

<u>AUSTRALIA</u>

Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD)

Submission to the AWG-LCA

This submission provides views from Australia on the matter of Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD).

REDD is crucial to reducing global greenhouse gas emissions as this sector contributes almost twenty percent of global emissions. The post-2012 outcome should adequately address emissions from REDD in a manner that is fair, environmentally effective and economically efficient.

Australia considers that REDD will be most effectively and sustainably addressed through market-based mechanisms. Although REDD may be one of the most cost-effective means to reduce emissions in the short term, the scale of resources required is beyond the means of governments alone¹. We must find a way to facilitate the involvement of the private sector in REDD, with a premium placed on developing mechanisms that are credible and sustainable.

There are a number of ways to advance REDD in the post-2012 outcome in a measurable, reportable and verifiable manner:

- . Develop incentives to support developing countries in their efforts to address REDD;
- . Design policy approaches that:
 - Are flexible to enough to support different national REDD frameworks and are sensitive to national circumstances, given causes of deforestation differ between countries;

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¹ While estimates of the cost of addressing REDD vary, Sir Nicholas Stern has estimated that an annual investment in the order of \$10-15 billion would be needed to halve the rate of global deforestation.

- Deal with issues such as permanence, additionality and leakage;
- Do not penalise Parties for taking action on REDD now;
- Place a priority on achieving emissions reduction, whilst maximising the co-benefits of action to address deforestation.
- Establish credible institutional and methodological conditions that are independently verified to provide Parties and investors with confidence, including:
 - appropriate national level governance, policy, law enforcement and regulatory frameworks in host countries; and
 - robust forest carbon monitoring and accounting systems applied to provide robust, reliable, timely and transparent information.

The AWG-LCA should explore a range of actions and identify options for developing REDD, including:

- how demonstration activities can best inform policy discussions on REDD. Lessons learned from these demonstration activities should be shared freely between Parties; and
- . determining the opportunity costs of addressing REDD. A thorough and balanced analysis of opportunity costs will be crucial to the success of our endeavours to reduce emissions in this sector.

Australia has commenced activities to trial approaches to REDD. Australia's \$200 million International Forest Carbon Initiative is already supporting international efforts to reduce deforestation and forest degradation. A central element of this is the Initiative's focus on developing practical demonstration activities in our region, particularly in Indonesia and Papua New Guinea.

Additional workshop

Australia considers that two workshops on REDD in 2008, while useful, will not be sufficient to resolve the many issues that are under discussion. An additional workshop would provide an opportunity for further discussions on outstanding policy and technical issues, such as leakage, permanence and additionality.

Australia understands that this workshop would put pressure on the resources of some Parties, and is willing to consider options for supporting this workshop.