

# Forest policy issues on climate change mitigation in Indonesia

Enrique Ibarra G. Ph.D.

Policy researcher

Forest Conservation, Livelihoods and Rights Project

Institute for Global Environmental Strategies (IGES)

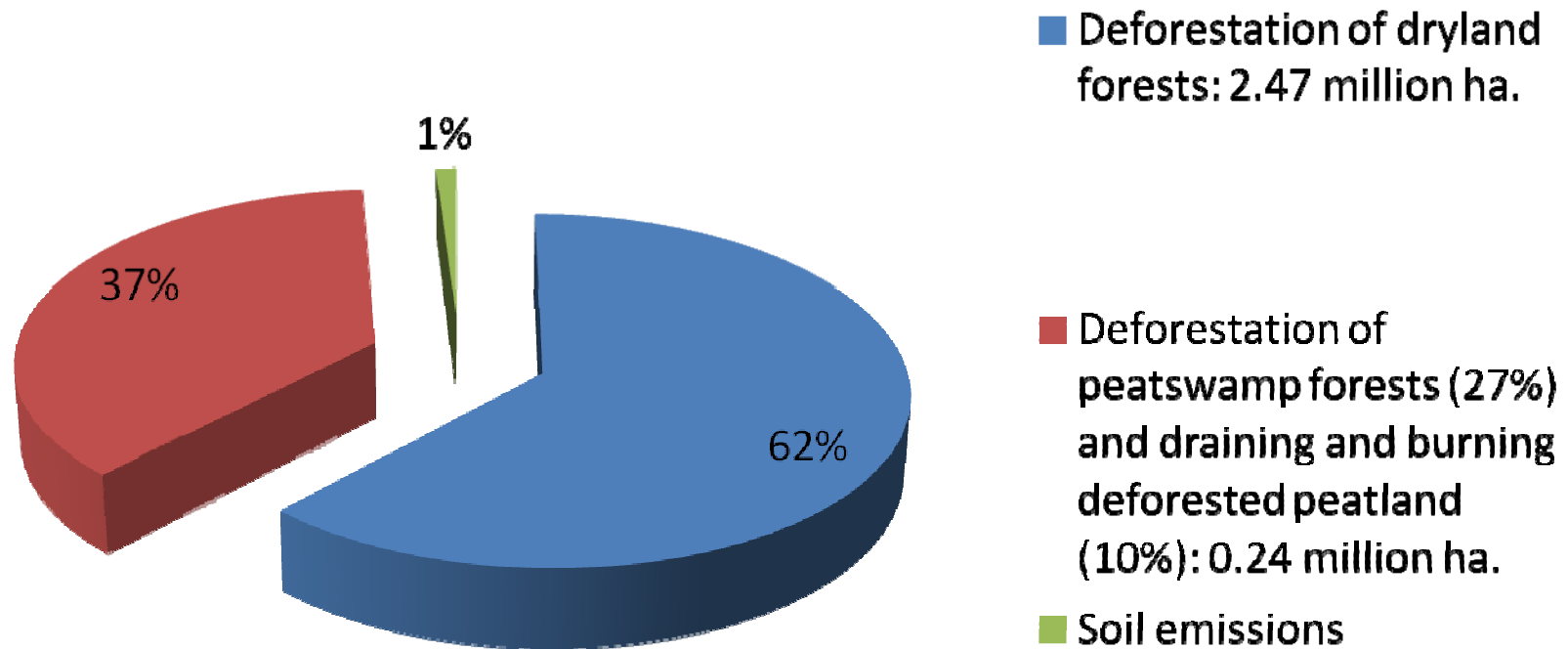
# Overview

- The role of forests in climate change and climate change mitigation
  - The relevance of Indonesian peatlands
- Challenges to the implementation of climate change mitigation strategies in the Indonesian forest sector
  - Policy level
  - Market level

# Forests & climate change

- Global community: urgent need to mitigate the emissions of greenhouse gases from forests to tackle imminent climate change
  - According to the IPCC's 4<sup>th</sup> assessment report (2007) logging and deforestation contribute roughly 17% of global annual CO<sub>2</sub> emissions
- Indonesia ranks as the 3<sup>rd</sup> largest emitter of CO<sub>2</sub> behind China and the USA (PEACE 2007)
  - China and the USA: the bulk of emissions comes from energy consumption (79% and 96% respectively)
  - Indonesia: logging and deforestation contribute 85% of the country's annual CO<sub>2</sub> emissions

# Indonesia 2000-2005: CO<sub>2</sub> emissions from forests and peatlands



Source: Ministry of Forestry, IFCA consolidation report, 2008

# Relevance of Indonesian Peatlands

- 83% of all peatlands in S.E Asia are in Indonesia (22.5 million ha)
  - 90% of emissions from peatlands in SE Asia originates from Indonesia (1,800 mega tonnes of CO<sub>2</sub>/yr)
- Peatlands are being lost to:
  - Development of oil palm and pulp plantations supported by different government agencies and supported by local governments
  - Lack of livelihood alternatives for local people

# Climate change mitigation in the forest sector

- REDD + : Reducing Emissions from Deforestation and Forest Degradation (REDD) and enhancing carbon stocks (+)
- REDD+ is essentially a payment for an environmental service (PES)
  - a transaction where securing and/or incrementing carbon stocks is bought by
  - at least one buyer of CO<sub>2</sub> ,
  - from at least one provider of CO<sub>2</sub> ,
  - payments are conditional, performance-based (provider must credibly secure/demonstrate the provision of CO<sub>2</sub>)

# REDD: Opportunities and challenges at the policy level

- Opportunities:
  - MoFR estimates that if deforestation can be reduced by 50%, revenues from REDD can lie somewhere between \$2.5 and 4.5 billion/yr
  - The conditionality of REDD can provide the incentive to achieve much needed policy reform
    - Cross sectoral policy coordination to achieve consistent land use planning
- Challenges
  - Coordination of policy agendas between governmental agencies need to be improved: for example in peatlands
  - Poor governance: weak rule of law, lack of accountability and transparency in decision making
  - Need to improve consultation processes at the local level:
    - Inform indigenous and local communities of potential impacts and potential benefits of REDD projects
    - Lack of information limits meaningful involvement of local actors
  - Improving local ownership of REDD projects:
    - Ensure social justice: REDD should not take place at the expense of the wellbeing of local communities
    - Enhanced local ownership of REDD projects improves on-the-ground implementation

# Market challenges to the implementation of REDD

- Industrial timber demand in Indonesia exceeds sustainable supply (WB 2006)
  - Annual industrial demand; 60 million m<sup>3</sup>
  - Sustainable yield from natural forests estimated between 8-9 million m<sup>3</sup>
  - Sustainable yield from timber plantations estimated between 3-4 million m<sup>3</sup> (insufficient and poorly performing timber plantations)
- REDD: reduces the timber supply, but through what measures will the demand for timber be addressed?
  - Reduced supply produces an increase of timber prices in the short term
  - Increased timber prices makes logging profitable (legal and illegal)
  - Reducing the supply of timber while not reducing the demand increases the risk of leakage and reduces permanence

Thank you