

Policy Piece

Report from the UNFCCC Meeting in Bali

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The thirteenth Conference of the Parties (CoP13) of the United Nations Framework Convention on Climate Change (UNFCCC) was held on the Indonesian island of Bali from 3 to 14 December 2007. As reported in the December issue of the African Journal of Ecology (Zahabu et al. 2007) the Bali meeting was important for discussion on the role of forests in the global carbon budget. Here we review some outcomes from the meeting and highlight the main issues.

The Bali conference as a whole was supposed to develop a 'roadmap' for negotiations for a replacement to Kyoto Protocol, which expires in 2012 (see www.iisd.ca/download/pdf/enb12354e.pdf for a review). As part of this process the potential new policy on Reduced Emissions from Deforestation in Developing Countries (REDD) moved from being a minority interest, as was the case at previous CoPs, to centre stage. REDD policy entails the idea that a developing country which is experiencing deforestation (loss of area of forest e.g. through conversion to agriculture or through logging) may, on a voluntary basis, receive compensation if it reduces its national deforestation rate, in proportion to the amount of carbon emissions that are thus reduced. This is quite different from existing forestry policy under the Clean Development Mechanism (CDM) of the Kyoto Protocol, in which carbon credits are issued at a project level for planting of new trees, i.e. for creating new sinks.

Interest in REDD has grown considerably since it was put onto the agenda at Montreal (CoP11) in 2005, with greatly increased participation of developing countries in the discussions. Indonesia, the host for CoP13, pushed forestry very strongly at this Conference of Parties. Indonesia is one of the world's largest emitters of CO₂ if deforestation is taken into account, not only in absolute terms, but also on a per capita basis. Indonesia is one of a number of developing countries to see that a policy to reward emission reductions from carbon stored in forests could result in major finance for efforts to maintain forests and reduce rates of deforestation, and is

looking for a deal which would not only reward reduction in rates of deforestation but controversially also pay for existing, standing stock.

The topic is complex and issues that have divided Parties in the past include the following:

1. Whether (and how) forest degradation (loss of biomass density within a forest, while the area still remains forest) should be accounted and credited as well as deforestation (conversion of forest land to non-forest). This is important because forest (by UNFCCC definition) remains 'forest' until it falls below a threshold of between 30 and 10% canopy cover. If degradation is not accounted, a country could halt the complete conversion of forest land, but instead thin its entire forest down to this threshold, without officially deforesting at all.
2. Whether enhancement of forest stocks should be accounted for as well reduction in loss rates (i.e. increasing the sink through improved forest management, rather than just reducing the emissions by stopping further losses of trees).
3. Whether earlier, successful efforts to conserve forest should be credited (why should those countries which have made little attempt to stop deforestation in the last 20 years now have a chance to be rewarded for a change in policy, while those who have protected them all this time do not stand to benefit?). India for example has been a strong proponent of 'compensated conservation'. This is vigorously opposed by Brazil and other countries that have very high deforestation rates.
4. Whether the carbon credits should be sold in a market system (as with CDM) or whether there should instead be an international fund to which Annex 1 countries contribute. While some strongly support a market approach and carbon offset credits (arguing that without it, the funds will never appear) others are fiercely against this, on the grounds that it will allow Annex 1 countries again to avoid real emission cuts at home. Moreover, some countries fear that they may not be able to compete as well as others in a market system.
5. Whether pilot activities should start immediately (i.e. for rewards) or only in the post Kyoto phase (after 2012); and how to refer to such pilot activities (i.e. by what terminology).
6. What the reference scenario should be and how it should be calculated.
7. Whether sub-national approaches should be included as well as national.

Issues on which there has been general agreement include:

1. The need to keep the accounting and reporting system simple (CDM bureaucracy is far too complicated and costly), though efforts to include degradation and forest enhancement will inevitably increase complexity.
2. The need to support capacity building in many developing countries as regards gearing up for REDD.
3. A large part of deforestation could be halted relatively cheaply.

4. Techniques and methods for monitoring deforestation are available, but it is less clear whether techniques for monitoring degradation are available

Issues that have still hardly been discussed include:

1. How any payments under REDD at national level would reach the stakeholders (land owners and users) who are in fact responsible for deforestation and will therefore be instrumental in stopping deforestation, and whether this would be the concern of the international community or a local matter only.
2. The rights of forest users and indigenous peoples who may not have official ownership of the forests but are traditionally dependent on them.

There was heated debate at Bali and doubt until the last moment about a number of issues and the phrasing of the decision on REDD (for the text of the decision see: http://unfccc.int/files/meetings/cop_13/application/pdf/cop_redd.pdf). As was to be expected, all the technical issues have been swept forward to be further discussed and will be decided later at CoP15, December 2009, in Copenhagen. This includes decisions on policy approaches, such as between market and non-market instruments. The decision includes in its preamble a clear acknowledgement that degradation also leads to emissions and needs to be addressed when reducing emissions from deforestation, a very important step forward. It also explicitly recognizes that the needs of local and indigenous communities have to be addressed, though this phrase did not mollified lobby groups for indigenous peoples who fear that monetizing forest carbon will displace such peoples. The whole decision is couched in terms of deforestation and degradation, but in the closing lines it notes the need for further consideration of (among other things) the role of conservation, sustainable management of forests, and enhancement of carbon stocks in developing countries, meaning that these elements may yet form part of the final policy. It also points to the need for exploration of a range of actions, and demonstration activities.

The serious stand-off between India and Brazil as regards payment for forest conservation may be resolved by use of the terminology 'sustainable forest management' which India believes includes conservation and which Brazil does not; but the ambiguity was enough to get the agreement. A further sticking point was resolved by adoption of the term 'demonstration activities' rather than 'pilot activities'. An appendix on 'Indicative Guidance' was finally agreed, after considerable difficulty.

So, what else is in the decision and what is next?

1. With this decision we have a clear commitment of Parties to deal with REDD in the context of an overall package for a post-2012 regime.
2. The time span is 2 years: by the end of 2009 all negotiations should culminate and lead to an agreement on the post-2012 regime.
3. With respect to deforestation, degradation and conservation: all options remain on the table and will be studied, hopefully supported by lessons learned from the demonstration activities.

4. It is also left open whether activities between now and the start of 2012 will ever be eligible for crediting, but the issue has been mentioned and needs to be discussed. This is a hopeful signal that will trigger a lot of interest for undertaking action and gambling on retro-active rewards.

In sum, more was achieved for REDD than might have been expected and the policy offers enormous potential for supporting the future of sustainable forest management in Africa.

ZAHABU, E., SKUTSCH, M.M., SOSOVELE, H., MALIMBWI, R.E. (2007)
Reduced emissions from deforestation and degradation. *Afr. J. Ecol.* **45**, 451–453.