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Current Status and Developments in REDD+ Globally

**5TH INTERNATIONAL CONFERENCE ON ECO-COMPENSATION AND
PAYMENTS FOR ECOSYSTEM SERVICES**

Kunming, China

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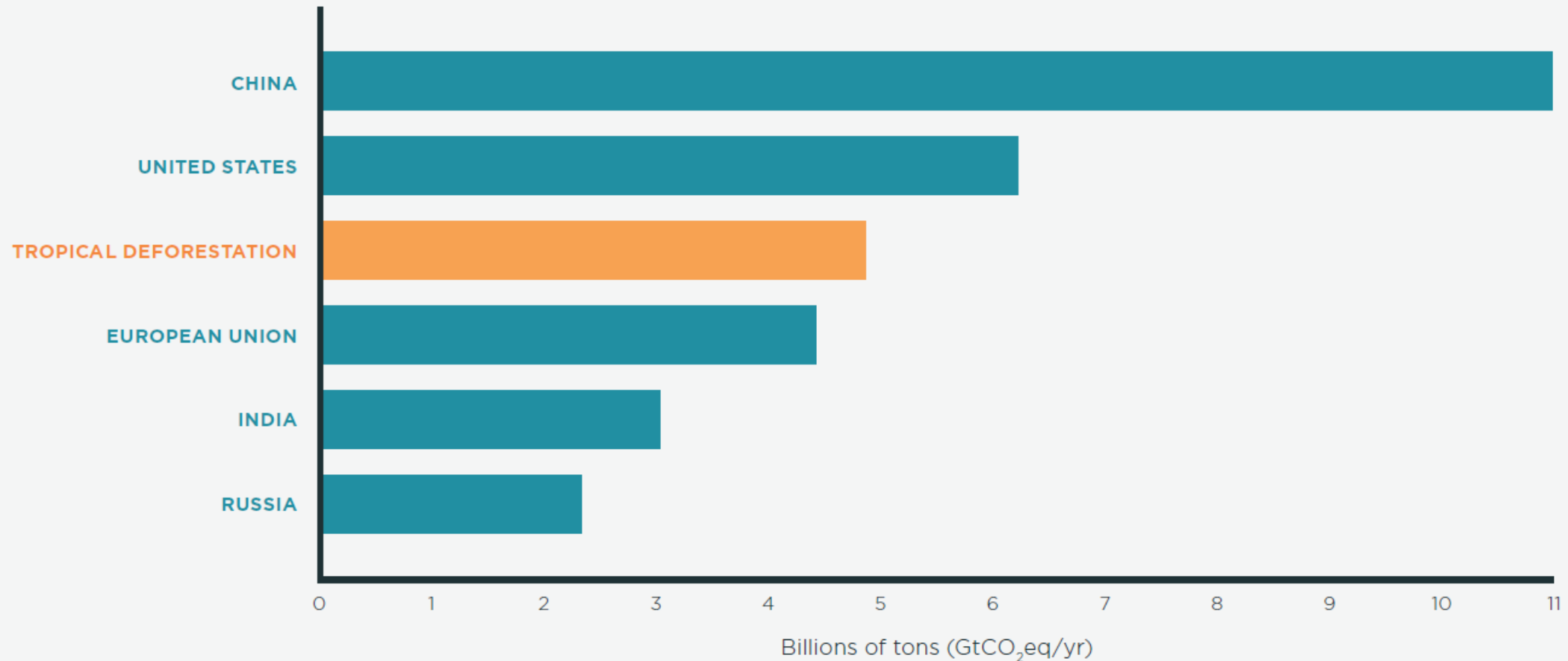
Overview

- Protecting and restoring tropical forests is a large-scale and cheap way to reduce greenhouse gas emissions
- UNFCCC has given the green light to international transaction of REDD+ credits
- Bilateral agreements have shown proof of concept of payment-for-performance
- Several “rulebooks” written for transacting REDD+ credits
- Some significant initiatives in the works to buy REDD+ credits, but still waiting for a large-scale buyer
- In the meantime, some countries (e.g. India) are using domestic finance creatively to protect forests



If tropical deforestation were a country, its emissions would be greater than those of the European Union

ANNUAL GREENHOUSE GAS EMISSIONS, 2012



Source: CAIT v2.0, Busch and Engelmann 2015

Emissions from deforestation refers to gross emissions from tropical forest cover loss and peat conversion

UNFCCC: Green light for REDD+ transactions

- “RED” proposed (2005)
- Negotiation on technical details of REDD+ (2007-2013)
- Green Climate Fund established (2010)
- Paris Agreement (December, 2015)
 - Encourages countries to “undertake and support” REDD+
 - Enables countries to authorize “internationally traded mitigation outcomes”



Bilateral pay-for-performance agreements: proof of concept for REDD+

- Brazil: US\$1B, \$5/tCO₂ (2008)
- Guyana: US\$250M, \$5/tCO₂ (2009)
- Indonesia: US\$1B (2010)
- Liberia, Peru, Colombia, Ecuador (2014-2015)
- Acre (Brazil) ~€60M (2013)
- Norway, Germany, UK pledge
US\$5B through 2020 (December, 2015)



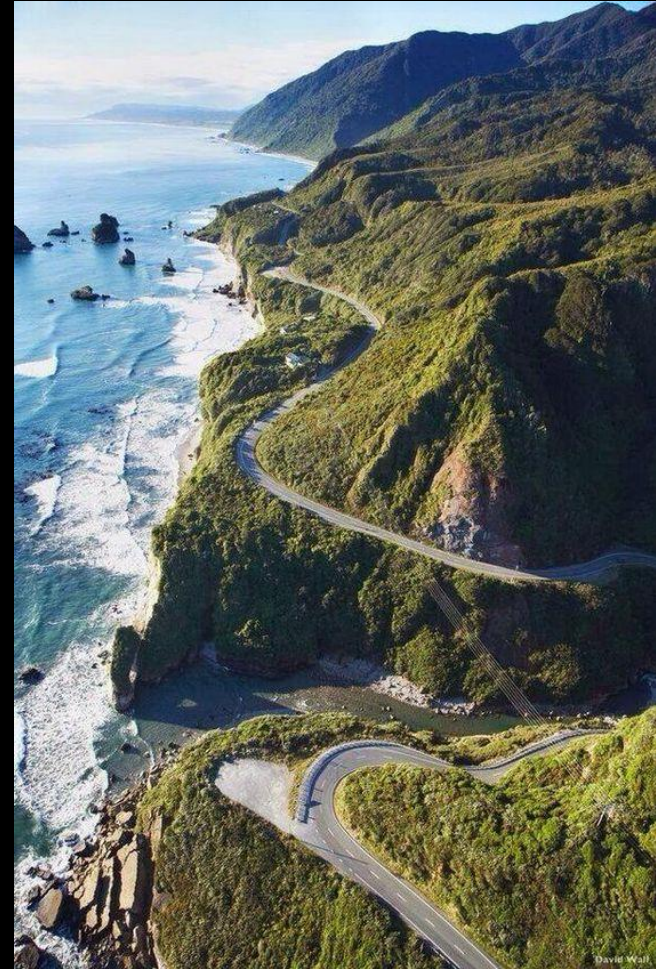
1 US\$ ~ 6.9 RMB

FCPF Carbon Fund: a rulebook for REDD+ credits

- “Methodological Framework” rulebook completed (2013)
- Current funds available: US\$692 million
- Costa Rica and Democratic Republic of Congo, ~\$50M each (June, 2016)
- Additional proposals under consideration from 15-20 tropical states
- Price \$5/tCO₂? (TBD)
- See also: voluntary private standards bodies

California: a market for regulatory offsets?

- California Global Warming Solutions Act (2006)
- Cap-and-trade begins (2013)
- Ambitious climate targets reauthorized through 2030 (August, 2016)
- Tropical forest offsets under consideration (2015-present)
 - Potentially up to US\$100-200M/year (EDF)
 - Potential for other buyers to join (Ontario, Quebec, private companies...)



1 US\$ ~ 6.9 RMB

International flights: potential demand for REDD+

- ICAO pledges “Carbon-neutral growth” from 2020 onward (September, 2016)
- Estimated offset need: up to 2.5 billion tCO₂, 2021-2035 (EDF)
- REDD+ offsets possible
- Which standards to buy from yet to be determined



India tax reform: state revenue tied to forest cover

- India ties states' share of tax revenue to their forest cover (February, 2015)
- US\$6-12 billion/year
- Incentive of >\$120/hectare of forest, across ~50 million hectares
- Finances India's INDC (December, 2015)
- First payments made (2016)

HORIZONTAL DEVOLUTION FORMULA IN THE 13TH AND 14TH FINANCE COMMISSIONS

Variable	Weights accorded	
	13th	14th
Population (1971)	25.0	17.5
Population (2011)	0.0	10.0
Fiscal capacity/Income distance	47.5	50.0
Area	10.0	15.0
Forest cover	0.0	7.5
Fiscal discipline	17.5	0.0
Total	100	100

Source: Reports of 13th and 14th Finance Commission

1 US\$ ~ 6.9 RMB

1 hectare ~ 15 mǔ

Thank you / 谢谢!
Further reading:

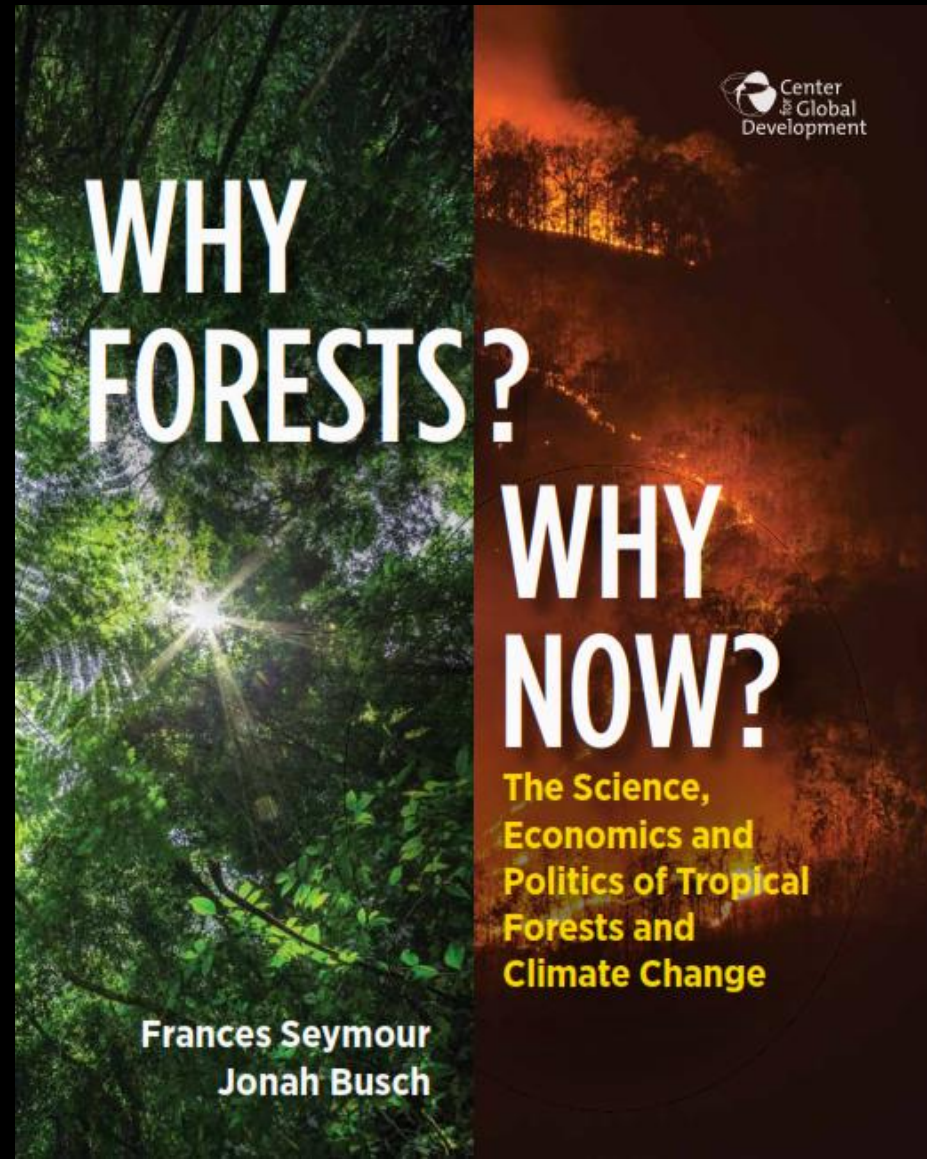


Look to the Forests

How performance payments
can slow climate change

A report of the Working Group on Scaling Up Performance-Based
Transfers for Reduced Tropical Deforestation

Nancy Birdsall and Pedro Pablo Kuczynski, co-chairs
Michele de Nevers, Working Group manager



Center
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Development

WHY FORESTS?

WHY NOW?

The Science,
Economics and
Politics of Tropical
Forests and
Climate Change

Frances Seymour
Jonah Busch

LOCAL

STATE

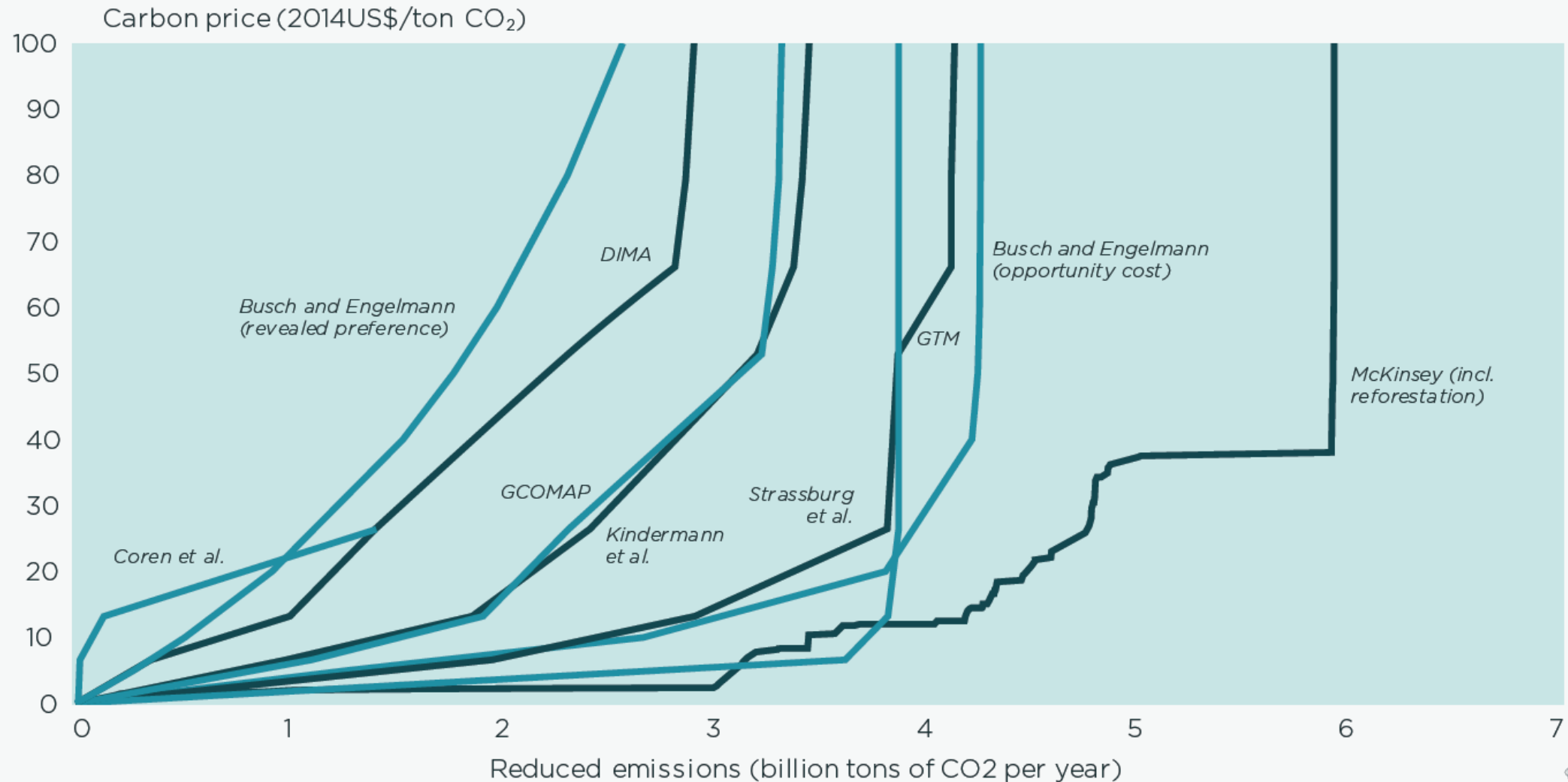
NATIONAL

INTERNATIONAL

SERVICES

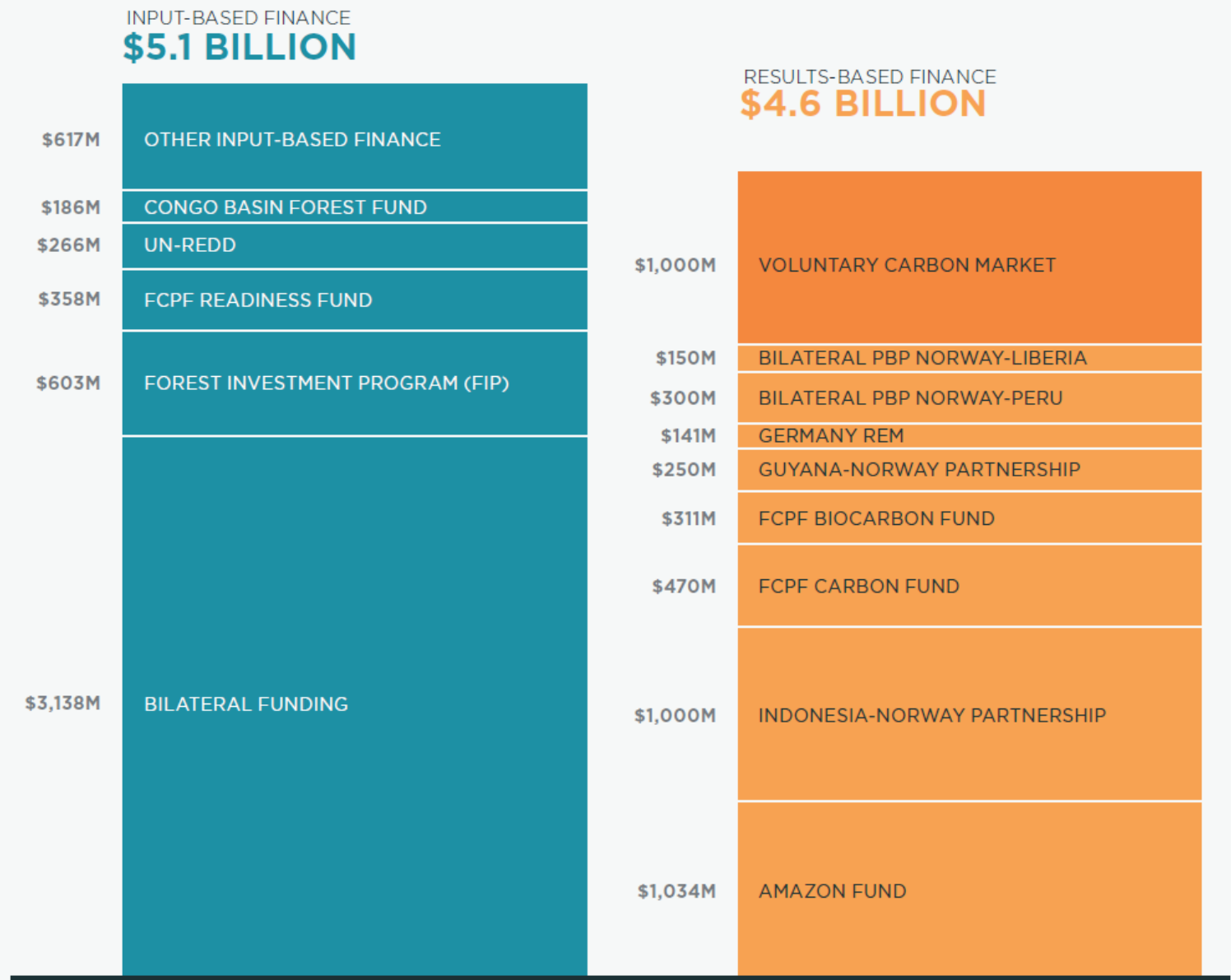
COMPENSATION

Marginal abatement cost curves for reducing tropical deforestation, 2020, by study



Source: Busch and Engelmann (2015)

Less than half of pledged finance for REDD+ is results-based



Source: Norman and Nakhooda, updated 2015

Article 5

1. Parties should take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases as referred to in Article 4, paragraph 1(d), of the Convention, including forests.
2. Parties are encouraged to take action to implement and support, including through results-based payments, the existing framework as set out in related guidance and decisions already agreed under the Convention for: policy approaches and positive incentives for activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon

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FCCC/CP/2015/L.9/Rev.1

stocks in developing countries; and alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, while reaffirming the importance of incentivizing, as appropriate, non-carbon benefits associated with such approaches.

Article 6

1. Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.
2. Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.
3. The use of internationally transferred mitigation outcomes to achieve nationally determined contributions under this Agreement shall be voluntary and authorized by participating Parties.