

Policy Mechanisms to address RED(D)

Overview of current policy
proposals

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Tuvalu proposal - Forest Retention Incentive Scheme

- Presented in Cairns, March 2007
- Developing countries could apply for Forest Retention Certificates
 - estimate of the amount of greenhouse gas emissions reduced by the project for a period of time - based on current emission trends compared with potential actions to reduce these emissions
 - 5 year accounting periods
 - Independent verification every 10 years
 - Project level approach
 - Financing is fund-based

Indian proposal - Compensated Conservation

- compensate countries for maintaining and increasing forests as carbon pools as a result of effective conservation and increase/improvement in forest cover
- Baseline: evaluated as gain/loss against pre-determined base year such as 1990
- Market-based approach
- Carbon sequestered through CDM A/R projects of host country deducted as leakage
- National approach

Brazilian proposal

- Gross emissions from deforestation
- Spatially explicit
- Based on a country's own definition of forested land and deforestation
 - Consistent with reports to UNFCCC or FAO
 - May or may not include degradation
 - National approach
- Fund-based financing approach

Brazilian proposal

- Establish and report “reference emission rates”(RER) for different biomes within country definition of forest
 - Within the past 10 years, choose 4 years as data points and take mean and standard deviation - then take the lower limit of a 95% confidence interval as the RER
- Crediting occurs when countries have deforestation rates below the RER

PNG Proposal

- National Reference Scenario
 - Historical reference period - at least 5 years
 - RER estimated for reference period - activity data + emission factors
 - “Development Adjustment Factor” applied to RER to reflect national circumstances

PNG Proposal cont'd

- REDD Mechanism: gross carbon emission reductions and non-CO2 emission reductions in existing forest areas on a national basis.
- REDD Stabilization Fund: carbon emissions and removals and non-CO2 emissions in countries that seek to maintain and stabilize existing forest areas on a national basis.
- REDD Enabling Fund: to prepare and support countries who seek to participate in mechanisms above, including piloting activities.

Climate Focus - Carbon Stock Approach

- “alternative to baseline and credit approaches”
- Calculate carbon stocks of country forests
- Issue credits for carbon in aboveground biomass
- Establish reserve over part of national forest area
- Creditable projects take place outside the reserve
- Eligibility to trade based on maintenance of carbon reserve

Center for Clean Air Policy

“Dual Markets” approach

- The REDD system would be *a new and separate market from the post 2012 global carbon market*
- Annex I countries commit a portion of their overall GHG reduction target to come from overseas REDD
 - *Example: Europe might commit to -25% below 1990 levels from Kyoto system and -5% through REDD market by 2020 (30% total)*
- REDD goal (eg, 5%) would be limited by a maximum established by the COP
 - The COP could also establish a minimum

Dual Markets Approach cont'd

- Pre-2012 capacity building phase
- Annex I determines at outset which countries' REDD reduction they will eventually buy
- A1 countries can switch support to other countries for the following period

Sectoral Crediting Baseline Approach

- Country proposes commitment of a C stock level at the end of a “management period”, and this is accepted in the negotiation process as the crediting baseline C stock.
- The country achieves a higher C stock than the baseline C stock at the end of the management period and is awarded carbon credits equal to this difference
- Market-based financing

Sectoral Crediting Approach cont'd

Project activities within programmes:

- project proponents enter into contract with host government to commit to a minimum carbon stock level at end of management period within identifiable project boundary inside the programme area.
- Project proponents receive tradable carbon credits upon achieving a higher carbon stock than the project baseline stock.
- Projects could reduce historical (and projected) levels of deforestation and degradation as well as enhance carbon stocks

Issues for consideration

- How can we avoid the problems faced with avoided deforestation in the CDM?
 - Leakage
 - Transparent methodologies
 - Effective monitoring and accounting strategies
- How do we insure maximum participation and effectiveness for the long term?