP decision on REDD (paras 5, 8, 12, 13)
 - Single expert meeting (23-24 March 2009, Bonn) to consider methodological issues relating to different policy approaches (CN, SMF, IFC, RD) together (para 6)- **positive movement towards comprehensive approach**
- **Forceful and forthright statements of some Non-Annex countries for CN: **Suriname, Nepal****

Block/Country Positions

Positioning Broadly around Emerging Policy Options

- 1. Conservation, sustainable management of forests, increase in forest cover (Add C)**
- 2. Reducing deforestation rates (Save C)**

Country Groupings

1. CN, SMF, IFC (China, India, Pakistan, Nepal, Bhutan, PNG, Costa Rica, Sri Lanka **Suriname**, Congo Basin Countries, Malaysia, Thailand)
2. CN, SMF (Congo Basin Countries, **Suriname**, Cameroon, Nepal)
3. Reducing deforestation (Brazil, Indonesia, Bolivia, PNG, Columbia)
4. Annex I countries supporting incremental stocks and reducing decremental stocks

Motive of Groupings

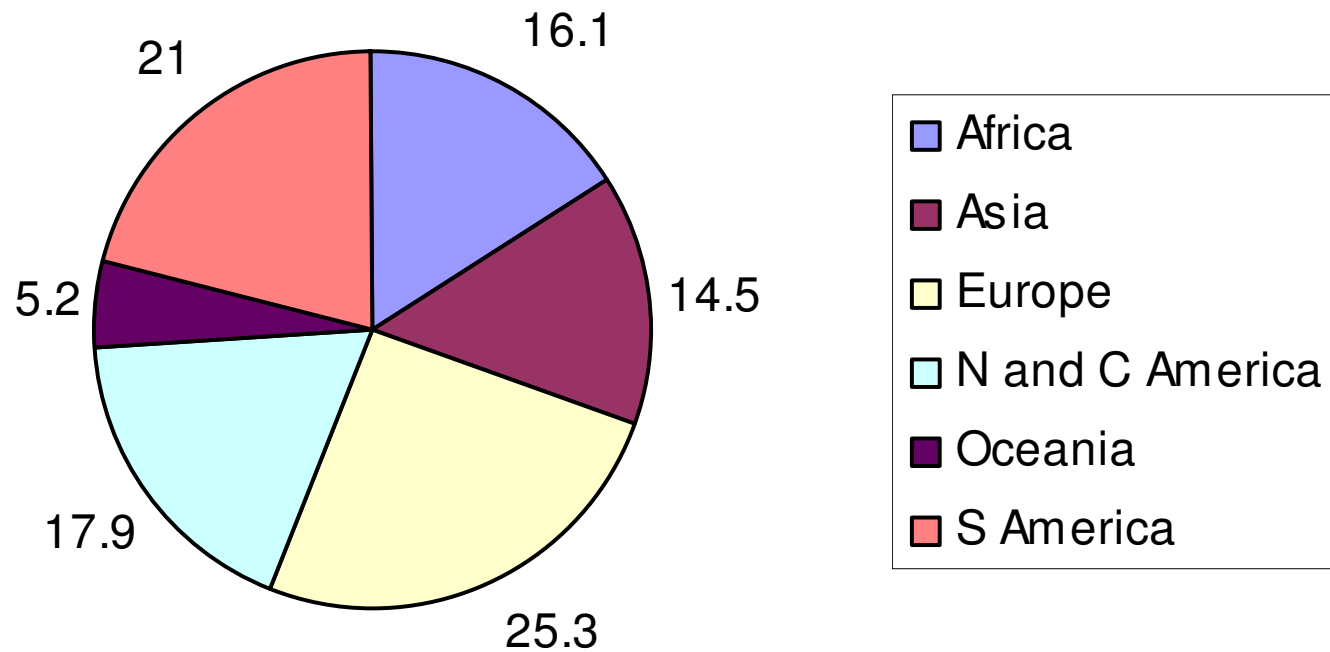
No sharing of incentives, each group wants all benefits/incentives/compensation for itself??

- Groupings that are surely in:
 - Reduction in decremental stocks
 - Incremental stocks
- Groupings that require more hard work
 - Conservation/stabilization approach

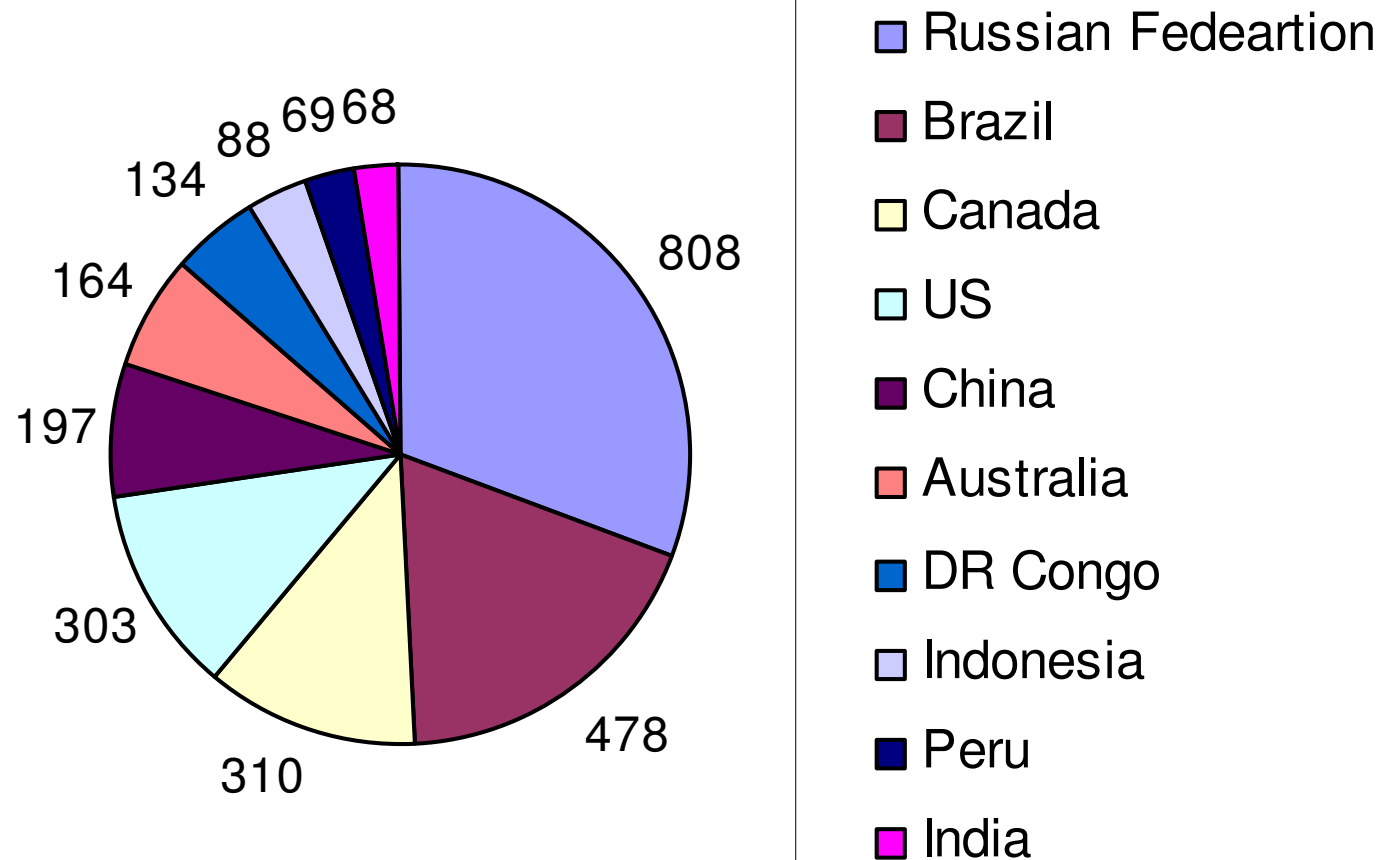
Consensus mechanism : Comprehensive approach

Best Option for HFLD

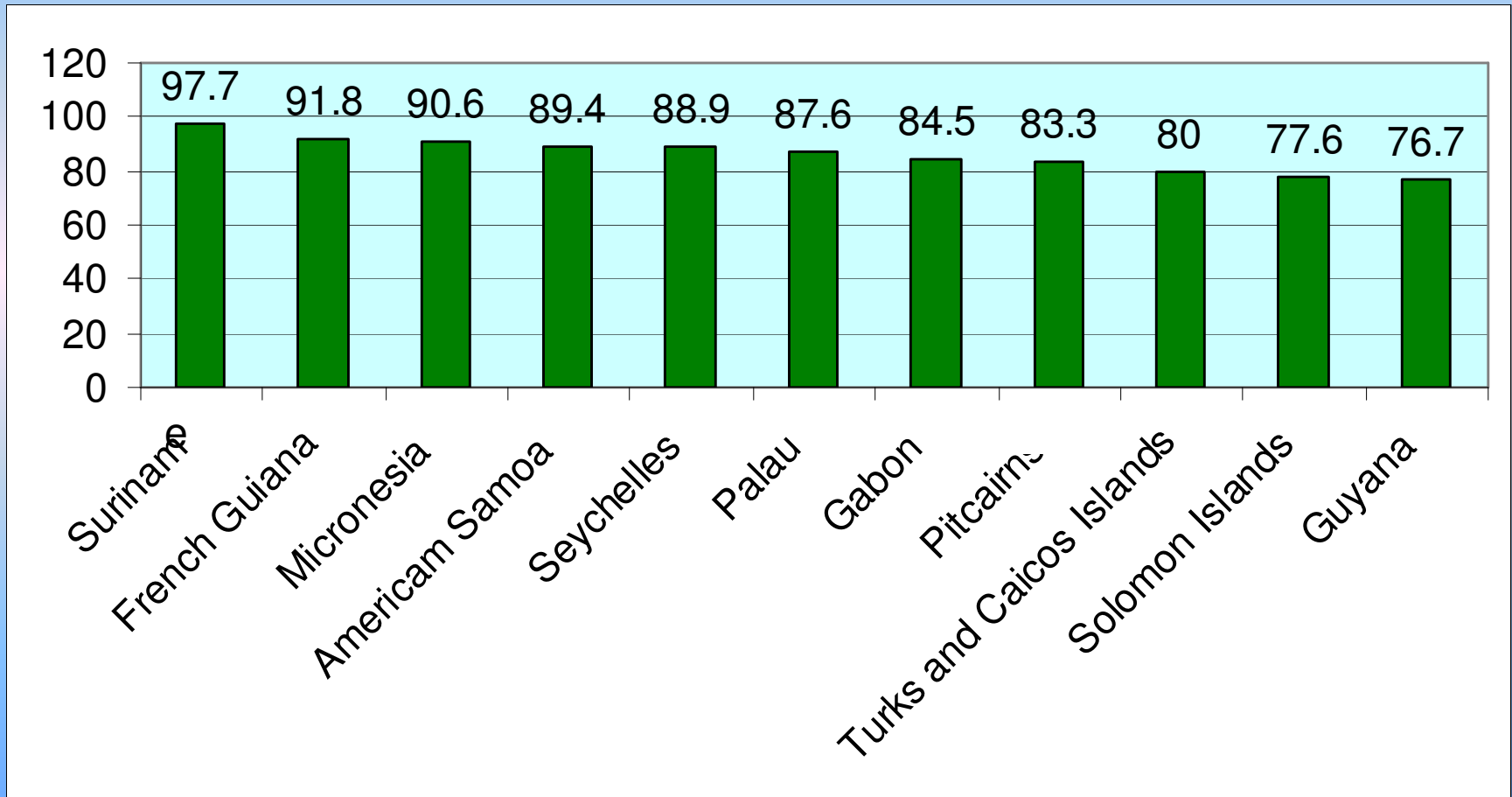
Distribution of Global forest cover by region (%)



10 Countries with largest forest cover



11 High Forest Cover Countries



Based on Policy Approaches and Practices

GLOBAL FOREST C STOCKS

CONSTANT
STOCKS

HFLD, LFLD
CN, SMF

CHANGING
STOCKS

INCREMENTAL

IFC
+CN, SMF

DECREMENTAL

HFHD, LFHD

HFLD: High Forest cover Low deforestation
LFLD: Low Forest Cover Low deforestation
IFC: Increase in forest cover
CN: Forest Conservation
SMF: Sustainable Management of Forests

HFHD: High Forest cover High Deforestation
LFHD: Low Forest cover High Deforestation

State of Forest Carbon Stocks

A fⁿ of

CONSTANT STOCKS

CS



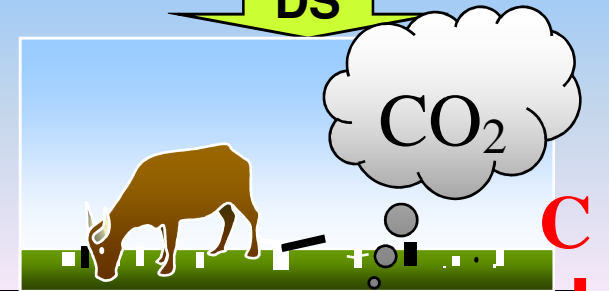
INCREMENTAL STOCKS

IS



DECREMENTAL STOCKS

DS



Base
Line

Constant Stocks
HFLD, LFLD, CN, SMF

Decremental Stocks
HFHD, LFHD

Action of HFLD, LFLD, CN, SMF for CS

Action of IFC, CN, SMF for IS

Action of HFHD, LFHD for DS

All actions are equally
important in maintaining
Global integrity of stocks

→ Comprehensive approach

All three (CS, IS, DS) contribute in state of forest carbon stocks

REDD Mechanism Beneficial to HFLD Countries

→ Comprehensive Approach

(All Contributors to SFC Equally Important)

→ Incentives/compensation for all necessary

→ Arguments for incentives/compensation

Constant stocks (HFLD, LFLD, CN, SMF)

- Cost on management, opportunity cost of conversion to more beneficial land use

Incremental stocks (IFC, CN, SMF)

- Cost on management, cost incurred in additional plantations, revenue loss due to no or reduced logging

Decremental stocks (HFHD, LFHD)

- Revenue loss due to reduced logging

Whether Comprehensive Mechanism is possible?

- ➔ Once comprehensive approach is accepted which is logical (Bali was watershed)
- Inaccessible, undisturbed forests need to be counted provided costs on preserving their present state are incurred
- Conservation projects/areas would need to be counted against commitment for continuing policy of conservation
- It is not important what developed countries say but more important is logical comprehensive approach enshrined in BAP
- If FC, EFCS have a bearing on state of global forest carbon, these cannot be ignored

Strength and Weakness of HFLD Countries

Strength:

Custodian of huge forest C stocks

Weakness:

No consolidated joint push for seeking compensation for these stocks

Strategy

- Motivate block of HFLD countries to put a joint stand
- Align with blocks/countries closest to HFLD policy approach
- Advocate for a comprehensive approach
- Ensure that progress on methodological and policy fronts for all policy approaches proceeds simultaneously, derailing of any element that contributes in maintaining global integrity of forest c stocks (CN also) to be opposed

Thank you

for your attention