



INDONESIA AND AUSTRALIA

Reducing emissions from deforestation and forest degradation in developing countries

Joint submission to the AWG-LCA, AWG-KP and SBSTA

Indonesia and Australia are both strongly committed to including reducing emissions from deforestation and forest degradation in developing countries (REDD) in a post 2012 outcome on climate change under the UNFCCC. REDD is best included through a market-based mechanism, as international carbon markets offer the best means to provide financial incentives at the scale required to effectively address emissions from deforestation and forest degradation. There is certainly a need for funds in providing resources for capacity building and market readiness activities including in addressing drivers of deforestation and forest degradation.

The leaders of Australia and Indonesia have committed to work together on REDD through the Indonesia – Australia Forest Carbon Partnership. Under the Partnership, our joint activities are designed to support the UNFCCC process on REDD policy and methodological issues, as well as Indonesia's national REDD framework. The Partnership operates in three key areas: strategic policy dialogue on climate change, increasing Indonesia's carbon accounting capacity, and identifying and implementing incentive-based demonstration activities.

The Indonesia – Australia Forest Carbon Partnership is an example of how developed and developing country partners can work together to take ongoing, practical action on climate change. Collaborative partnerships such as this one are crucial to finding innovative solutions to the challenges posed by climate change and to successfully addressing the almost 20 percent of global emissions from REDD.

Parties concluded at the Tokyo REDD workshop (25-27 June 2008) that there is now the technical and methodological expertise to allow REDD to be included in a post 2012 outcome on climate change. The immediate challenge for Parties is to find solutions to REDD's policy challenges. The negotiations on methodological issues should continue concurrently in SBSTA. A priority for Poznan is to ensure that an effective process is established to progress the policy negotiations under the AWG-LCA.

Kalimantan Forests and Climate Partnership

Indonesia and Australia are demonstrating leadership in giving effect to the call in the Bali Action Plan for demonstration activities to be developed that will generate lessons learned to inform both policy and methodological issues. We are currently working together on a REDD demonstration activity in Central Kalimantan—the Kalimantan Forests and Climate Partnership (KFCP). The KFCP is the first, large-scale demonstration activity of its kind in Indonesia. It is located in the carbon rich peatland forests of Central Kalimantan. Central Kalimantan is a biodiversity rich region containing one of the world's largest areas of intact peatland forest.

The KFCP aims to demonstrate how REDD can be incorporated in a post-2012 outcome on climate change. It trials innovative, market-oriented approaches to REDD financing and REDD implementation measures. Australia and Indonesia will provide lessons learned from the KFCP into the UNFCCC negotiations on REDD. Attachment A provides some initial lessons learned from the KFCP. We have also committed to developing on a second demonstration activity that will be in a different location within Indonesia and focus on different forest and soil types.

Roadmap for Access to International Carbon Markets

When they met in June 2008, the leaders of Indonesia and Australia agreed to jointly develop the Roadmap for Access to International Carbon Markets. The Roadmap is a multi-phased strategy to support Indonesia participate in international carbon markets for REDD. The Roadmap extends cooperation beyond existing activities under the Indonesia-Australia Forest Carbon Partnership by assisting Indonesia establish the necessary technical, system and financial pre-requisites to participate in international carbon markets.

Attachment A

The Kalimantan Forests and Climate Partnership: cooperative action on REDD

This attachment provides some initial lessons learned drawn from the experience of Indonesia and Australia in working together on the Kalimantan Forests and Climate Partnership (KFCP).

Selecting a location for a demonstration activity

In order to respect national sovereignty, and ensure support for a demonstration activity, the national government of the host country must be consulted on and agree the location of demonstration activities. In addition sub-national levels of government and local communities should also be consulted. The availability of experienced partners (such as other donors, academic institutions, national and international non-government organisations and private organisations already working in the area) is an important consideration in site selection.

It is also advisable to ensure that spatial planning for the location is adequate and that forest carbon rights are enforceable. Demonstration activities are best selected based on scientific considerations, potential to generate lessons on key themes (such as methodologies, payment mechanisms, social issues) and calculations of potential emissions savings, rather than on purely political considerations. However, political considerations must also be taken into account to ensure adequate support from the host country government and stakeholders.

The KFCP will be located in degraded and partially degraded peat swamp forest in Central Kalimantan. These forests contain very high carbon stocks, mostly in below-ground biomass. The exposed peat degrades rapidly particularly where drainage has caused drying of the upper soil and makes them fire-prone. Land clearing and fires in Indonesia's peatlands are a major source of global greenhouse gas emissions. Thus, halting or reversing deforestation and degradation offers a large potential for emission reductions, not only in the demonstration area, but throughout the peatlands of the region.

The site for the KFCP is a single peat dome of around 100,000 hectares. Water flows outward from the dome into the surrounding rivers, so the hydrology dictates a 'whole of dome' (or whole-of-ecosystem) approach to managing and conserving the peat swamp forest. Similarly, ecological criteria may (or may not) favour a whole ecosystem approach to reducing emissions from deforestation and forest degradation (REDD) in other forest types. Clearly, site-specific biophysical characteristics are of key importance in designing REDD interventions.

Identification of drivers of deforestation and forest degradation

The causes of deforestation and forest degradation that need to be addressed through specific interventions or strategies in a REDD demonstration activity are often quite site-specific and cannot necessarily be predicted in sufficient detail from national-level data and models of drivers. Site-specific causes and their effects vary according to bio-physical conditions, social and economic factors in the local context and beyond it, and the history of forest exploitation in and around the site. Historical averages or trends may not be a reliable guide if they are overwhelmed by rare natural or anthropogenic disturbance.

If more general drivers of deforestation and forest degradation—such as illegal logging or agricultural expansion—are of interest, then sites and approaches for REDD demonstrations could also be selected with such drivers in mind.

Addressing specific drivers

Interventions can be grouped into two categories: those that address site-specific causes through direct mitigation measures and those that address more widespread or systematic causes through policy measures. Some threats need to be tackled in both ways.

For example in the KFCP, a direct, site-specific mitigation measure is canal-blocking to restore the hydrology of a peat dome that is suffering degradation from having been drained. Coordinated action by government agencies and others can address pervasive threats, such as preventing and suppressing illegal logging. Where small canals have been dug to illegally extract timber from the peat swamp forests, the two interventions (canal-blocking and prevention of illegal logging) need to work together.

Establishing national carbon accounting and monitoring systems

National carbon accounting and monitoring systems need to account for land use change both within and outside forest estates. This means that multiple agencies and all levels of government may need to provide inputs on a whole of government basis.

National carbon accounting and monitoring systems need to build on existing expertise and systems. They also must be designed to fit and serve national circumstances whilst satisfying international rules (that are yet to be designed for REDD) and meet market requirements. There is no 'one size fits all system' that can be imported from one country to another: each country needs to design their own system. For example, Indonesia possesses a great deal of technical expertise in the areas of remote sensing, geographic information systems, inventory taking and modelling. National systems should be developed in such a way as to build on the expertise of host countries.

Australia's approach has been to provide scientific, technical and analytical support for Indonesia's efforts to develop their own national carbon accounting and monitoring

system. Australia is offering advice and assistance to Indonesia as they develop a blueprint on what the functions and performance characteristics should be for their system.

Australia is also offering Indonesia access to sources of data and specialist capability from around the world which Australia is brokering through its partnerships with key countries (such as Japan), international bodies (including the Global Earth Observation System Of Systems) and private organisations (such as the Clinton Climate Initiative). This is the model of partnership which Australia has with countries like Indonesia and China in developing their new generation forest monitoring and carbon accounting on which excellent progress has been made.

Leakage and demonstration activities

Leakage can be addressed locally in the area immediately surrounding the REDD activity, within a larger region such as a landscape or district, and nationally. To address leakage, the KFCP will trial investing locally in sustainable livelihoods that reduce dependence on the use of canals, fire, and land clearing. At a regional level the REDD activity will be implemented within a much larger development planning area covered by national and provincial spatial plans incorporating restrictions on forest conversion. At the national level, it will be designed to fit with national policies and frameworks. The National Carbon Accounting System for Indonesia will be able to identify leakage that may occur at local, regional and national levels.

Legal rights to forest carbon

Genuine and enforceable legal rights to forest carbon are fundamental to the success of a REDD demonstration activity. Rights can be established through a variety of systems, including carbon rights, land tenure arrangements or ownership of forest resources.

The KFCP is approaching this in the context of Indonesian forestry law, which grants or recognises particular types of forest use rights to landowners, forest-dependent communities, private companies, and other entities. This approach has the advantage of building on existing, well understood systems within a recognised legal framework.

Identification of capacity-building needs

The identification of capacity-building needs is best done in close consultation with the host country, at all levels of government.

In a remote area in a developing country, such as where KFCP will be implemented, local capacity is often severely limited. Conversely, local partners with strong ties to the land, may play a key role in gaining acceptance for REDD, in applying local knowledge, and in ensuring sustainability beyond the initial stages of project development. Local organisations may be best placed to deliver the necessary capacity-building at a grassroots level, but they in turn are likely to need technical and managerial support.

Sharing of lessons learned from demonstration activities

Because REDD policy development is in its early stages internationally, the sharing of lessons learned will contribute greatly to the progress of REDD. It will be important that all countries share their experiences. Australia and Indonesia encourage other countries to also provide lessons learned from demonstration activities and REDD activities more broadly (such as capacity building efforts or analytical work) to the UNFCCC.

Learning during the design and testing of an innovative approach such as REDD is bound to be uneven and somewhat unpredictable. It is important to establish good communications from an early stage within the design team, with key partners, and with a broader set of stakeholders that will eventually be needed to support and sustain the activity.

At the beginning of a REDD activity, understanding among key stakeholders of climate change and the role forests play in the carbon cycle is likely to be limited. Therefore, pro-active education and outreach about REDD is important from an early stage of the design, leading to a communications strategy to support the REDD demonstration activity.