

Positive Incentives for Reducing Emissions from Deforestation

Thelma Krug
National Institute for Space Research - INPE
Inter-American Institute for Global Change Research - IAI
thelma@dir.iai.int

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Reiteration of Brazilian principles presented in Rome

- Recalls UNFCCC provisions [Art. 4.1(b) ; 4.1(c)]
- Does not count towards emissions reductions commitments of Annex I countries
- Voluntary participation
- No national target established
- Does not generate commitments
- No integration with any future agreement

Additional Principles

- **Robust framework** : based on solid monitoring and replication of results
- **Completeness** : reduction of emissions from deforestation at national level
 - Proposal is focused on reducing gross emissions from deforestation, NOT net emissions [*emissions from sources (D) - removals from sinks (A/R)*]

Additional Principles

- Comprehensive, transparent and verifiable:
 - Spatially explicit
 - Wall-to-wall
 - On the lines of a Tier 2 approach
 - Reduced emissions assessed at national level using national input parameters (area change and biomass content)

Additional Principles

- Comprehensive, transparent and verifiable:
 - Consistent use of reliable methods to annually estimate the reduction of emissions from deforestation
 - Data acquisition
 - Data processing
 - Data analysis

Additional Principles

- **Simple and consistent**
 - Based on country's own definitions of forest land and deforestation
 - Consistent with previous reporting to the UNFCCC and/or FAO
 - National communication, national inventory of GHG
 - May or may not include forest **degradation**, depending on definitions previously adopted by the country on its national inventory

Additional Principles

- **Simple and consistent**
 - Based on actual, real and measurable emission reduction
 - Based on past emissions in the last 10 years
 - Assessment of at least 4 representative years
 - Does not include reduction from “potential” future emissions

Additional Principles

- **Effective, efficient and appropriate**
 - Proposed system should ensure reliability and cost effectiveness
 - Should allow for an equitable participation by all non-Annex I Parties that voluntarily choose to participate
 - Recognition of countries ready for a prompt start
 - Recognition of countries that require creation/enhancement of capacity building and technology transfer

General

- Positive financial incentives considered on an annual basis
 - Annual rate of emissions from deforestation (RED)
 - Reference emission rate (RER)
 - If $AD_t = RED_t - RER > 0$ no positive incentive

Quantifying the Incentive

- **Step (1): identify all the forested land in the country, per biome type. Provide the definition used to define forest, and indicate how the definition relates to that used to report to the FAO, and that to estimate carbon dioxide emissions and removals from forests in the National Communications to the United Nations Framework Convention on Climate Change (UNFCCC).**

Quantifying the Incentive

- **Step (2): estimate the mean carbon stock for the forest land identified in Step 1, by type of biome, or forest physiognomy, if applicable. In doing so, reliable published scientific sources shall be used.**

Quantifying the Incentive

- **Step (3): provide the definition of deforestation, consistent with that used in the National Communications to the United Nations Framework Convention on Climate Change (UNFCCC). Indicate which carbon pools are traditionally assessed.**

Quantifying the Incentive

Step (4): estimate the deforestation reference emission rate (RER) for the different types of biome identified in Step (1), on the basis of the emissions from deforestation in the last 10 years. This estimation shall be consistent with the definitions provided in Step (3). Different reference emission rates can be established for different types of biome, if applicable.

Quantifying the Incentive

- **Step (5):** find the mean and standard deviation of the four data points above, and provide a confidence interval of 95% for the “true” mean deforestation emission rate.
- **Step (6):** assume as the RER the lower limit of the confidence interval defined in Step (5).

Quantifying the Incentive

- **Step (7):** assess the annual emissions from deforestation, RED. The same methodological approach as that used to define the deforestation reference emission rate (RER) shall be used. If satellite imagery is used to assess the deforested area, participating countries need to ensure that a reduced area is not the result of areas that could not be assessed due to the presence of cloud cover.

Quantifying the Incentive

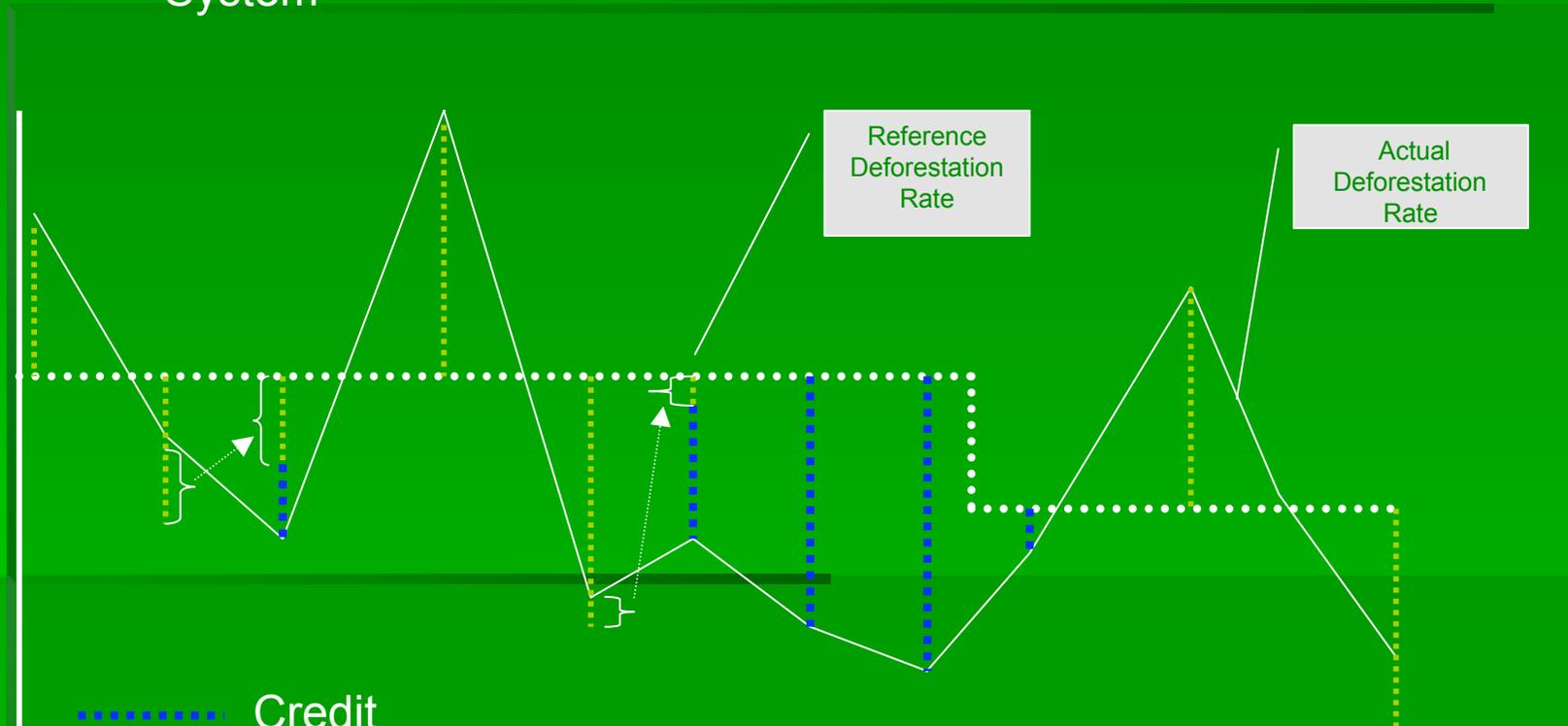
- **Step (8):**
 - If for any given year the annual emissions from deforestation (RED) falls below the deforestation reference emission rate (RER), the participating country is eligible to receive financial positive incentives.
 - In case RED falls above the RER, the participating country is not eligible. In addition, the positive difference shall be discounted from the next RED that falls below the deforestation reference emission rate. A financial incentive is provided only if this difference is negative.

Quantifying the Incentive

- **Step (9): the deforestation reference emission rate (RER) shall be recalculated at every xxx years, as the average of the xxx last RED values. This re-calculated value for the RER shall only be applied IF it falls below the previous deforestation reference emission rate.**

Quantifying the Incentive

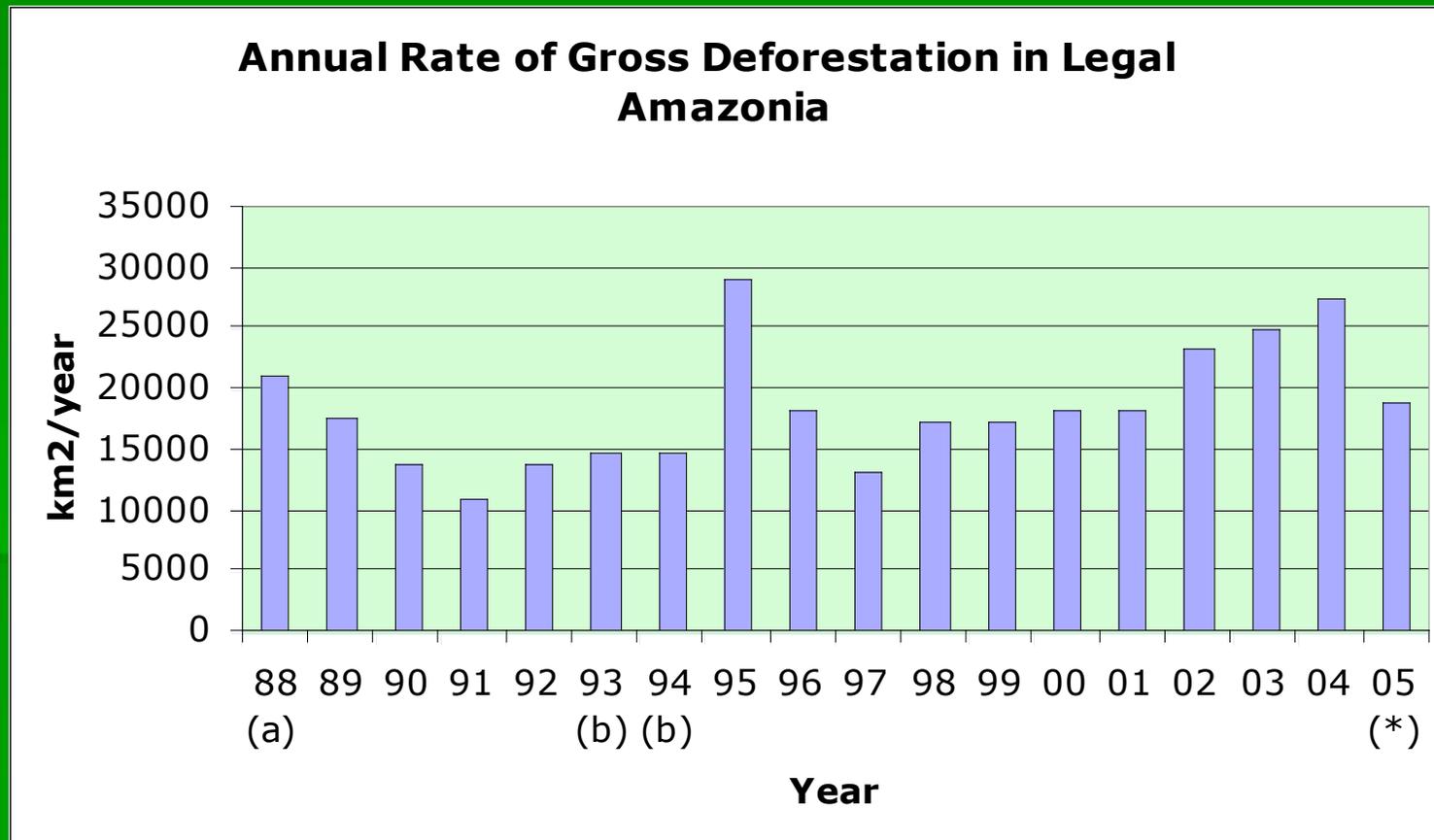
System

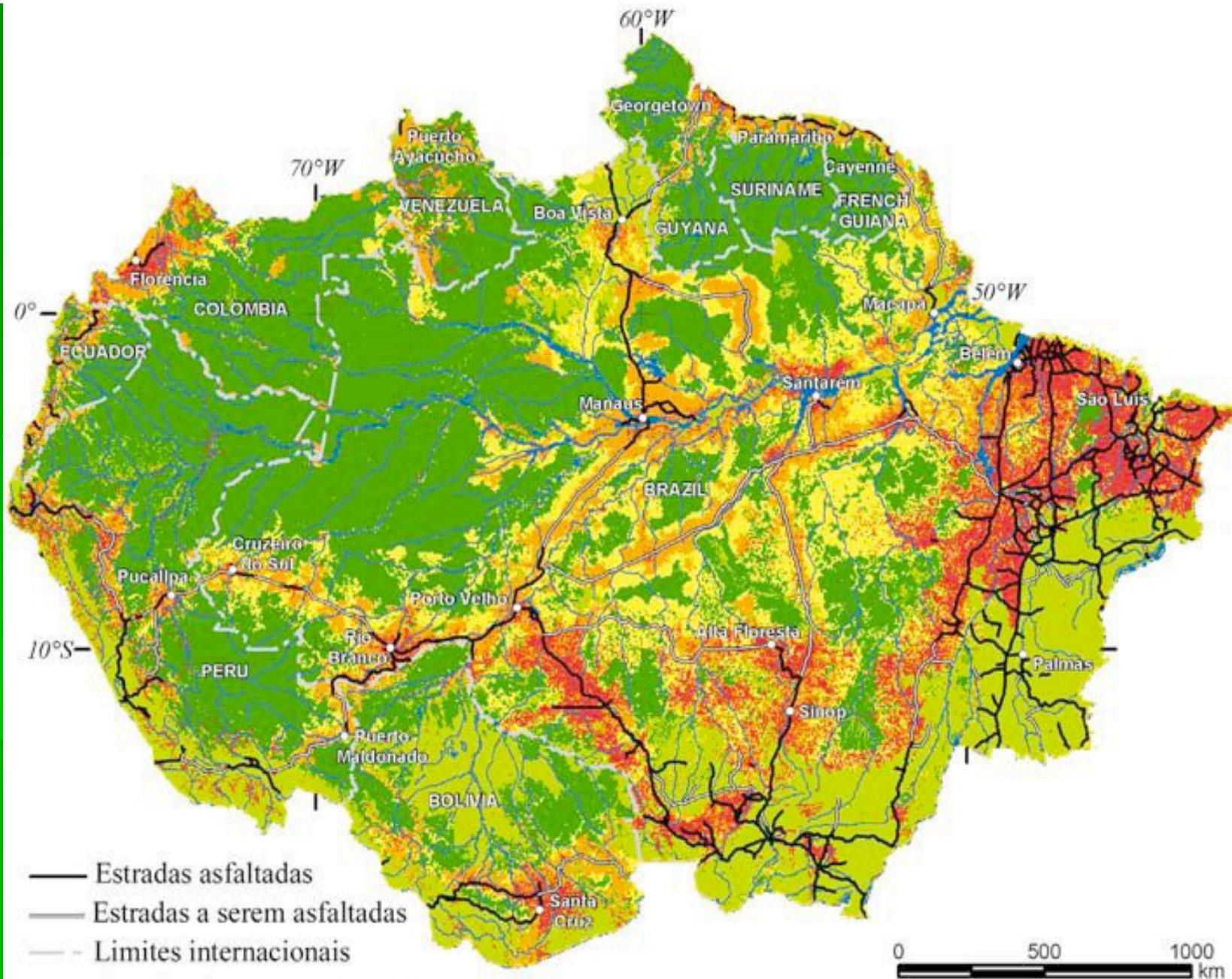


..... Credit
 Deficit

	T1	T2	T3	T4	T5	T6	T7	T8	T9	T10	T11	T12
Reference rate	10	10	10	10	10	10	10	10	7	7	7	7
Deforest. rate	15	8	6	16	5	6	5	4	6	12	7	5
Credit/Deficit	-5	2	4	-6	5	4	5	6	1	-5	0	2
Balance	-5	-3	1	-6	-1	3	5	6	1	-5	-5	-3
Incentive	0	0	1	0	0	3	5	6	1	0	0	0

Establishing the Emission Reference Rate





— Estradas asfaltadas

— Estradas a serem asfaltadas

- - Limites internacionais

~ Grandes rios

■ Floresta

■ Campo/Cerrado

■ Desmatado até 2003

■ Desmatado até 2050 no cenário de Governança

■ Desmatado até 2050 no cenário o mesmo de sempre

