

SB 28, Bonn (Germany) – 13.06.2008

Current situation and future trends for financing SLM through carbon incentives

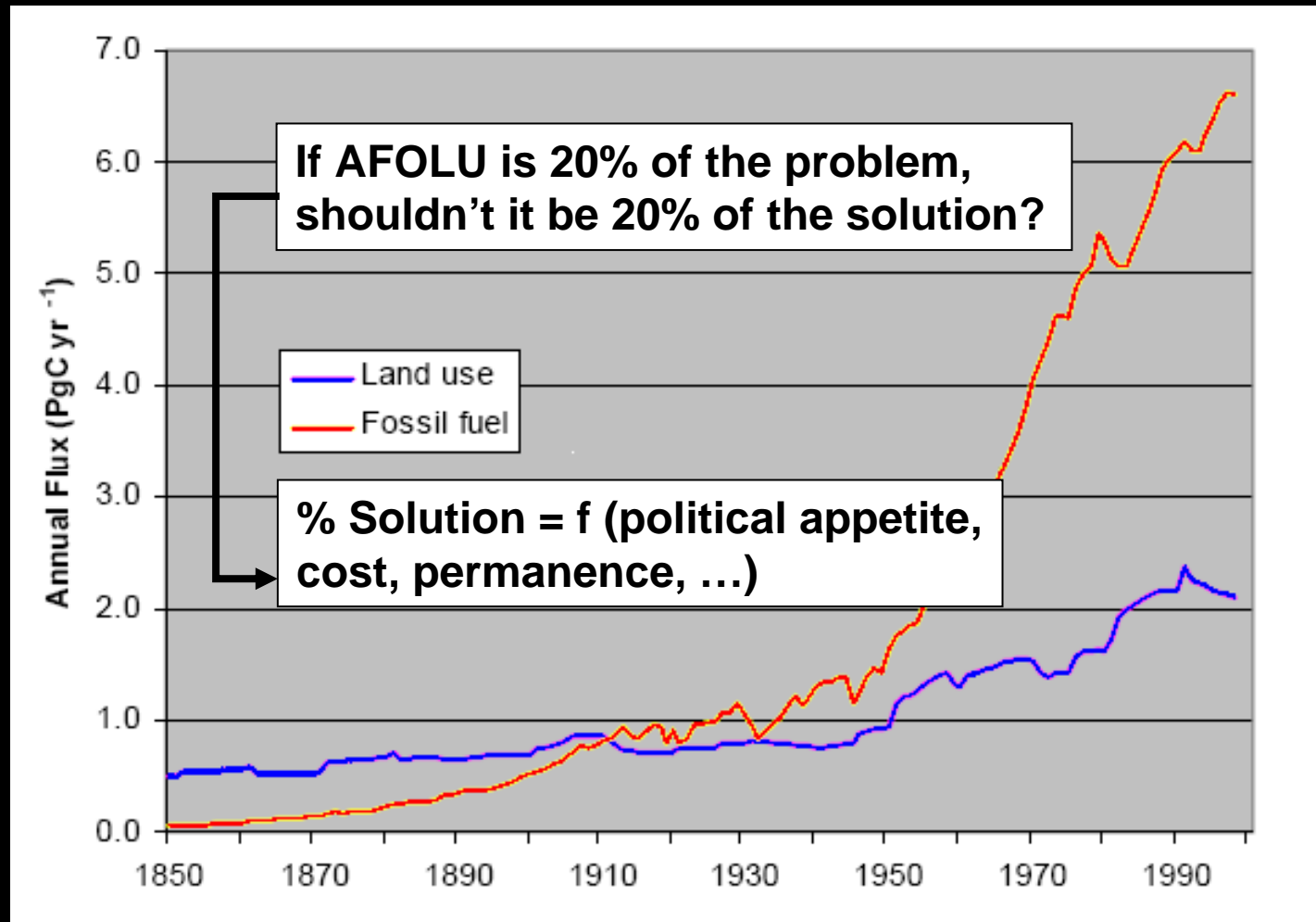
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LULUCF/AFOLU emissions compared to fossil fuel emissions

1850-2000

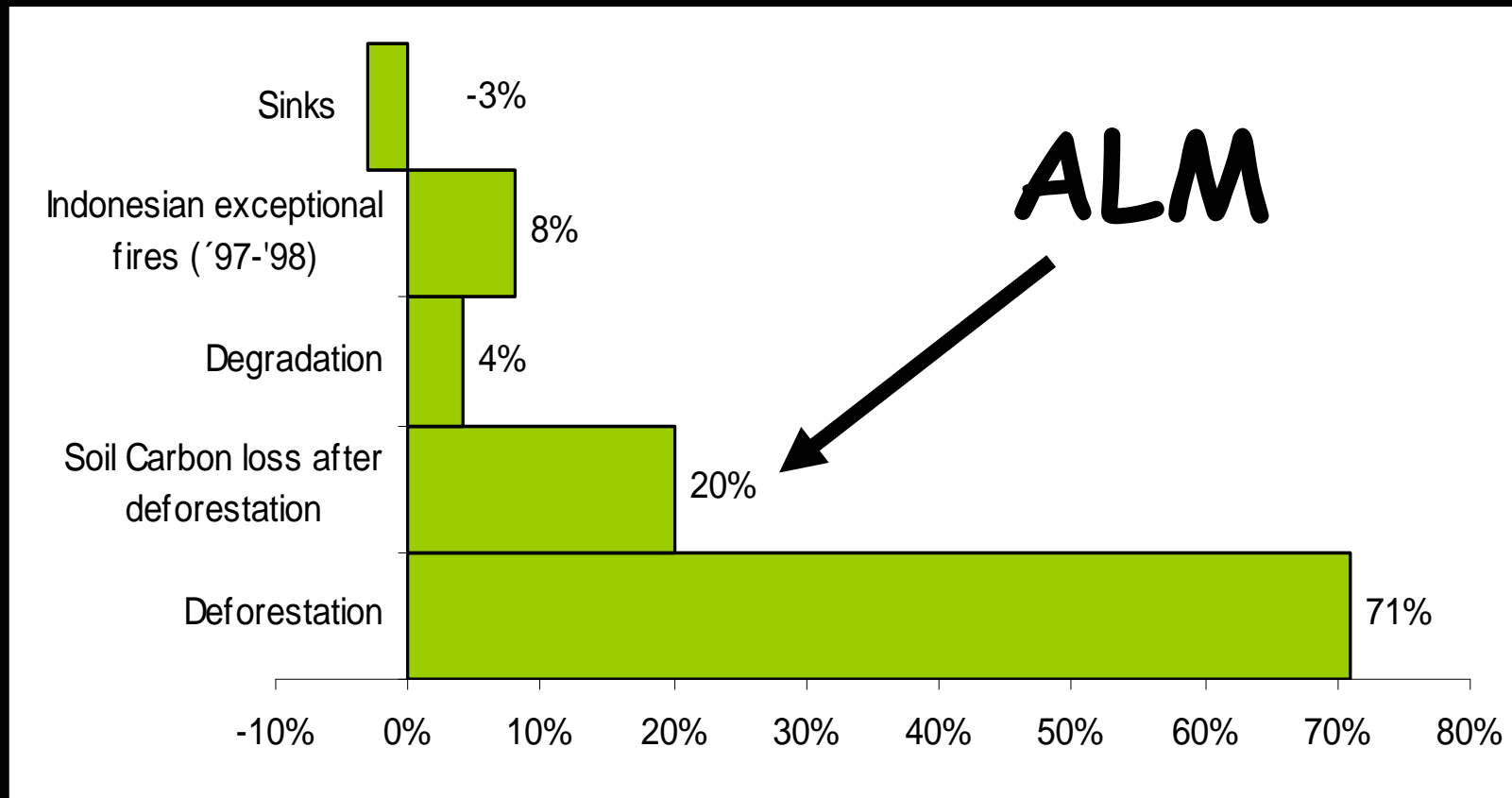
275 PgC



155 PgC
(about 20%)

(Houghton, 2006)

GHG emissions from land use and land use-change between the 90ties and early 2000 (4 Gt CO₂ yr⁻¹)

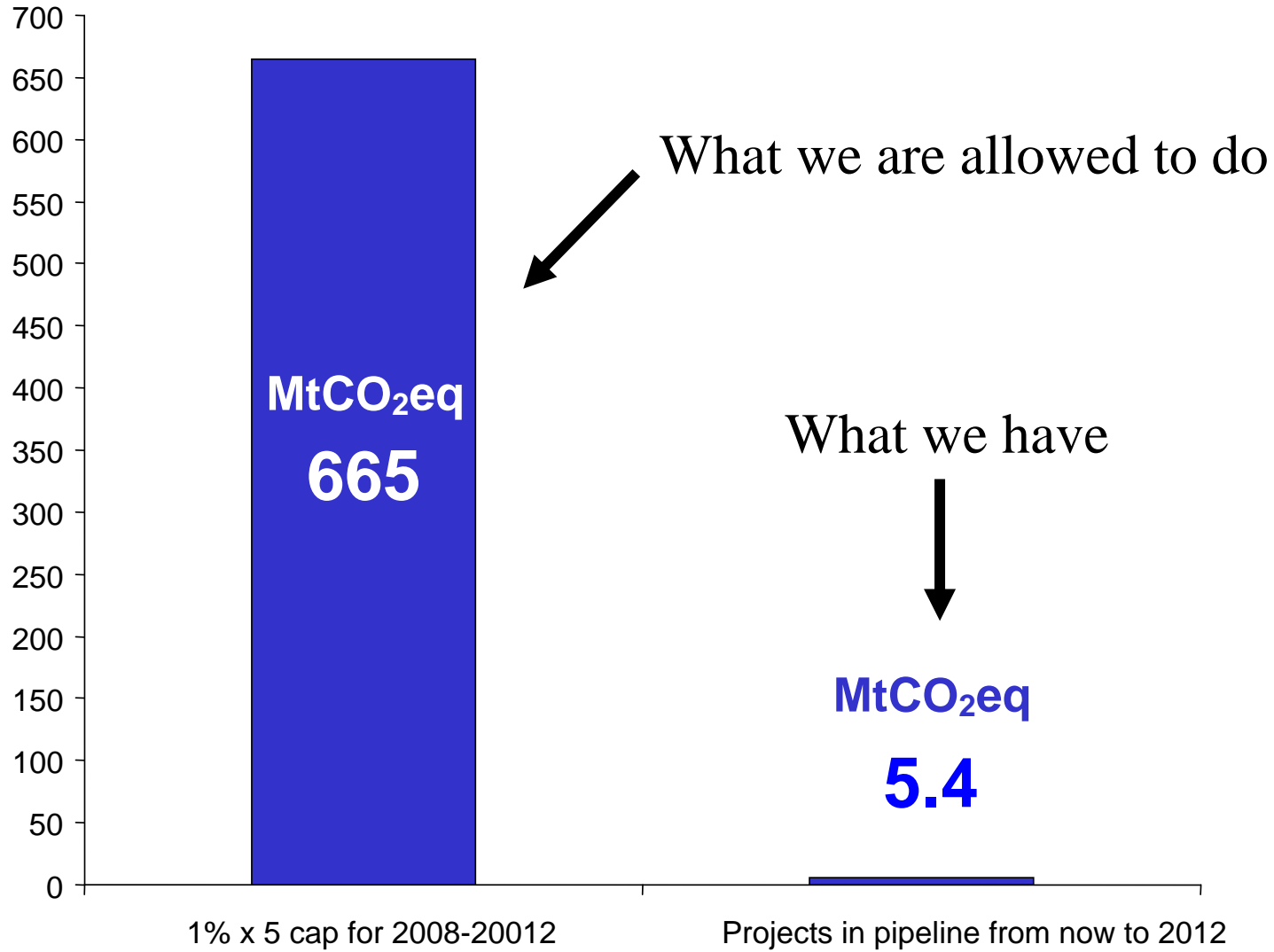


(Achard *et al.*, 2004)

Current situation of AFOLU under the CDM

- Only Afforestation and Reforestation project activities are eligible under the CDM:
 - 13 methodologies, 11 tools.
 - Only one project registered (out of 1081).
 - Perhaps 10-20 A/R CDM projects registered by 2012.
 - 1% of the 1% x 5 cap.
- **Something went terribly wrong!**

Current A/R CDM situation



What have we learned?

- After the facts most of the fears were unjustified:
 - No market flooding at all.
 - No “bad projects” in the small CDM-A/R pipeline.
- Issues:
 - No appetite for temporary credits.
 - Fears are not getting away - EU-ETS linking directive.
 - Complex Modalities and Procedures (M&P) leading to complex methodologies.
 - Small volumes of credits.
 - Barriers to project implementation and project finance are not being removed.

Tasks Nr. 1

Rethink M&P for A/R - AFOLU

- Things to review:

- Non-permanence

Solution should not undermine fungibility with other types of credits

- Project boundary

Ex post should be sufficient

- Additionality and baseline

Can we do better than just killing all low-risk and high emission reduction projects?

- Land eligibility

Change 1990 rule?

- Methodologies

There is room for simplification and more user-friendly tools

Tasks Nr. 2

Design a post 2012 regime that creates appetite for AFOLU credits

Create a demand for AFOLU credits

Compliance fungible and permanent credits

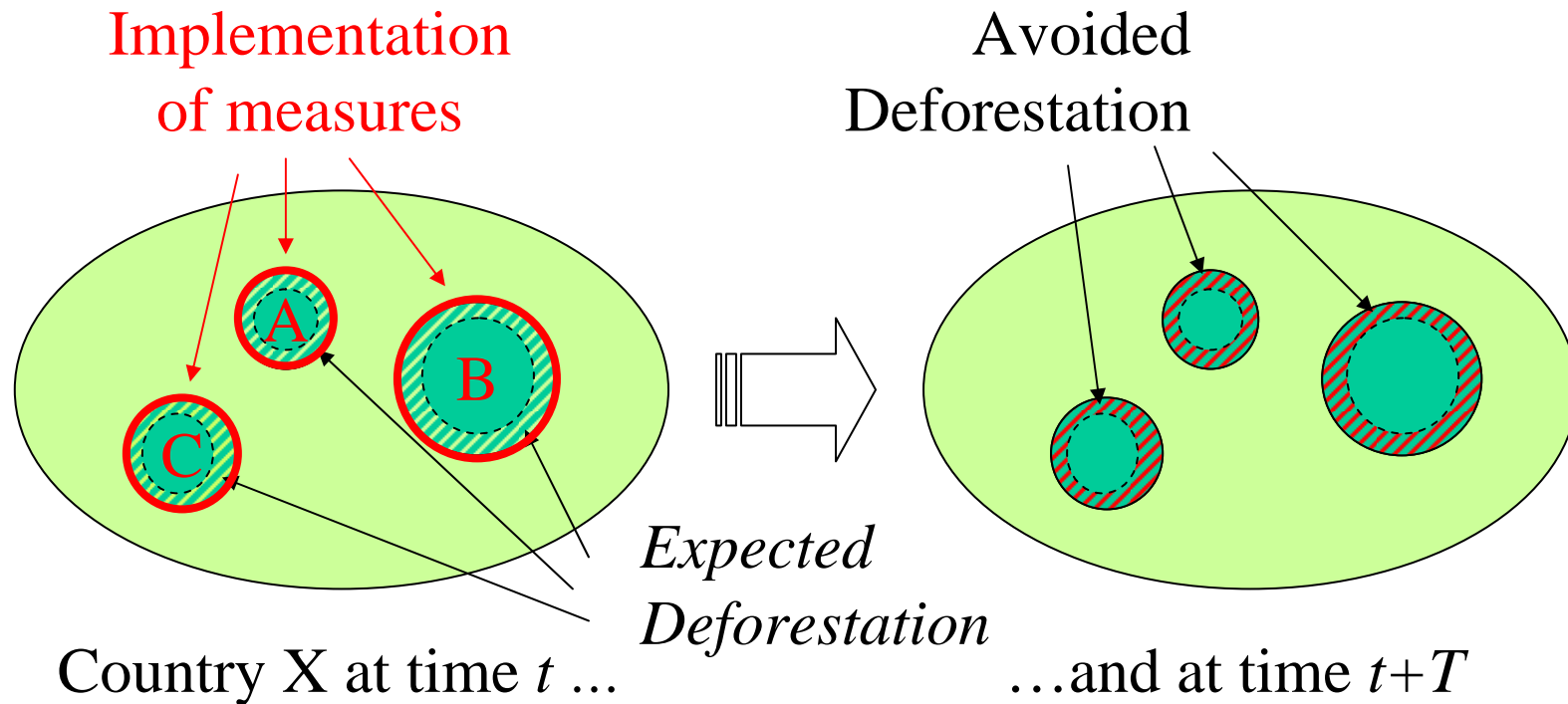
Higher Emission reduction targets

If cap, not less than 20%

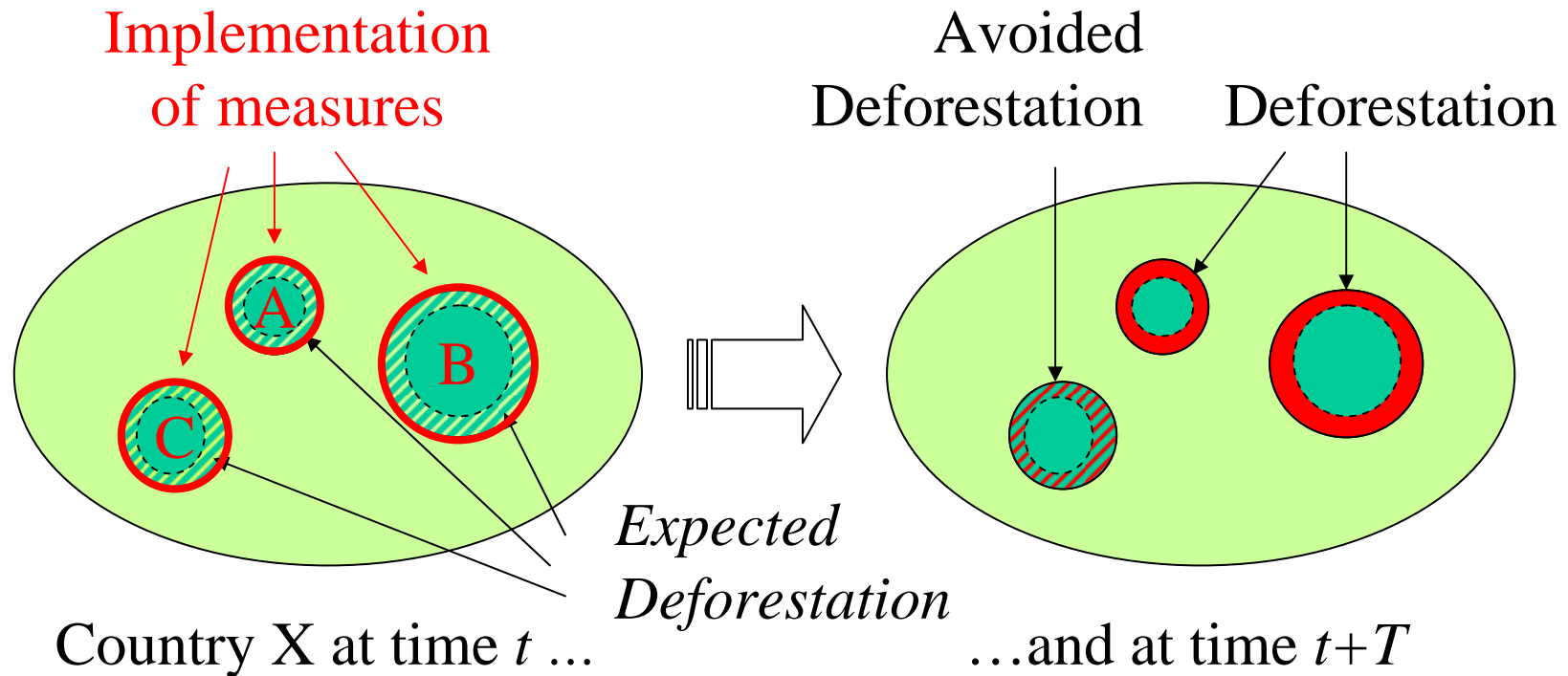
Create a supply of AFOLU credits

Project level accounting

Why?



- Deforestation is successfully reduced below the national emission reference level of the country.
- The country gets credits.
- The country can distribute credits or revenues to the sub-national project developers (A, B, C).



- Deforestation remains above the national target level, but is less than the reference level (because project C is successful).
- No credits are issued to the country.
- Project C, which was successful, does not receive any credit.
This is too high risk for the private sector to invest in the development of REDD-credits.

**SLM is
becoming an
increasingly
important
issue**

Non-Forest

- Globalization and free trade agreements
- Skyrocketing oil prices = thirst for bio-fuels
- Growing human population
- Increased capacity of some high-population countries to buy food
- Increased water scarcity
- Concerns about food security
- Impacts of climate change on agricultural production

Can REDD work without Sustainable Land Management?

Deforestation is associated to demand for non-forest land and to unsustainable land management (land degradation).

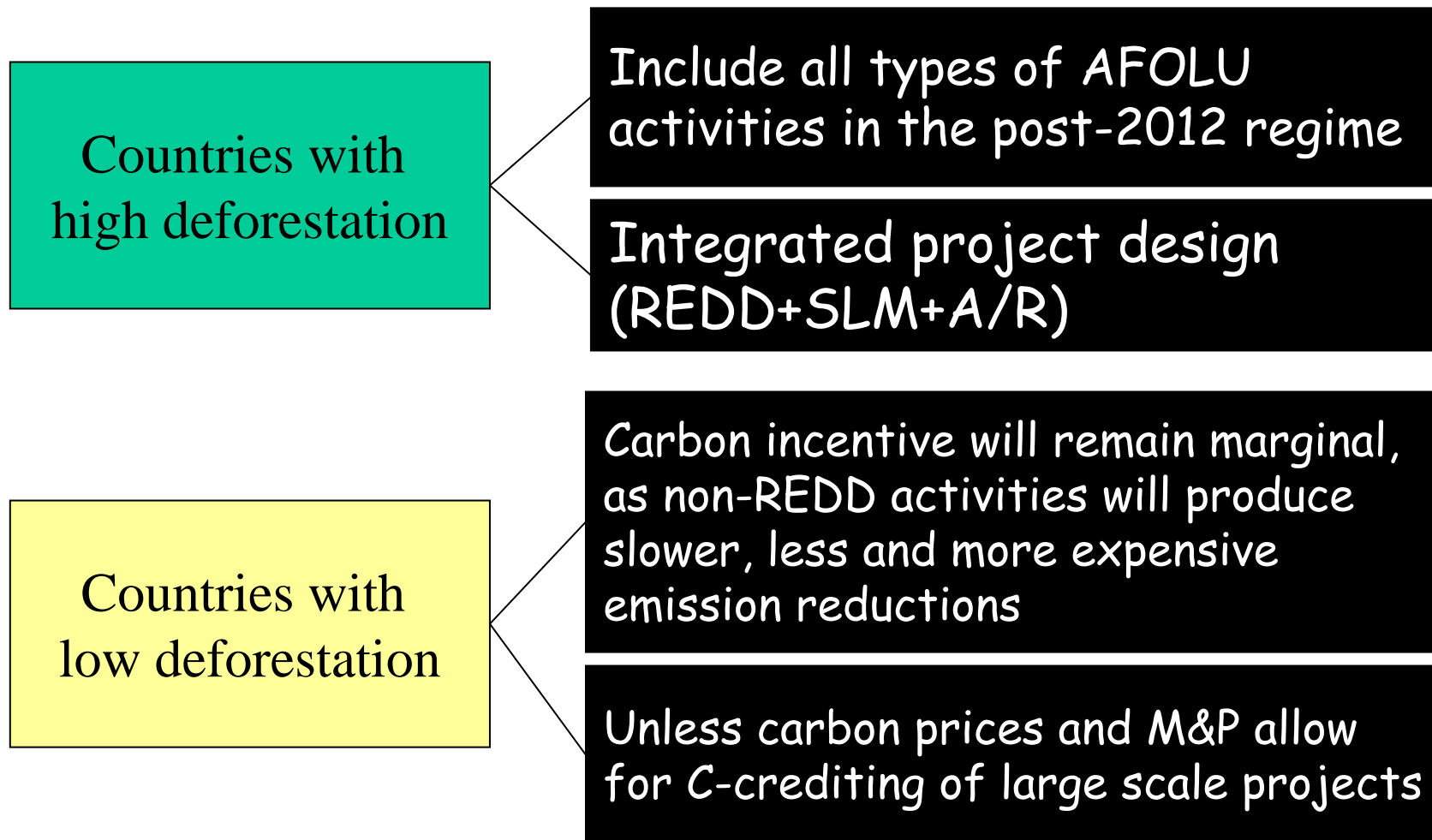
SLM can help reducing pressure on forests

SLM = small and slow changes in C-stocks

REDD = big and fast changes in C-stocks

Who gets the C-credits, the forest owner OR the non-forest owner?

REDD is likely to get the lion share of AFOLU credits. How to save a slice for SLM, A/R and Revegetation?



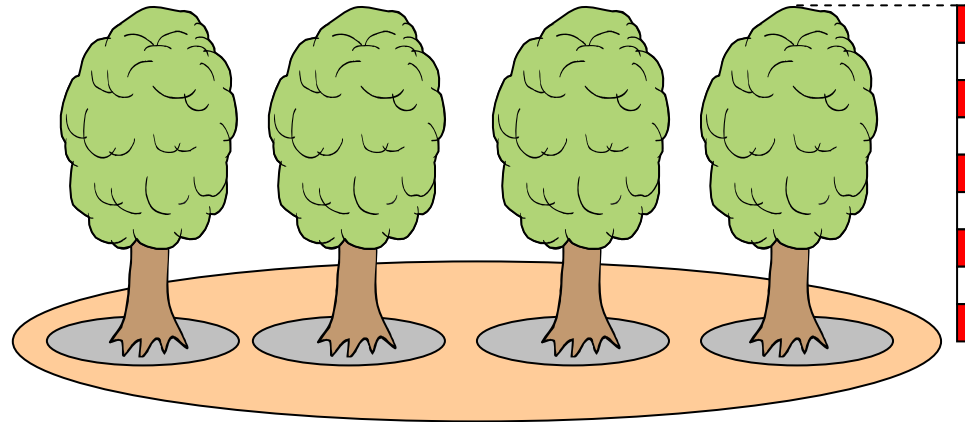
Conclusions

- Huge tasks ahead in negotiating better opportunities to finance SLM (and other AFOLU) project activities through carbon incentives.
- Need to understand better the links between SLM and REDD.
- Carbon incentive can not do it all for SLM.

Thank you!



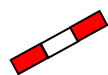
Forest Definition (Decision 19/CP.9)



Minimum Tree Crown Cover
(e.g. between 10% y 30%)

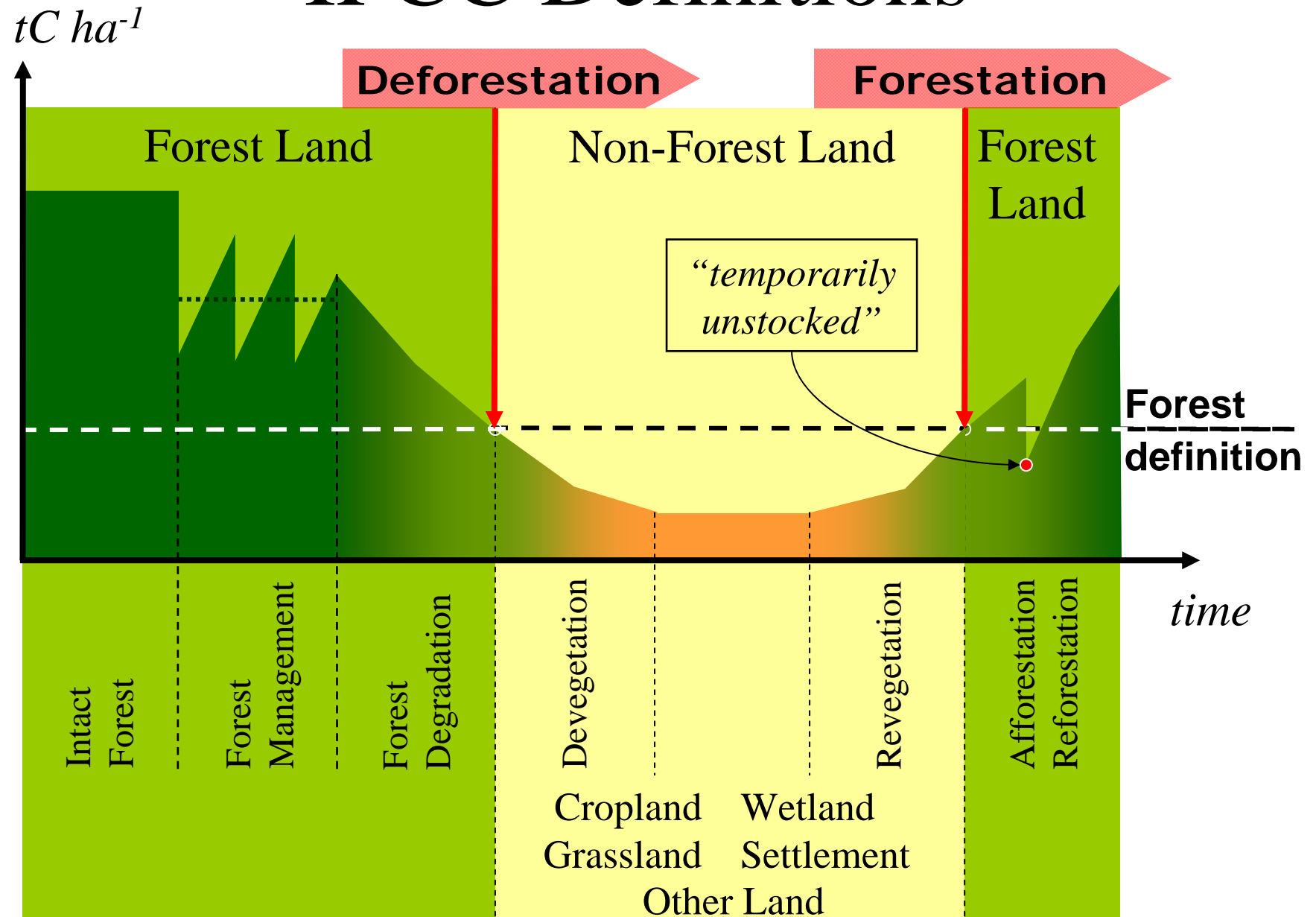


Minimum Area
(e.g. between 0,05 ha and 1 ha)

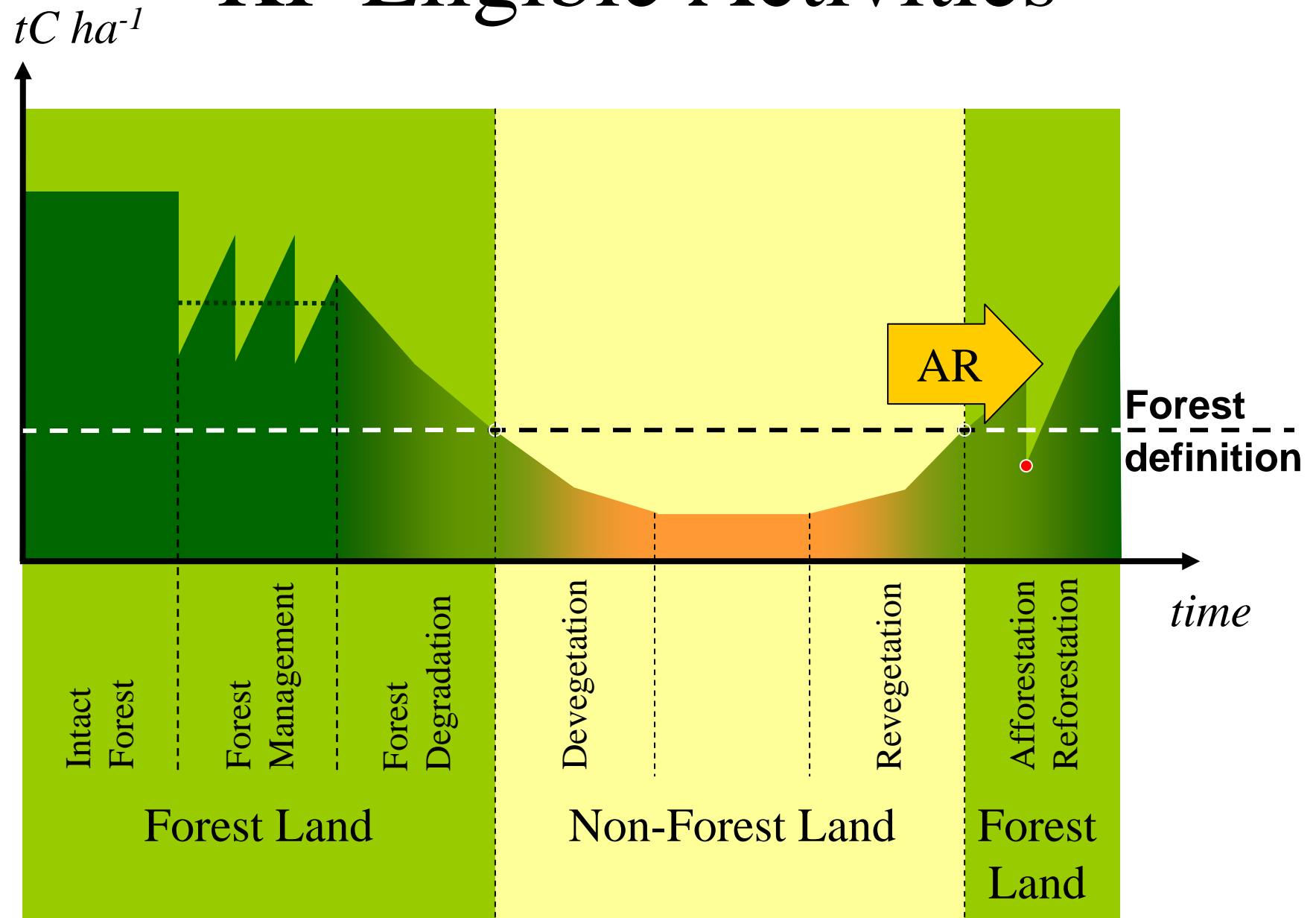


Minimum tree hight at maturity *in situ*
(e.g. between 2 and 5 metres)

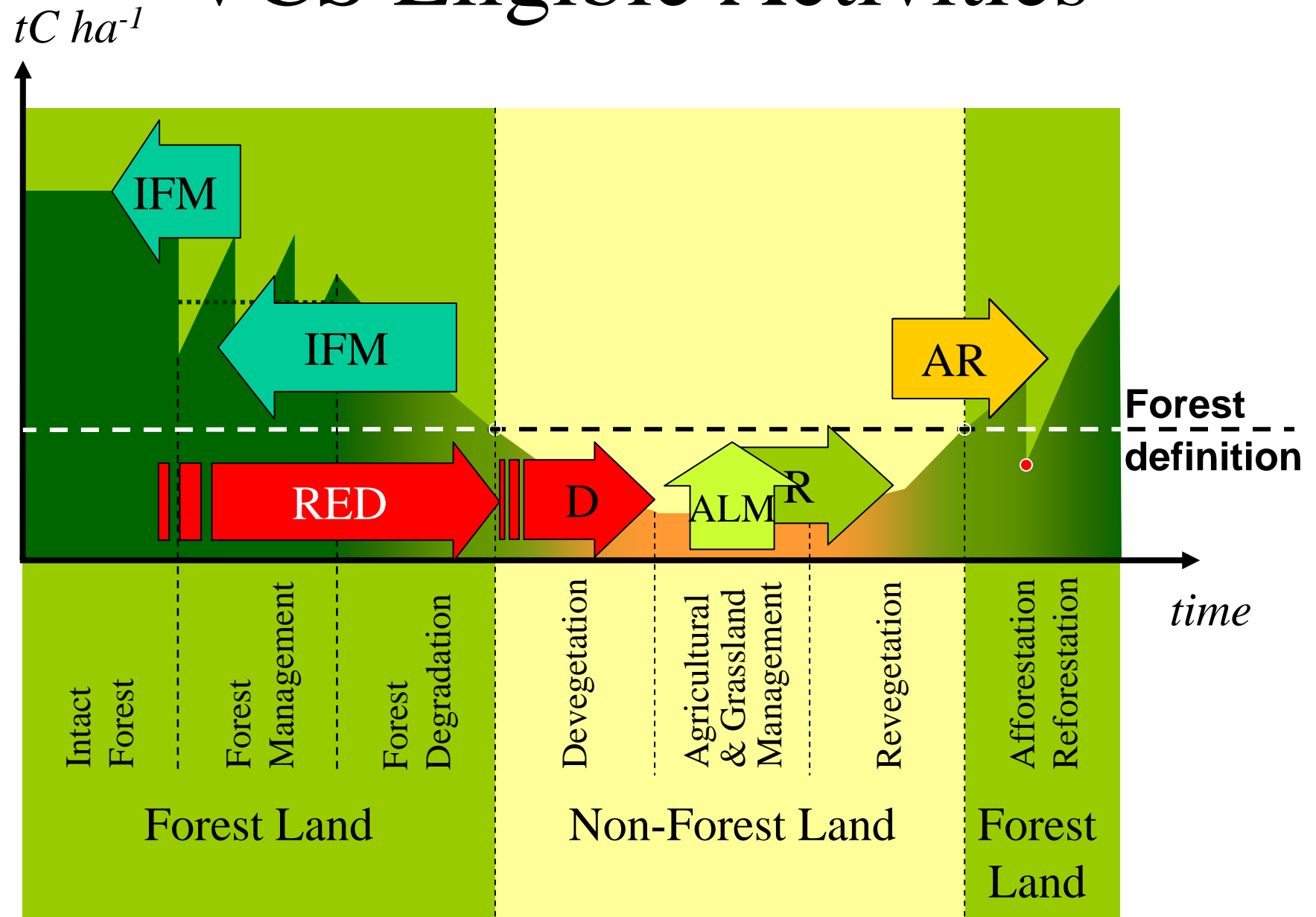
IPCC Definitions



KP Eligible Activities



VCS Eligible Activities



Eligible Land

