

Break-out Group 3

International Implementation

Objective: Analyze range of international policy instruments that:

- Reduce emissions from deforestation and forest degradation
- Promote broad participation
- Support sustainable development
- Compatible and flexible

Enabling Conditions

- Adequate and empowered institutions
- Awareness of drivers of deforestation
- Forest inventory, including identification of threatened forests
- Monitoring system - remote sensing and ground-based

Flexible step-wise or multi-staged approach

Possibly (but not necessarily exclusively) including steps like:

- Implementation of Policies and Measures
- Project-based emissions reduction
- Voluntary (sub-) national quantified emission reductions

Policies and Measures

E.g.: integrated land-use planning, forest management standards, enforcement of national policies and regulation

- **Benefits/Incentives:**
 - Support for institutional capacity building
 - Development of a national system for inventory work, including possible baseline-setting and the identification of deforestation/degradation hotspots
 - Assessment of def/deg drivers and identification of national-level policy options
 - Support for design of a national implementation strategy

Policies and Measures

- “Cost”/Requirements/conditions:
 - Periodic Reporting
 - Consistency with other safeguards such as inter alia CBD, CITES, UNFF
 - Periodic review of policies and measures
- Potential funding sources:
 - ODA
 - Dedicated international fund
 - National funding (in kind or co-financing)

Project-based emission reductions

Concrete activity to which specific reductions are attributable and which are measurable

- **Examples:**

- Community or company-based sustainable resource management (e.g. SFM)
- Establishment of protected area
- Committing specific areas of forest as a carbon pool reserve

Project-based emission reductions

- Benefits/Incentives
 - Subsidies for stakeholders
 - Capacity-building activities for projects
 - Selling of credits in a market approach
 - Funds for project success – in a non-market approach
- Costs/Requirements:
 - Reporting requirements
 - Management activities

Project-based emission reductions

- Potential funding sources:
 - Market
 - International funds (GEF, tax, PES, private)
 - Bi-or multi lateral trading agreements
 - ODA
- Possible policy form:
 - Linked to Kyoto: def projects under CDM (not before 2012 but possible recognition for early action)
 - Under the provisions of the UNFCCC

(Sub-) National quantified emission reduction commitments

- **Benefits/Incentives:**
 - proceeds from achievement of reductions (for example, credits)
- **Costs/Requirements:**
 - Need to protect base amount of carbon stock
 - Policies for national-level coordination including benefit sharing for stakeholders, or establishment of contracts directly with stakeholders

National quantified emission reductions

- Potential funding source:
 - ODA for baseline development
 - Tradable credits as financial driver
 - Co-financing with sources for biodiversity protection and “Payment for Ecosystem Services” mechanisms
- Possible policy form:
 - Linked to Kyoto: set of voluntary commitments and selling of credits through assigned amount or JI

CONTRIBUTION OF MARKETS

Conclusion: Market mechanism is best option to incentivize action for reducing emissions from def/deg

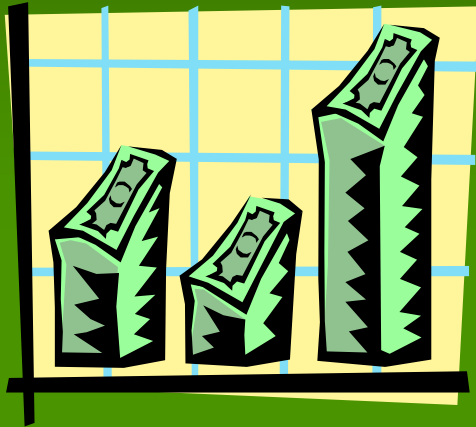
Specific Challenges:

- Fair benefit distribution
- Scale
- Reliability
- Reward structure

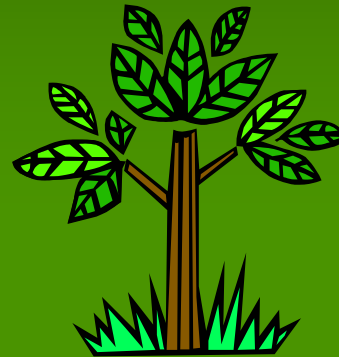
Market challenges cont'd

- Timing
- Risk
- Enabling conditions for participation
- Need for parallel/additional financing

Thank You



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