

Beyond Carbon Financing: The Role of Sustainable Development Policies and Measures in REDD¹



IN DECEMBER 2008 THE 191 PARTIES TO THE UN FRAMEWORK Convention on Climate Change (UNFCCC) are expected to draft initial text in Poznan, Poland, for the next global climate agreement.

The Bali Action Plan (BAP), agreed upon by UNFCCC member countries in December 2007 provides the road map for this new climate agreement. Under the BAP, both developed and developing countries will need to take nationally appropriate mitigation actions, known as NAMAs, to reduce their greenhouse gas emissions. Member countries also agreed that these actions would be measurable, reportable, and verifiable (MRV), and that developed countries would support developing country NAMAs by providing financing, technology transfer, and capacity building.

Unlike the Kyoto Protocol, the BAP also affirms the importance of reducing deforestation, which contributes 17-20 percent of annual global greenhouse gas emissions, as a strategy for mitigating climate change. Specifically, it includes “policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries”² (REDD) among the NAMAs that countries can undertake.

For many the term “REDD” has become synonymous with a carbon financing approach where reducing emissions from forests by developing country actors is supported by developed country actors buying carbon credits, potentially to meet their own emission reduction obligations. However, in the Bali Action Plan REDD Annex the term is defined more broadly to include a range of actions by both developing and developed countries to address the drivers of deforestation. In this paper we use the term sustainable development policies and measures (SD-PAMs) to refer to this broader set of options for REDD.

As deforestation and forest degradation account for a significant portion of national greenhouse gas emissions for many developing countries, addressing the drivers of forest degradation and loss could have a major positive impact on the global effort to counter climate change. It is therefore vital that climate negotiators in Poznan recognize that countries could take sustainable development policies and measures to reduce forest-related emissions in developing countries and encourage them.

Carbon Financing: Not a Panacea

To date, the discussions at international climate meetings have focused on how a carbon financing approach could be used to create incentives for reduced forest loss and degradation in developing countries.

For carbon financing to work, developing countries need to demonstrate that they can quantify market-quality emission reductions at the sub-national or national level. This includes setting credible baselines (known as reference scenarios), showing that deforestation has not simply shifted

from one place to another (known as leakage), and that the emission reductions will be permanent.

These requirements will likely present significant barriers for many developing countries wishing to take actions under NAMAs to reduce forest loss and degradation. These barriers include:

1. In countries with historically low rates of deforestation, it is difficult to reliably predict future rates and the related emissions for the reference scenario. Attempts to project rates of deforestation may decrease the credibility of the carbon financing mechanism.
2. In countries where deforestation and forest degradation is caused by highly unpredictable drivers (such as fires, droughts, insects, and external demand for products) setting reliable reference scenarios may be difficult.
3. In countries where the institutions that govern forests are especially weak, the ability to implement policies that result in credible and permanent emission reductions will be limited.

In addition, where a major driver of deforestation or forest degradation is to meet global demand for timber, food or fuel, effective action to address this driver requires actions by consumer countries to reduce their demand and promote procurement of sustainably produced products.

Framing The Alternatives: Sustainable Development Policies and Measures

The BAP does not specify that actions that countries take to achieve REDD must meet the quantification standards required for a carbon financing scheme, or provide support for a carbon financing mechanism. It simply states that such actions by countries must be measurable, reportable and verifiable.

There are many policies and measures that developing and developed countries could undertake to address drivers of deforestation that may not lend themselves to measurement using greenhouse gas metrics. For instance, building institutional capacity to reduce fire outbreaks or combat illegal logging may be hard to quantify in terms of emissions reductions, but will have an important positive impact on REDD. The implementation of such measures can nevertheless be measured, reported and verified using non greenhouse gas metrics.

To help implement these alternative approaches to REDD, developed countries should provide financial, technical and capacity building support. This support could be funded from revenues generated from selling allowances in developed country national cap and trade programs. Such funding may be applicable to a wider range of actors and actions then would be likely with carbon financing alone—for instance

sustainable development policies and measures could support NAMAs seeking to clarify land tenure, building fire fighting capabilities, or tracking the legality of wood products for REDD.

Developed and developing country governments could also take complementary actions. For example, implementing policies to decrease the import and use of illegal products that have resulted in deforestation or forest degradation would immediately create a positive incentive for stronger forest management. The United States has recently taken such a step, banning imports of illegally sourced timber and wood products by amending the Lacey Act. Such actions help increase the value of forests and sustainably produced timber, particularly if multiple countries were to undertake coordinated policies to address this issue. Further, this approach reduces the risk that reduced logging in one developing country simply gives rise to unsustainable logging in another.

Sustainable development policies and measures can be designed to meet the BAP's requirements for MRV. Table 1 provides an example, reducing illegal timber production, to illustrate the application of the MRV test using non greenhouse gas metrics.

TABLE 1: MRV FOR ACTIONS AND SUPPORT TO REDUCE ILLEGAL LOGGING	
Reducing Illegal Timber Production	
Developing Country	<p>Action: Implement policies to track and reduce the production of illegal timber.</p> <p>MRV: a) Process to identify the underlying causes of illegal logging.</p> <p>b) Implementation of policies with sufficient capacity to address drivers and achieve results.</p> <p>c) Monitor changes in illegal timber production.</p>
Developed Country	<p>Action: a) Implement policies to reduce consumption of illegal timber.</p> <p>b) Language in legislation to support developing countries with NAMAs to reduce illegal logging activities.</p> <p>MRV: a) Passage of law with commitment to support developing countries and put mechanisms in place to provide needed resources.</p> <p>b) Tracking actual support to developing countries.</p>

Nationally appropriate mitigation actions that are broadly defined by WRI as “sustainable development policies and measures”, are already being discussed within the climate negotiations for other emitting sectors, such as the energy and industrial sectors. Adopting such an approach for the forest sector has the added value that it can focus a country's attention on REDD actions that have will have long term positive development impacts even absent carbon financing once they have been implemented.

The World Resources Institute (WRI) is an environmental think tank that goes beyond research to create practical ways to protect the Earth and improve people's lives.

Recommendations and Next Steps

The following recommendations are aimed at encouraging all countries to develop and support sustainable development policies and measures that help reduce forest degradation and loss in developing countries:

- Developed countries should encourage and support developing countries to take NAMAs to reduce forest degradation and loss under NAMAs, including sustainable development policies and measures that do not provide tradable carbon credits.
- Climate negotiators should support a range of approaches in the climate agreement to measure, report and verify REDD NAMAs.
- Developed and developing countries should adopt policies to address consumption of products that drive deforestation as NAMAs, and should start by addressing the illegal timber trade.

Further work is urgently required in the run up to the Copenhagen Conference of Parties (COP) meeting in 2009, to develop and refine metrics for how to measure, report and verify actions taken to reduce forest degradation and loss outside of carbon financing schemes. This includes:

- Further defining of acceptable MRV performance metrics.
- Determining how activities can be significant and comparable among different countries.
- Defining how developing countries could combine carbon financing and other approaches to reduce forest loss and degradation.
- Exploring sources of sustainable funding and other positive incentives to support sustainable development policies and measures for the purposes of achieving REDD.

ENDNOTES

¹ This document is an abbreviated version of a longer report, also available by the same title.

² UNFCCC. 2007. The Bali Action Plan at <http://unfccc.int/resource/docs/2007/cop13/eng/06a01.pdf#page=3>

