

BALI CLIMATE CONFERENCE: FORESTS

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Forests will be one of the hottest topics at the international climate change negotiations in Bali next month. This is partly because the host, Indonesia, has one of the world's largest areas of tropical forest, and deforestation to match. It is also because trees store carbon which is released when they are destroyed and research suggests that deforestation is responsible for around twenty percent of the world's annual greenhouse gas emissions.

SO FAR DEFORESTATION IN DEVELOPING COUNTRIES has been left outside the Kyoto Protocol for technical and political reasons. But forests have recently been pushed up the international climate agenda by a surprise proposal, made in 2005, by a group of developing countries led by Papua New Guinea and Costa Rica.

The proposal, by the Coalition for Rainforest Nations, which includes Indonesia and countries such as El Salvador, Ghana, Thailand, and both Congos, argues that 'avoided deforestation' in developing countries should be included in the Protocol. The plan is to create a revenue stream which would pay developing countries to protect standing forests rather than allowing them to be logged for profit. The concept is known as Reducing Emissions from Deforestation and Degradation – or REDD.

The proposal has opened up the climate negotiations in an unprecedented way, engaging a range of previously disinterested countries and highlighting a potential path towards agreement in the period after 2012, when the current set of Kyoto Protocol targets come to an end. In June the G8 leading industrial countries pledged support, and even the United States is showing an interest. Australia, usually not a progressive country on climate change, has set up a new \$200 million fund in response to the proposal.

In theory, the proposal offers a sustainable development win-win solution; potentially making a major contribution to slowing climate change and loss of tropical forests, while channelling funds to developing countries. There has been much optimism about the possibilities.

The biologist Thomas Lovejoy, writing in the International Herald Tribune on September 25, argues that this is the time for 'a great global bargain about forests' and that the urgency of avoiding as much further climate change as possible requires

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moving aggressively on both forests and energy use. But a number of serious practical and political barriers remain if a credible REDD mechanism is to be developed.

MEASUREMENT MINEFIELD

It is only possible to design a system to pay for avoided deforestation if there is agreement on a method for measuring what has been avoided. The thorny issue of setting baselines has dogged discussions about forests and climate change. There is a risk of a conservation project in one part of a country simply displacing deforestation to another area of the same country – known as 'leakage'.

Only some forest planting projects are allowed under the Kyoto Protocol's Clean Development Mechanism. The difference is now that the REDD discussions have focused mainly on national baselines, against which project activities could be judged. However, in the absence of reliable historical data, agreeing a baseline which captures both the total forest resource and the annual rate at which it is declining, is a technical and political minefield. National baselines would remove some concerns about leakage, but the risk of an international leak would remain, unless there were safeguards.

Another challenge is countries with low deforestation rates, such as in the Congo Basin. How can they be discouraged from beginning the process?

FINDING FUNDS

REDD will only be a realistic option for poor countries if an international mechanism can create enough revenue to cancel out the profits from logging or farming that will have to be forgone. Two main options are available to the negotiators; a fund, or a trading system which would put a price on carbon and allow forest owners – private or government – to 'charge' for the avoided emissions.

Brazil, a powerful player in these negotiations because of its enormous rainforest, has proposed the international fund option, where a central finance mechanism would pay countries for avoiding deforestation. The challenge would be establishing the amount needed for the fund and then – the main obstacle – finding the money and apportioning it fairly.

In reality, deforestation is a highly complex phenomenon,

