FOCALI - study on REDD

An assessment of existing global financial instruments for carbon sinks in forest ecosystems

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1. Background and REDD Initiatives

One of the most outstanding issues in the international climate policy discussions at present is "Reducing emission from Deforestation and Degradation" (REDD). Internationally, there is increasing interest to prepare countries to host REDD projects, creating programs such as the World Bank Forest Carbon Partnership Facility and the UN-REDD programme. Our study analyses seven international and regional REDD funding initiatives, including the ones above and the GEF Tropical Forest Account, the Congo Basin Forest Fund and the World Bank Forest Investment Program.

-> **International programs aim to feed into the policy negotiations, but at same time are awaiting results of the same**
-> **Especially interesting: methodological issues for future proceedings and rules of the initiatives, e.g. in terms of baseline setting.**
-> **UN-REDD and WB FCPF found to be the most mature initiatives at present.**

2. Baseline setting and data availability

Producing deforestation baselines is one of the crucial methodological issues for countries' readiness for REDD. Setting baselines is difficult due to a) the non-linear, annual shifts in deforestation processes, and b) the lack of data on extent and status of forests, caused by a lack of accurate forest inventories and monitoring systems. Our study analyses the barriers and potentials for baseline setting of four tropical countries, based on the information available on their forest area and status over time.

Data sources used:
-> FAO forest resource assessment, remote sensing programs and UNFCCC GHG inventories (National Communications).

Case study countries:
-> Sri Lanka, Bolivia, Costa Rica and Cameroon.
These countries show a geographical spread, have different track records in deforestation rates and three of them are part of the REDD initiatives.

3. Case study results

Readiness for baseline setting is assessed mainly through i) *availability of data sets and information*, and ii) *availability of national forest inventories.*

-> **Bolivia, Cameroon and Costa Rica have remote sensing data of forest area available, but few field inventories have been done.**
-> **Sri Lanka has less information, as forest inventories and data collection have not been a priority in the past.**
-> **Lack of field data often due to remote and inaccessible forest areas, plus limited financial and technical resources for field missions.**
-> **Even for countries with good data bases, biomass data is usually not available (needed to determine carbon stocks).**
-> **Large discrepancies in available data are found in all four countries, and make comparison of information difficult.**

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4. Further research

During research on the report, further topics of interest came up, which are subject of a PhD thesis at the Center for Climate Science and Policy Research (CSPR):

- *How to compensate countries with high forest cover and low deforestation for not increasing deforestation rates under a future REDD mechanism?*
- *How to integrate a broad range of countries and thus avoid international leakage in a REDD mechanism?*

The first step in this PhD project is to analyse existing proposals for compensation of the low deforestation countries and calculate for two case study countries how much money the different proposal options would bring them. This will be contrasted to the expected income from timber trade and logging concessions, and effectiveness of the proposals will be assessed.