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Forests, land-use, and climate-change policy in a post-Paris world

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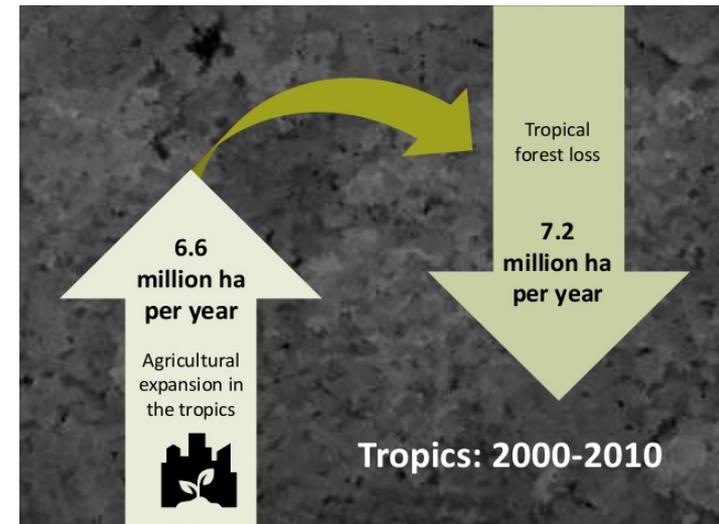
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The role of forests in climate mitigation

- **Deforestation and forest degradation** account for 10-15% of global GHG emissions
 - Much is in developing countries in the tropics
- To **stabilize** global temperatures within **2C** => reducing emissions from forest loss
- **Complementarities** with biodiversity efforts, food security, climate adaptation



FAO 2015

Loss rates have declined in half over the last decade

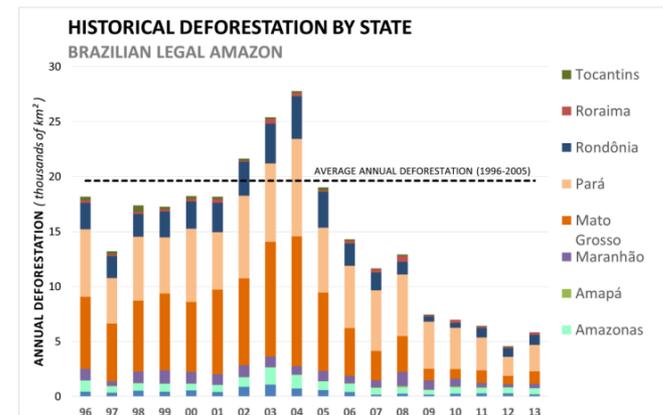


Fig. S3.

Annual deforestation by state in the Brazilian Amazon (96-2013), relative to the average annual deforestation rate between 1996 and 2005. Annual deforestation from INPE 2013 (26).

Forest and Land-use Incentive Problems

- Forest land is often **more valuable to owner when cleared**
 - Intrinsically or through institutional distortions
- If losses are to be abated, **economic returns to forest conservation** must be improved/policies reformed
- **Carbon finance** for conservation has faced **hurdles**:
 - **Kyoto framework largely ignored forests**, except in project-based CDM (temporary credits)
 - **Project-based**: Technical accounting issues (soil carbon, definition of “forest,” complexities of additionality, permanence, and leakage)
 - **Momentum** around the idea of a **global carbon market** has slowed
 - Forest carbon credits are **not sold and traded at large volumes**
 - Revenues for countries to reduce deforestation are very low

REDD+ program

- **REDD+** = UN initiative to **reduce emissions deforestation and forest degradation** in developing countries
 - “+” includes conservation, sustainable management of forests and enhancement of forest carbon stocks
- Objective is to **create financial value for carbon** stored in forests
- **Incentives for developing countries to reduce emissions** from forest land and invest in low-carbon paths to sustainable development
- **Warsaw Framework** for REDD+
 - Adopted in **2013 at COP 19**
 - **Builds upon earlier REDD+ decisions** (e.g. Cancun) adopted by COP
 - **Guidance** on social and environmental **safeguards**, reference levels, and national forest monitoring systems
 - **Reference framework** for the **Paris Agreement**

Not everyone a fan...



Photo: Movement Rights blog

Friends of the Earth International, Alliance against REDD, Indigenous Environmental Network, Grassroots Global Justice, No REDD+ in Africa Network and Global protest in solidarity with the communities threatened by REDD+, December 8, 2015 at the COP21 climate conference, Le Bourget, Paris, France. (Photo by Friends of the Earth International) Creative Commons license via Flickr

Warsaw Framework for REDD+

- **Results-based finance for REDD+**
 - May come from **multiple sources**—public & private, bilateral & multilateral, alternative sources ...
 - **Financing entities** (e.g. Green Climate Fund) to channel **adequate and predictable finance**
- **National forest monitoring systems** should provide data and information that are transparent, consistent over time, and suitable for **measuring, reporting and verifying (MRV)** of anthropogenic forest-related emissions
- **Forest reference emission levels** and/or forest reference levels shall be subject to a technical assessment and adopt the guidelines and procedures for such assessment
- Developing country parties should provide **information on how safeguards are addressed and respected** throughout the **implementation** of the activities
- **Encourage Parties**, organizations and the private sector to take action to **reduce the drivers of deforestation**

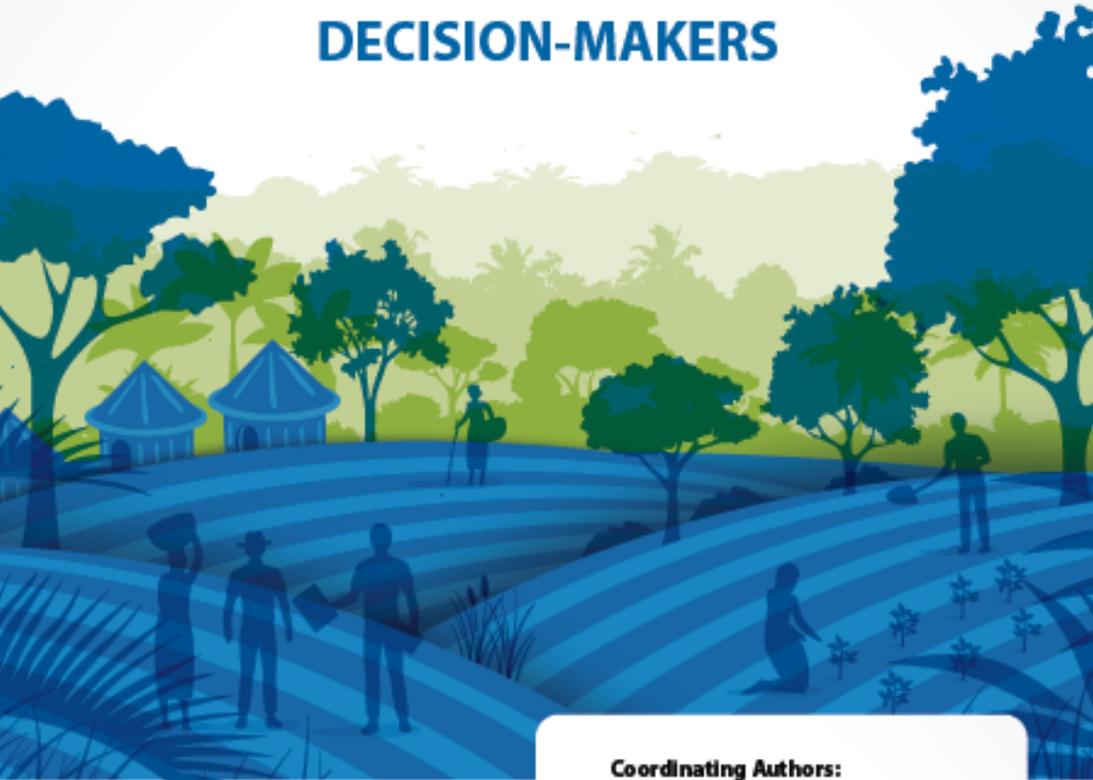
Paris and REDD+

- **Article 5 on REDD+** signals political support for the Warsaw Framework
 - **Better protections for forests** in developing countries
 - Encourages **developed nations to provide the financial incentives** for the protection of forests (e.g. via the Green Climate Fund)
 - Encourages **results-based payments** for verified emissions reductions (COP 19)
- Strengthens efforts on **mitigation, finance, and international markets**
 - Encourages international cooperation and markets (**internationally transferable mitigation outcomes**, ITMOs)
 - Emission reductions in forests **could be used to comply with carbon emission regulations** (i.e. caps)
- **Accounting principles** to make countries' **emissions and removals** comparable

Outlook post-Paris

- Strong signal that **public and private finance need to be mobilized** to mitigate and adapt to climate change.
- **Scaling up of climate change finance is expected** in the upcoming years
 - Item 115 of the so-called “Paris Decision” refers back to the 2009 Copenhagen Accord (COP 15) text, which states: “[...] developed countries commit to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries”
- **Ambiguities** include
 - 1) the lack of a **clear definition** as to what “climate finance” is
 - 2) How much comes to **REDD+**
 - 3) whether there will be **new or additional** resources mobilized
 - 5) Role of **compliance markets in financing mitigation (REDD+)**

FINANCING LAND USE MITIGATION: A PRACTICAL GUIDE FOR DECISION-MAKERS



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- **Uses of Funds**
 - Governance strengthening
 - Regulation
 - Economic incentive mechanisms
 - Direct investments (e.g., public lands)
- **Sources of Funds**
 - Public sector and private sector
 - International and domestic
- **Instruments**
 - Grants
 - Loans
 - Gov't budgets
 - Results-based payments (e.g., carbon mkt)
 - Supply chain requirements
 - Joint investment/equity

Summary

- Forests are important part of the climate problem
- Economic incentives/policy reforms needed to reverse course
- Paris Agreement elevates stature of forests, land use, REDD+
- Finance is far from certain
- Carbon markets are not likely to be a major source of finance any time soon