

# Forest Governance Conference

## Accra 14 and 15 June 2011



Saskia Ozinga

# FLEGT the best tool to improve governance

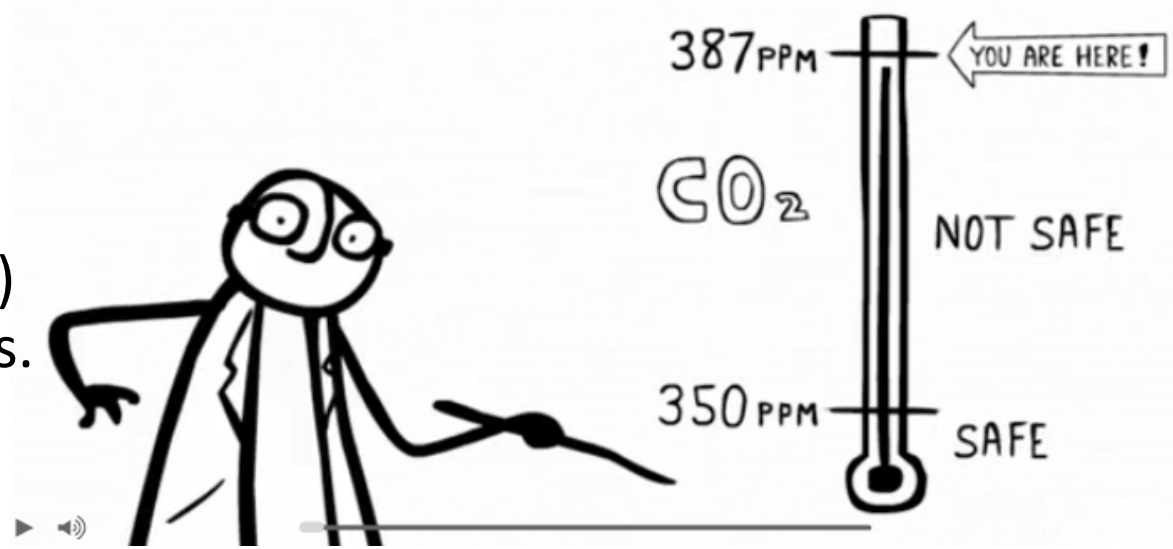
REDD will only deliver if the focus  
changes from carbon to governance..

# Climate change

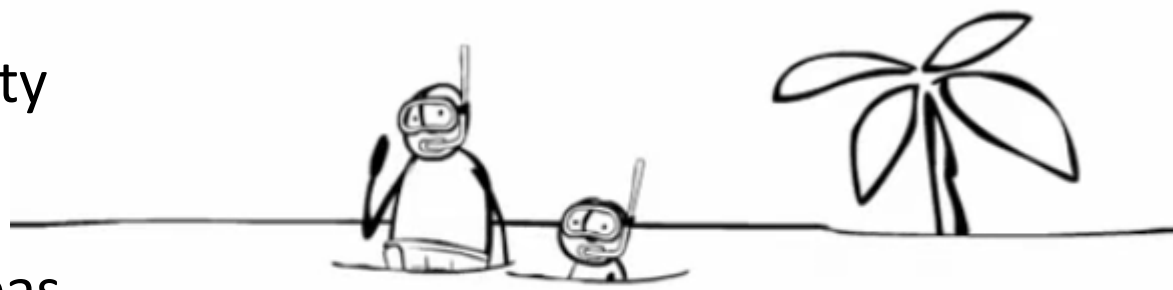
- Global consensus that we should stay within a 2 degrees temperature rise.
- IPCC states that therefore we need to reduce GHG emissions by 80 to 95 percent.
- Even then we only have a fifty percent chance to not overshoot the 2 degrees.
- Tropical forests will start to die back above 2 degrees.



We must act quickly (80-95% reductions by 2050, commencing with steep reductions by 2015-2020) to avoid serious problems.



Even with this action, we would have 50% possibility of breaching +2°C, with devastating impacts, including loss of large areas of tropical forests



# Reduce GHG emissions by 80 – 95 %

- To keep forests standing we need to reduce GHG emissions by 80 – 95 %.
- To reduce emissions, we need to keep forests standing, as they contribute 12-17 % to CO2 emissions.
- Carbon offsetting only replaces emissions.
- We need to reduce emissions not replace them.
- Carbon offsetting is therefore no solution to reducing emissions and hence keeping tropical forests standing

# Why is the idea of 'REDD' based on carbon offsetting/carbon trading

- Cheaper for North .....and gives a good feeling....
- Best way for South to get funds.. (17 to 50 billion annually.....)

- This is undoubtedly true
- This is questionable

There will be no large sums of money for forests from the carbon market

# 'Global' carbon market

New data.....(World Bank 2010)

- 'Global' carbon market consists now for 97% of EU ETS.....
- There is no global carbon market!
- CDM 1.5 billion in 2010, gone down by 55%... and irrelevant to Africa.
- EU uses ETS to outsource its reduction commitments and subsidise its industries.



□ Size of the carbon market: US \$ 144 billion


■ EU ETS: US \$ 119 billion

In the magnifying glass (enlarged 8x):

■ Primary Clean Development Mechanism (CDM):  
US \$ 2,678 million

■ Joint implementation (JI): US \$ 354 million

■ Voluntary market: US \$ 338 million



# There will be no large sums of money for forests from carbon market.....

## Compliance market (big...)

- Consists of EU ETS.
- EU ETS will not incorporate forests.

Hence.....

- There will not be a forest carbon market.
- Even if there will be, it will not deliver funds expected for forests.

## Voluntary market (small..)

- Around 30% to REDD type projects, roughly 140 million/year (of which 50 to conservation).
- Of which 42% went to North America and around 26 % to Africa (2010).
- There are some good standards in place but it still lets Northern companies off the hook...and most funds go to middlemen



# Voluntary carbon market

	Volume in Mt CO2e	Value in M USD	Price USD per ton CO2e
2007	66	335	?
2008	123	705	5.1-5.4
2009	98	415	6.5
2010	131	424	6

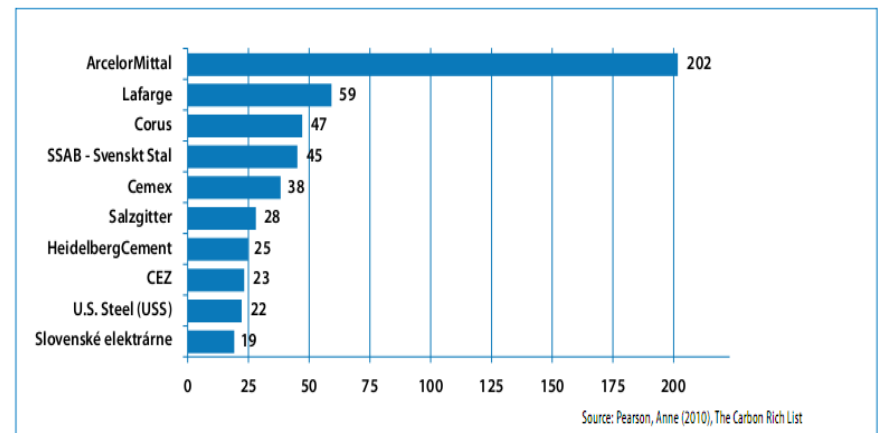
# Who wins, who loses?

## Loses?

- Climate loses as emissions are not being reduced.
- Tropical forest countries will lose as they will increasingly lose their forests.
- Forestry sector.
- Forest communities.

## Wins?

- Companies in the EU as they have received billions in 'subsidies' in form of permits.



# If financing for REDD comes from carbon trading.....

- Emissions will not be reduced and (tropical) forests will die back.
- The South will take up the burden, Northern companies will benefit.
- The focus of REDD will be on measuring carbon, rather than improving governance.



# From carbon to governance

Our research shows

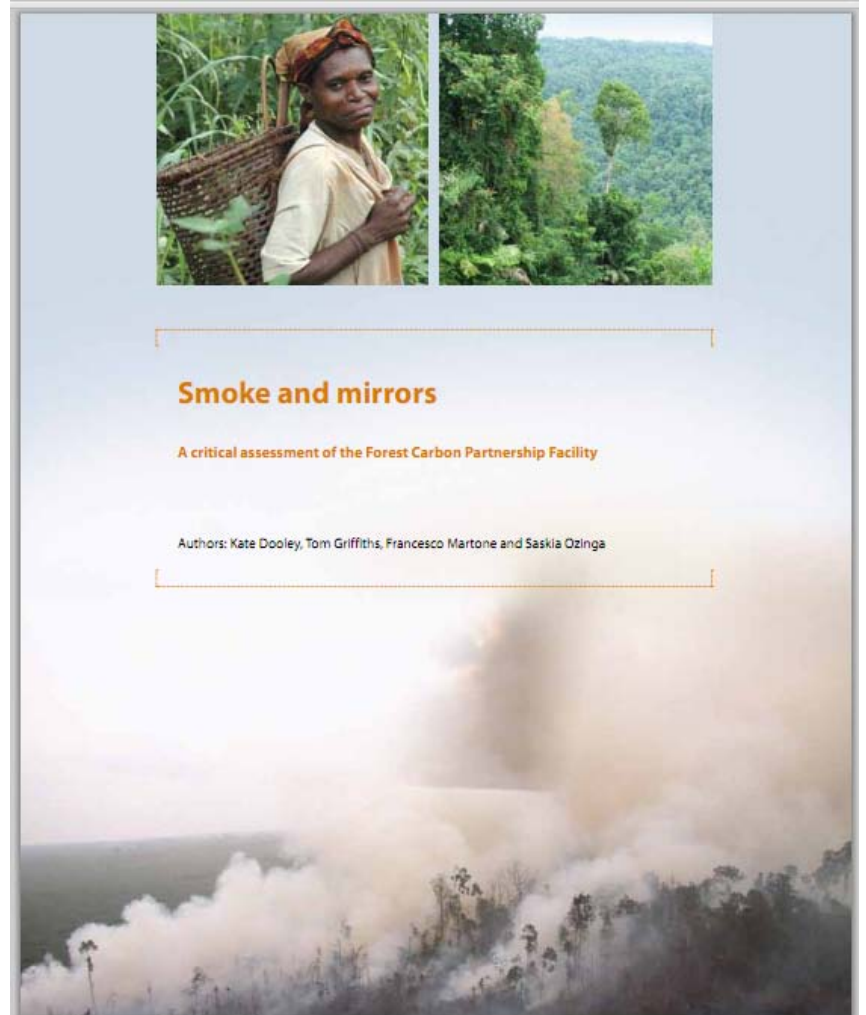
- Focus on carbon leads to centralised resource control.
- Focus on carbon leads to allocation of resources to MRV carbon and carbon trading (which may not materialise)
- Insufficient consultation processes, unclear or no safeguards.
- Role of consultants and international NGOs undermine local capacity.



## Smoke and mirrors

A critical assessment of the Forest Carbon Partnership Facility

Authors: Kate Dooley, Tom Griffiths, Francesco Martone and Saskia Ozinga





# If not carbon finance, what then.....

- Addressing illegal logging
- Financial Transaction Tax percentage for forests
- Grants/ Loans
- Carbon tax

- 15 billion USD/year (World Bank)
- 100-150 billion USD/year (depending on level of the tax)
- Committed for 2010 in excess of 2 billion USD
- ?




# Funds committed to REDD in 2010

Funds committed to REDD in 2010	Amount in million USD
European Commission	7
Belgium	10
Finland	3.5
France	120
Denmark	77
Luxembourg	1
Sweden	11
UK	300
Australia	146
Canada	40
Japan	223
Norway	380
Total	In excess of over 1.38 billion, as many countries don't specify climate funding for REDD

For REDD to deliver there needs to  
be a shift from carbon to  
governance

Acknowledged by all: WB, ITTO, FAO, WRI  
and various NGOs and governments  
but....powerful forces working for carbon  
trading (EU and WB) ...



# What is good governance and how to measure?

Five key 'governance' elements (WRI):

- Transparency
- Accountability
- Participation
- Capacity
- Coordination

Dr Christine Amaoako-Nuamah

- Developing vision/long term strategy, **cross-sectoral**.
- Effective planning
- Enforcement
- All in participatory way



# Conclusion... It is early days but

- If FLEGT will be implemented effectively, it will lead to improved forest governance, which is also key for REDD. FLEGT process should be expanded to other sectors.
- Government should have low (financial) expectations from REDD.
- Government therefore should be **cautious** to set up costly systems linked to carbon accounting for a carbon market that may never take off.
- Government should rather focus on **governance reforms, tree tenure rights, and domestic market** and ensure that progress in these areas is happening before FLEGT licenses are given out.
- **Unless the 'carbon' is taken out of REDD, REDD can do serious damage. Although 'REDD' remains the buzz word, FLEGT has more chance to really deliver results.**

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**Thank You!**

