

# What a Scam!

# Australia's REDD offsets for Copenhagen



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Friends of the Earth Australia, Aid/Watch, WALHI, & Serikat Petani

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### Credits

Prepared in November 2009 by James Goodman (AidWatch) and Ellen Roberts (Friends of the Earth Australia).

This report is supported and endorsed by WALHI (Friends of the Earth Indonesia) and Serikat Petani Indonesia (Indonesian Peasants Union).

Design by Holly Creenaune from Friends of the Earth Sydney: [holly.creenaune@foe.org.au](mailto:holly.creenaune@foe.org.au) Cover photographs from WALHI.

James Goodman, from the AidWatch Management Committee, can be contacted at the University of Technology, Sydney: [james.goodman@uts.edu.au](mailto:james.goodman@uts.edu.au) Ellen Roberts can be contacted at Friends of the Earth Melbourne: [ellen.roberts@foe.org.au](mailto:ellen.roberts@foe.org.au)



## SUMMARY

The Report analyses the Australian and Indonesian Governments' program to create carbon offsets from reduced deforestation. The two Governments submitted a proposal to United Nations climate change negotiators this year, arguing the UN should recognise cheap carbon credits from reduced deforestation in Indonesia. The Australia-Indonesia proposal was based on what is said to be the 'first large scale' pilot of forest offsets, funded by the Australian Government in Kalimantan, Indonesia. The joint proposal and the pilot are being used by Australian negotiators to argue for increased use of offsets through the UN's Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD), now on the table for the Copenhagen climate talks. The report investigates the proposal and the pilot.

### *The findings are as follows:*

1. The Australia-Indonesia REDD proposal favours the complete marketisation of forest credits, to help Australia offset its responsibility to reduce greenhouse gas emissions.
2. Unlike other REDD agreements, such as the recent Memorandum of Understanding between Norway and Guyana, the Australian agreement with Indonesia does not guarantee indigenous rights, and as such breaches the UN Declaration on the Rights of Indigenous people, signed by Australia in April 2009.
3. The Australian Government has siphoned off \$200 million in overseas aid for its REDD campaign, breaching UN requirements that climate aid be additional to development assistance.
4. Documentation for the Australia-funded 'first large scale' REDD pilot fails to mention the rights of local forest-dependent communities; it

also faces opposition from local people who do not want REDD offset schemes in their area.

5. The Australian Carbon Pollution Reduction Scheme (CPRS) permits all Australian emissions to be offset overseas, potentially in REDD schemes, breaching the UN requirement that offsets can only supplement domestic emissions reductions.

6. Emissions offsets like REDD are not recognised by the UN, but can be validated from 2010 under the CPRS; recognising these cut-price 'non-Kyoto' offsets creates a hidden subsidy for companies submitting these credits for validation.

7. Other emissions trading schemes, such as in the European Union and as proposed for the United States, have no plans to recognise REDD offsets before 2020; they cap overall access to international offsets, and impose strict conditions on what type of offset can be recognised.

8. The Australian REDD offset model breaches Australia's international obligations, and is a scam: it is not aimed at reducing deforestation, but at creating a source of cheap credits for increased emissions in Australia.



Outside the Australian Embassy in Jakarta in November 2009

## THE PROBLEM WITH REDD

The UN's Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD) offers the prospect of recognising existing forests in developing countries as carbon sinks. Deforestation and forest degradation increase emissions by the burning of wood and decomposition of soil carbon, and at the same time reduce the planet's capacity to absorb CO<sub>2</sub>. The International Panel on Climate Change estimates the net effect be about seventeen percent of increased greenhouse gas emissions, with fifty percent centred on low income developing countries in the tropics, such as Indonesia, that retain substantial tracts of forest.<sup>1</sup> Measures to reduce deforestation and degradation are clearly an important aspect of

any global response to climate change. The REDD program, which was first put on the United Nations agenda in 2005, proposes to create a financial incentive for this. The program is now an important site of contention in the Copenhagen negotiations.

Since it was first put on the negotiating table for inclusion in the United Nations Framework Convention on Climate Change, the dominant view in the negotiations for REDD has clearly been in favour of a market based offset scheme. Developed countries quickly came to see REDD as a cheap alternative to domestic emissions reductions in the face of binding UNFCCC targets and the acronym 'REDD' has come to be synonymous with REDD offsets. For this reason, we use the term 'REDD' to mean 'REDD offsets' in this report, except where the context indicates otherwise.

There are many reasons for opposing a REDD as a fundamentally flawed initiative geared primarily to shifting responsibility for climate crisis from rich to the poor, worldwide. The Friends of the Earth International Report 'REDD Myths' offers a range of powerful critiques.<sup>2</sup> We outline eight here.

The first and most important reason why REDD should be opposed is that, like all offsets, it does not reduce global emissions, and as such cannot solve the climate crisis. Maintaining carbon sinks does not treat the cause of climate crisis, and enables continued and indeed increased emissions from the burning of fossil fuels.

Second, REDD perversely creates an incentive to deforest: governments must plan to log their forests in order to be able to claim a credit for prevented deforestation. A projected carbon credit can only exist under REDD when deforestation or degradation is avoided.

*REDD perversely creates an incentive to deforest: governments must plan to log their forests in order to be able to claim a credit for prevented deforestation.*



"People who live with the forests don't want REDD" - Thai people at the 2009 Bangkok UN climate talks. Photo: Larry Lohman

## THE PROBLEM WITH REDD

Third, REDD deliberately creates cheap carbon credits from the forests of the South, to help Northern countries and companies offset their emissions. Through REDD, and other 'clean development' projects, Southern societies deliver cut-price credits, allowing emissions-as-usual in the North.

Fourth, REDD hitches the future of the world's remaining forests to the price of carbon. A high carbon price will make cheap REDD credits hugely valuable to those who are able to control them. A low carbon price will make logging the more attractive option. A volatile carbon price – the most likely scenario – will simply profit carbon speculators.

Fifth, REDD credits assume commensurability between present emissions and future sink capacity. A REDD credit is only as reliable as the ability to calculate and project the forest's capacity to absorb Co2. Coal, oil and gas that is burnt today is offset by the future growth of trees, that obviously are vulnerable to anything from illicit logging to unforeseen weather events.

Sixth, REDD is a financial instrument that is inherently speculative. A REDD credit arises solely from the ownership of carbon rights, that is, of the forest's 'ecosystem services'. Nature's bounty delivers those services for free: REDD thus enables a new rentier class, capable of drawing clear profit from monopoly enclosure through speculative acquisition.

Seventh, REDD is a charter for the dispossession of peoples who today have stewardship over forests. REDD jeopardizes the sovereign rights of these peoples as it commodifies forest emissions, and directly imposes globalised commercial power structures on local social relations. It thus empowers speculative and financial elites against the very peoples that historically have conserved forests.

And, eighth, REDD creates new structures of global dependency, a form of 'carbon colonialism' over Southern societies. North-to-South offsets, such as REDD, engineer the reorientation of Southern societies so that the development pathway of the bulk of humanity is shaped not by their own needs and aspirations but by the Northern appetite for fossil fuels.

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REDD hitches the future of the world's remaining forests to the price of carbon.*



Sydney activists protesting Australian Government's financing of REDD, 2009

## OFFSET INITIATIVES FOR REDD

The key question for REDD is whether high-emitting rich countries should be able to offset their current emissions with cheap carbon credits from reduced deforestation or degradation in low-income, low-emission countries. Offsets are already available for forest projects in developing countries that directly extend sink capacity, through afforestation and reforestation. These are recognized under the UN's Clean Development Mechanism (CDM), which, as a marketised offset mechanism, is itself inherently flawed.<sup>3</sup>

REDD takes the scenario one step further into pure supposition, potentially allowing countries to offset their emissions by funding avoided reduction of sink capacity, and other associated avoided emissions. REDD is based on the expectation of deforestation, and the speculative possibilities are manifold: rather than planting trees, REDD would prevent them from being felled. REDD thus has enormous scope, potentially applicable to any significant forest outside of the Annex 1 countries. Not surprisingly, the immediate impact on the peoples who live in forests, exercise ancestral domain over them, and rely on them, has become a major issue.

High-income countries with high emissions, and with an obligation as 'Annex 1' countries under the Kyoto Agreement to reduce these emissions, clearly have an interest in developing an international market in carbon sinks, as a means of creating cheap offsets. The UK Stern Report pointed to forest sinks as a 'highly cost-effective way to reduce emissions',<sup>4</sup> and a number of countries have since sought to

extend recognition to forests under the proposed Copenhagen framework.

Reflecting this, REDD initiatives have spawned more than twenty programs, under a variety of funding mechanisms. Examples include the World Bank's 'Forest Carbon Partnership Facility' and 'Forest Investment Program', the EU's 'Global Forest Carbon Mechanism', and Norway's 'International Climate and Forest Initiative'. Most of these advocate a UNFCCC mechanism for the recognition of forests, but some are equivocal on the issue of whether REDD funding should be

treated as an offset, and others step short of arguing for the full-scale marketisation of forest carbon. The Australian Government's 'International Forest Carbon Initiative', which is the focus for this briefing paper, is exceptional in explicitly arguing for a 'forest carbon market' by 2012. The Australian Forest Carbon Initiative is also of particular international significance, as, in the run-up to Copenhagen, the Australian Government is

now claiming to have carried out 'the first large-scale REDD demonstration activity'.<sup>5</sup> The United Nations has a web platform devoted to REDD, but all the 'demonstration activities' are at country-level rather than project-level: the only project to be cited is the Australia-funded Kalimantan project.

Decisions at Copenhagen in relation to REDD will thus be made on the basis of five country-level claims, administered through the World Bank Forest Carbon Partnership Facility, and on the experience of the Kalimantan project. They will also be based on a series of initiatives centred on methodologies that have been developed both inside and outside the UN process.

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## REDD, IN AND OUT OF THE UN

REDD has formally been on the UN agenda, as an item for discussion, since the Montreal meeting of climate negotiators in November 2005. In 2007 REDD was prominent in the Bali Action Plan, as third priority on the list of mitigation measures, and was the focus of a three-page decision item on 'approaches to stimulate action'. In the action plan negotiators agreed to consider 'policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries'.<sup>6</sup>

Prior to the Bali conference finance had been raised in UN workshops convened to discuss REDD. At the first of these, held in Italy in 2006, representatives of PNG, Costa Rica and Brazil all favoured an incentive structure to minimize deforestation, although the Brazil delegate

specifically stated such incentives should not 'generate obligations or count towards emissions reduction commitments of Annex I Parties'.<sup>7</sup> At the second UN workshop, held in Australia, the 'main issues for further consideration' centred on financing, and top of the list was '(a) Whether credits from reducing emissions from deforestation can be used by Annex I Parties in meeting their reduction commitments', and '(b) Whether market-based mechanisms should be used to provide positive incentive'.<sup>8</sup> Disagreement on these two issues was forceful and is outlined in detail, with those opposing access to forest credits for Annex 1 countries arguing that that this would force down the price of carbon and divert finance from the process of reducing actual emissions.



2008 UN Climate Negotiations in Poznan, Poland. A representative of the Kuna people talks about the impacts of REDD projects on Indigenous Peoples in Panama. Source: Friends of the Earth USA

## REDD, IN AND OUT OF THE UN

After Bali, REDD proposals were developed through the UN's Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA), which held its first meeting in Bangkok in March 2008 to develop the Bali action plan. Over the subsequent seven meetings of the AWG-LCA, REDD debates have intensified. In July 2009 the REDD text accounted for twenty pages of the two hundred page negotiating text. Disagreements have centred on financing and offsets, with a growing number of developing countries arguing against forest carbon credits, and against REDD offsets for developed countries.<sup>9</sup> The question of REDD offsets has become one of the major bargaining chips in the process of negotiation between developing and developed countries, and centres on the extent to which REDD would be financed through flows of public funding or offset credits.<sup>10</sup>

Partly in response to concerns about who would bear the costs of REDD, and who would benefit, in 2008 the UN announced a new inter-agency collaborative program geared to promoting a stakeholder approach to payments. In its framework document the three agencies responsible – the UNDP, FAO and UNEP – made no reference to a market in REDD credits. Instead the focus was almost exclusively on public finance and government-to-government transfers. The framework document sought to address the issue of distribution of the benefits and costs, for instance, stating that:

Elite capture is the main risk for legitimate beneficiaries. This risk can only be reduced through strong democratic processes in local institutions and placing conditionalities on payments, such as transparent audit procedures.<sup>11</sup>

The UN collaboration on REDD is also revealing of the inter-agency jostling, with its efforts at addressing concerns for low-income non-Annex 1 countries, in contrast with other

intergovernmental initiatives, such as from the G8, as discussed below.

In the run-up to Copenhagen a number of Annex 1 country representatives have sought to kickstart financing initiatives. Aside from Australia, the European Union has come closest to advocating REDD offsets beyond what is recognised under Kyoto, but even the EU only tentatively embraces the idea of credits for reduced deforestation. In its statement on the matter, of October 2008, the EU affirmed that under Kyoto member states could use credits from reforestation or afforestation. But credits for reduced deforestation would only be available under strictly delimited conditions, and only to governments. A fully marketised model, with companies able to buy forest offsets would have to wait until at least after 2020, and would have to comply with a number of key conditions. Ironically enough, the first of these conditions was:

'There would need to be an international agreement with ambitious mid-term emission reduction commitments. This would be necessary to generate a sufficiently high demand for emissions reductions, so that developed countries actually reduce their emissions instead of simply offsetting them with carbon credits.'<sup>12</sup>

Nevertheless the EU stated it would continue to 'test the feasibility of including forests in carbon markets'.

As to limits on the use of international offsets, the EU requires conformity with the Marrakesh Accords of 2001 that established Kyoto targets, which state that offsetting 'shall be supplemental to domestic action' (CEC 2005).<sup>13</sup> Under the EU's Emissions Trading System member states construct their own national allocation plans for approval by the Commission, and in the first round of the ETS, 2005-2007, the European Council simply stated that member countries had

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to set a limit on offsets with developing countries consistent with the Kyoto requirement they 'should be supplemental to domestic action', adding 'domestic action will thus constitute a significant element of the effort made'.<sup>14</sup> As a result most action plans claimed about twenty percent of emissions reductions as developing country offsets; in succeeding plans, for 2008-2012, some countries claimed up to eighty percent, leading one NGO – the World Wildlife Fund for Nature – to comment that use of developing country offsets was threatening the viability of the ETS as a whole.<sup>15</sup> In the event the Commission implemented a 'general rule' that countries should only use developing country offsets to 'supplement their allowance allocation by up to 10%', adding that higher limits had to be justified in terms of 'the effort a Member State has to undertake to respect its Kyoto target'.<sup>16</sup>

The United States, lacking a national emissions trading scheme, currently recognizes offsets through the Department of Energy 'Voluntary Reporting of Greenhouse Gases Program'.<sup>17</sup> The emissions trading bill on the agenda in the US Congress – the American Clean Energy And Security Act (ACES) – caps offsets at two billion tons per annum and limits international offsets to no more than fifty percent of the two billion.<sup>18</sup> With the total emissions cap set at approximately 4.5 billion tons, this means that international offsets are limited to about ten percent of total emissions. Even this will have a major impact: Congress calculates that recognition of offsets under ACES would reduce the carbon price by seventy percent, and would enable the US to delay actual emissions reductions until 2018.<sup>19</sup>

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Offsets from reduced deforestation are included in the US legislation, but only if they satisfy special and very specific legislated conditions: these illustrate the political sensitivities around REDD in the run-up to Copenhagen, and are worth quoting at length. There is, first, a general requirement any such offset 'satisfies and is consistent with any relevant requirements' under the UNFCCC; in addition REDD schemes must operate:

- "(i) in accordance with widely accepted, environmentally sustainable forest management practices; (ii) to promote or restore native forest species and ecosystems where practicable, and to avoid the introduction of invasive non-native species; (iii) in a manner that gives due regard to the rights and interests of local communities, indigenous peoples, forest-dependent communities, and vulnerable social groups; (iv) with consultations with, and full participation of, local communities, indigenous peoples, and forest-dependent communities, in affected areas, as partners and primary stakeholders, prior to and during the design, planning, implementation, and monitoring and evaluation of activities; and (v) with equitable sharing of profits and benefits derived from offset credits with local communities, indigenous peoples, and forest-dependent communities."<sup>20</sup>

Reflecting US and EU policies, the incorporation of REDD into the UNFCCC has become a key priority for Annex 1 countries. At the Poznan meeting countries with an interest in pursuing REDD created their own sign-on statement declaring they would seek to 'ensure the inclusion

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of REDD as part of the outcome agreed in Copenhagen'. The position was reiterated at the June 2009 G8 in its statement on climate change: stating boldly its commitment to 'promoting the role of markets to reduce emissions', the G8 devoted a page and a half to REDD issues, stating it would 'consider the inclusion of financial mechanisms within the future global agreement on climate change', again flagging this as a source of Northern offsets.<sup>21</sup>

Subsequently the REDD-lobby created its own working group, termed the 'Informal Working Group – Interim Finance for REDD', which produced a report in October 2009 on REDD as a source of carbon credit.<sup>22</sup> Notwithstanding the timing of its release, the Report self-consciously stated on its front cover: 'This report is intended to inform and be informed by the international climate change negotiations under the UNFCCC, and in no way to pre-empt those negotiations'. Its principal finding was that REDD finance

would only start to flow if REDD schemes gained recognition under the UNFCCC as eligible offsets. Country-level trading schemes offered an interim source of funds, and noting that the EU had not agreed to recognize REDD offsets, the Report looked to the US as a possible source of recognition. Nonetheless, the report still returned to the key issue of UNFCCC recognition: REDD could attract investors speculating on the future recognition, but this 'will probably remain limited in the interim period until rules are established under UNFCCC'.

Given that it is unlikely that the proposed US emissions trading scheme would unilaterally recognize REDD credits, and given that the EU scheme will only at most permit limited recognition of government-to-government REDD credits, we may ask, where else in the world will sub-national REDD projects be recognized as offsets for Annex 1 country obligations?



"Stop selling dignity, [stop selling] carbon credits"; "Wherever developed countries emit gas, that's where they have to reduce it!"; "You have to act justly" - Thai people at the 2009 Bangkok UN climate talks. Photo: Larry Lohman

## REDD AND THE AUSTRALIAN CPRS

The proposed Australian emissions trading scheme - the Carbon Pollution Reduction Scheme Bill (CPRS) – is designed to reduce Australian greenhouse gas emissions by five to twenty-five percent on 2000 levels, to 2020. At the same time, the Treasury projects a significant expansion in the output of emissions-intensive industries in Australia under the CPRS, of about fifty per cent by 2050, and expects a relatively marginal impact on GDP growth.<sup>23</sup> This is only achieved if a significant proportion of emissions can be offset with cheap credits offshore, to the tune of about 200 million tons of CO<sub>2</sub> per year by 2050. With total actual emissions falling to just over 400 million tons, this means that by 2050 imported permits will be used to offset about half of Australia's total emissions.<sup>24</sup>

To enable this, the CPRS sets no limit on offshore offsets, and opens the door to recognition of cheap 'non-Kyoto' credits such as REDD: in both respects the scheme reverses the Green Paper's 'preferred approach' of imposing quantitative limits on international offsets and not recognising non-Kyoto units.<sup>25</sup> International offsets can be bought on the carbon trading market – at a premium; alternatively, the Australian Government can encourage a home-grown carbon trading industry, with Australian companies directly trading or offsetting their emissions locally. As a channel for carbon offsets in the South East Asian region, Australia could position itself as an offsets trading hub, both for international and domestic purchasers. Precisely this scenario was flagged in the Carbon Pollution Reduction Scheme White Paper, in terms of Australia's 'significant competitive advantages as a potential hub for emissions trading and related financial services in our region', and is

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already being promoted by the NSW Department of State and Regional Development, which in 2009 published its effort at spruiking Sydney as the 'Asia Pacific's carbon market hub'.<sup>26</sup>

The CPRS seeks to steal a march on the UNFCCC, and on other emissions trading schemes, by creating a means of recognising non-Kyoto carbon credits such as REDD. The

CPRS legislation devotes an entire Division to the process of recognising 'Non-Kyoto international emissions units', defined as units issued in accordance with an international agreement other than the Kyoto Protocol or a unit issued outside of Australia under the law of a foreign country.<sup>27</sup> The Bill simply allows these non-Kyoto offsets to be recognised

by the registering authority: only 'if the Authority has reasonable grounds to suspect that the instruction is fraudulent', could such registration be refused.<sup>28</sup> The burden of proof would lie with the registering body, which would be required to prove the claim was fraudulent in order to refuse to register it. This is the only legislated standard, establishing the sole legislative grounds on which, and means by which, a claim for an international offset can be denied registration. As for non-legislative regulations, the Bill states these 'may make further provision in relation to non-Kyoto international emissions units'.<sup>29</sup>

In its CPRS White Paper, in Section 11, 'Linking the Scheme to International Carbon Markets', the government discussed the many problems associated with these non-Kyoto offsets, recognizing that most stakeholders supported the Green Paper position of excluding non-Kyoto units from the CPRS. The White Paper acknowledged non-Kyoto offsets may not be

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sufficiently 'credible', and would require the government to either reduce the overall cap on emissions (thus transferring the cost elsewhere in the economy), or to buy a commensurate quantity of UNFCCC-recognised credits. Regarding REDD, 'practical demonstration activities in Indonesia' were specifically cited as enabling REDD credits to be recognised as credible, although it was 'premature' for this to happen 'until they are internationally recognised'.<sup>30</sup>

Whilst acknowledging the problems, the White Paper lists 'units from abatement not currently recognised in the CDM rules (such as avoided deforestation)' as potential sources of non-Kyoto credits.<sup>31</sup> Recognition of such credits is left to the regulators, allowing the Australian Climate Change Regulatory Authority to 'add to the types of international emissions units that can be surrendered without an amendment to the Act' (although the Minister also has the power to direct the Authority in this regard).<sup>32</sup> In the Explanatory Memoranda for the Bill three ill-defined caveats are offered for recognizing non-Kyoto units: that the environmental integrity of the scheme and Australia's international objectives are safeguarded and that bilateral links with other schemes are not undermined.<sup>33</sup>

As noted, the CPRS legislation makes provision for non-Kyoto offsets from 2012, including REDD credits; it also establishes a means of extending de facto recognition before 2012, through the inter-governmental 'export' of Kyoto credits. Specifically, policy 11.11 allows 'the direct transfer of permits, where a bilateral link with another country's Scheme is established and there is an agreement that a shadow transfer of international units will occur at the government level'. A 'bilateral link' of this sort would entail 'mutual recognition of compliance units', on a case-by-case basis. Normally such links would take five years to establish, but if the Minister wishes to waive this 'notice period', or if the link is not anticipated to have a significant impact on the carbon price, then



Outside the Australian Embassy in Jakarta in November 2009.  
Photo: WALHI

## REDD AND THE AUSTRALIAN CPRS

it could be approved immediately. The criteria for such a link are minimal, under policy 11.15, only requiring 'an internationally acceptable (or, where applicable, a mutually acceptable) level of mitigation commitment... adequate and comparable monitoring, reporting, verification, compliance and enforcement mechanisms.... [and] compatibility in design and market rules'. Indonesia, along with PNG and New Zealand, are already specifically cited as partners for such bilateral linkages.

In sum, the CPRS and associated regulations open the door to the recognition of non-Kyoto REDD credits. Criteria for such recognition are minimalist, and vested in the authority of the Minister. There is no legislated criteria beyond the requirement not to be fraudulent, and no limit on the scale of international offsetting. The regulations allow for immediate validation non-Kyoto credits such as REDD through the inter-governmental export of Kyoto credits, with full recognition to be extended from 2012. These

provisions are internationally significant, as they shift the regulatory standard well below what has been put in place in the EU, and what is emerging in the US. They are also locally significant, as a range of corporates and non-government organizations have now invested in REDD projects, in anticipation of their recognition, with twenty such schemes in Indonesia alone.<sup>34</sup>

The non-Kyoto unit provisions in the CPRS would allow offsets generated from projects, such as those under the Australian International Forest Carbon Initiative, to be counted towards Australia's emission reduction targets, even in the absence of an internationally agreed framework. As discussed in this report there are numerous serious concerns with a market-orientated REDD scheme under the UNFCCC framework, concerns that heighten in relation to non-Kyoto offset provisions in the CPRS, as the legislative and regulatory framework is substantially weaker, including in relation human rights and land rights, and the 'credibility' of such offsets.



Photo: WALHI

## COPENHAGEN AND AUSTRALIA'S INTER-

Offering companies an open-ended validation of non-Kyoto units amounts to an open-ended financial subsidy: the companies buy cut-price non-Kyoto emissions offsets, which the government then has to make good with more costly Kyoto-compliant units. Recognition of non-Kyoto units is also designed to influence the international negotiations, to help companies define, test and verify new offset measures that can over time be brought under the wing of the international agreement. The Australian Government's International Forest Carbon Initiative, which has been funding REDD pilots in Indonesia and PNG since 2007, demonstrates the political agenda. \$200 million from the Australian aid budget, over the five years 2007-2012, is being spent on these REDD pilots, in partnership with the Indonesian and PNG governments. The Australian Government very explicitly states that the primary purpose for these pilots is to influence the international negotiating agenda for a post-Kyoto climate agreement.

In its 2009 budget statement on Overseas Development Assistance (ODA) the Government described the Initiative as 'supporting cost effective abatement of global greenhouse emissions'.<sup>35</sup> The bulk of Australian aid is administered by AusAID an agency of the Department of Foreign Affairs and Trade, and on its website AusAID states the objective of Australian aid 'is to assist developing countries reduce poverty and achieve sustainable development, in line with Australia's national interest'. Unusually, though, the REDD Initiative is funded through a partnership between AusAID and the Department of Climate Change. Only this year the OECD raised concerns about this tendency for generic Australian Government Departments to become involved in the aid program, encouraging the Government 'to maintain AusAID's status and role as responsible for the aid programme'.<sup>36</sup> Indeed, reflecting its primary focus, the Department for Climate

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A 2009 Factsheet published by the Department of Climate Change outlines three objectives for the Initiative.<sup>37</sup> First, it is 'increasing international forest carbon monitoring and accounting capacity', to 'show that there can be certainty in measuring emission reductions from REDD Activities'. Second, it is 'Undertaking practical demonstration activities to show how REDD can be included in a post 2012 global climate change agreement'. Third, it is 'supporting international efforts to develop market-based approaches to REDD... playing a key role in international climate change forums and in working with other countries to promote the development of market-based approaches to REDD'. The factsheet goes on to explain how the Initiative enables Australia to take 'a lead role in the negotiations under the UNFCCC and the Kyoto Protocol on how incentives for REDD can be built into a post-2012 global climate change agreement'. This political rationale for the Initiative as defined by the Department of Climate Change Factsheet is in tension with the rationale outlined in the 2009 Ministerial Statement on overseas aid, mentioned above.

## - NATIONAL FOREST CARBON INITIATIVE

The Initiative is in formal terms aid money, but in practice funds a negotiation manoeuvre: as such it does not meet the OECD requirement that the 'economic development and welfare of developing countries' be its 'main objective'. But not only does the \$200 million violate the government's own definition of aid, it also contravenes Australia's obligation under the UNFCCC, to ensure that climate aid is additional to existing ODA. Under the 1995 Berlin Mandate, which Australia signed at the time, and implemented under the later 1997 Kyoto Agreement, finally signed by Australia in 2007, the UNFCCC agreed that funding for joint implementation of climate mitigation would be additional to 'current official development assistance (ODA) flows'.<sup>38</sup> Climate change imposes new problems for low income societies, and requires new funding mechanisms that do not simply re-channel ODA: the \$200 million allocated to the Forest Carbon Initiative under the aid budget has clearly been diverted from other uses, and as such violates Kyoto obligations as well as the principles of the aid program.

The political character of the Forest Carbon Initiative was affirmed in March 2009 when the Minister for Climate Change submitted a preferred model for REDD to the United Nations, based on the Initiative.<sup>39</sup> The submission outlined the Department's preferred 'forest carbon market mechanism', basing participation on national-level carbon accounting. The proposal defined REDD as the logical extension of existing forest projects recognized under the 'Clean Development Mechanism', and saw no special requirement for consent from affected peoples, as against national-level representatives. Whilst proposing sub-national projects, the principle that any such mechanism be 'fair' is confined solely to the international level in terms of 'common but differentiated responsibilities'. Those affected at the sub-national level may only participate

in order to support the mechanism's 'integrity, investor confidence and effectiveness', as part of a stakeholder group encompassing 'the private sector, non-government organisations, international organisations and local and Indigenous communities'.

The proposal was submitted despite the well-known position of the indigenous caucus at the UNFCCC negotiations, condemning REDD. Following their protest against REDD at Poznam, in November 2008, the caucus stated:

*" We, the Indigenous Peoples have suffered the worst impacts of climate change without having contributed to its creation.*

*" We must not be placed in the position of suffering from mitigation strategies which we believe have offered false solutions to the problem at hand.*

*" And even worse, many of the mitigation and adaptation schemes being discussed in UNFCCC and related processes threaten our rights and our very existence."*

*- Indigenous Caucus at the UNFCCC negotiations*

## COPENHAGEN AND AUSTRALIA'S IFCI

'We, the Indigenous Peoples have suffered the worst impacts of climate change without having contributed to its creation. We must not be placed in the position of suffering from mitigation strategies which we believe have offered false solutions to the problem at hand. And even worse, many of the mitigation and adaptation schemes being discussed in UNFCCC and related processes threaten our rights and our very existence'.<sup>40</sup> Some key principles were laid down by the indigenous caucus: incorporation of the UN Declaration on the Rights of Indigenous Peoples, Free Prior and Informed Consent, genuine impact assessments, recognition of traditional knowledges, building indigenous capacity, suspension of REDD activities until these principles are implemented. Although Australia signed onto the UN Declaration on the Rights of Indigenous Peoples in May 2009, the Australian submission of March 2009 made no mention of the need to seek the consent of local landholders.

The imperative, for the Australian delegation, was to ensure that under any post-2012 agreement REDD credits would be 'fully fungible', a point reiterated three times in its submission on the issue. The position conflicts the recommendations of the Government's own advisor on Climate Change, Ross Garnaut, who had stated in 2008 that it 'appears neither desirable nor likely for such [REDD] credits to gain widespread acceptance in international markets'.<sup>41</sup> The Government submission to the UN was adamant the 'only' way of reducing net emissions was by creating cheap tradeable credits; the relevant section of the submission is worth quoting at length:

'Emissions reductions from the forest sector in developing countries offer one of the most cost-effective opportunities for reducing global emissions in the short-term. While public financing from developed countries will play a role, ultimately carbon markets are the only mechanism capable of mobilising investment on the scale needed to support and provide incentives for these emission reductions. A

market based approach is the most efficient and effective means of achieving our global climate change mitigation objectives. It could support developing countries in meeting their stated national climate change and sustainable development objectives. Forest carbon credits should be fully fungible in the international carbon markets of the post-2012 agreement.<sup>42</sup>

In June 2009 the political dimensions of the Initiative were underlined with the formal announcement of the 'Indonesia-Australia Forest Carbon Partnership'.<sup>43</sup> The Partnership document, signed by the Prime Minister of Australia and the President of Indonesia, was described as stimulating cooperation 'to help both Indonesia and Australia engage in emerging international markets for forest carbon emission reductions'. Three aspects were emphasized, the first being 'policy development and capacity building to support participation in international negotiations and future carbon markets'; the second referred to technical support for carbon accounting; and the third was centred on developing 'demonstration activities' and 'trial approaches'. The two countries pledged to cooperate on 'international negotiations under the UNFCCC', and acknowledged the role of the Australia-funded Kalimantan Forests and Climate Partnership as the first, large-scale demonstration activity of its kind in the world, and its role in informing international negotiations under the UNFCCC and Kyoto Protocol'. The Australia-Indonesia Partnership makes no mention of the local peoples affected by forest carbon markets, in contrast to other comparable agreements, such as the recently signed Memorandum of Understanding between Norway and Guyana on REDD projects, which explicitly requires indigenous communities to 'choose whether and how to opt in', and stated that 'only when communities wish to do so, in accordance with Guyana's policy of respecting the free, prior and informed consent of these communities', would such projects proceed.<sup>4</sup>

## AUSTRALIA'S REDD PILOT IN PRACTICE

### *The Kalimantan Forests and Climate Partnership*

One of the Australian government's key interventions into REDD is the establishment of the Kalimantan Forests and Climate Partnership (KFPC), a REDD pilot project aiming to reforest and relood approximately 100 000 hectares of degraded peatland swamp forest in Central Kalimantan. While the project of rehabilitating the peat swamp is crucial both environmentally and socially, there are a number of problems with the KFPC. Firstly, it exists wholly within the offset market paradigm that dominates Australia's engagement with the question of how to reduce emissions from deforestation, and the project is designed to play a crucial role in Australia's strategic agenda in the UNFCCC negotiations as a successful example of an offset scheme. Secondly, KFPC documents that are publicly available make no mention of rights of affected indigenous or forest dependent communities. Thirdly, the project focuses on small scale subsistence practices, rather than the agricultural industries such as palm oil plantations that are driving large scale deforestation in the region. Finally it is possible that the KFPC is destined for the voluntary emissions market.

The KFPC is part of the Indonesia Australia - Forest Carbon Partnership (IAFCP), Australia's bilateral agreement with Indonesia on forest carbon that focuses on three areas: policy development and capacity building, technical support, REDD demonstration activities.<sup>45</sup> The bilateral relationship with Indonesia is part of Australia's International Forest Carbon Initiative, which as at November 2008 was funded to \$200 million, \$40 million of which had been allocated to the relationship with Indonesia. According to Department of Climate Change, the purpose of the International Forest Carbon Initiative is two fold, to show that REDD should be included in the UNFCCC, and that it should be a market mechanism.

*The documents make no mention of rights of affected indigenous or forest dependent communities.*



Photo by Julia Dehm, Indonesia 2009.

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In addition to the bilateral funding arrangements outlined above, Australia's relationship with Indonesia is governed by the Roadmap for Access to International Carbon Markets<sup>46</sup> that sets out how Australia will assist Indonesia in becoming an active source of carbon credits. As with most documents in relation to Australia's relationship with Indonesia on this issue, the Roadmap is light on detail. It claims that all activities conducted as part of the Roadmap are 'without prejudice to the outcomes of the international negotiations on climate change'<sup>47</sup> yet are clearly designed to influence those negotiations.

The KFCP is located in the carbon rich peatland forest of Central Kalimantan.

Peatland forest grows on a peat 'bog' of wet, partly decomposed plant matter. The carbon storage capacity is immense as peat bog stores twenty times more carbon than the above ground vegetation and 33% of all global soil carbon is located in these peat bogs.<sup>48</sup> It is estimated that the draining, logging and burning of Indonesia's peatlands represent 4% of the world's total greenhouse gas emissions,<sup>49</sup> and it is these emissions that make Indonesia the third largest emitter in the world.<sup>50</sup> The site for the KFCP is a small section of the former Mega Rice Project, a failed attempt by President Suharto to regain rice self sufficiency for Indonesia that involved the clearing of over 1 million hectares of peat forest.

There is scant information available publicly on the design or progress of the KFCP, with most available government documents barely extending beyond two pages. This is particularly surprising

given that the government claims that 'lessons learned [from REDD demonstration projects in Indonesia] will inform international negotiations in the lead up to Copenhagen,'<sup>51</sup> however as yet, for a public audience anyway, four weeks out from Copenhagen these lessons remain unclear. The documents

that are available indicate that the Australian government intends to initially work on avoiding deforestation of 50,000 hectares of peat swamp forest and rehabilitate an additional 50,000 hectares of degraded peatland to create a buffer around the existing forest and reduce further degradation.<sup>52</sup> The rehabilitation occurs through the reflooding of the peat swamp – which protects the area from the

fires that are the source of greenhouse gases, and enables a return to the original peat swamp forest ecosystem. In September 2009, Penny Davis of AusAID stated at a seminar held at the Australian National University that the KFCP had only recently moved from design to 'early implementation phase.'<sup>53</sup> Even though the project is now championed by the Rudd government, the KFCP was an initiative of the previous government and was first announced by Alexander Downer in September 2007.<sup>54</sup>

### *Parties involved in the KFCP*

The KFCP is a project that emerges from the work of the Central Kalimantan Peatland Project, which was funded by the Netherlands government and had been working on rehabilitation of the logged and degraded peat bog. The Australian KFCP includes many of the original partners of the

*The site is a small section of the former Mega Rice Project, a failed attempt by President Suharto to regain rice self sufficiency for Indonesia that involved the clearing of over 1 million hectares of peat forest.*

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CKPP, a consortium of international development and environment NGOs and a local University.<sup>55</sup> When it was first announced, BHP Billiton was involved in the KFCP, but the current status of their involvement is unclear.

dirty and destructive industries.' ARPAG claims 7000 members in 52 villages, who, prior to being displaced by the Mega Rice Project, mentioned above, were living sustainably within the peatland ecosystem.

It is notable in this context that other governments have committed to rehabilitation and reforestation work in this area without linking it to domestic economic advantages, such as Australian corporations seeking to make cheap emissions reductions. The Canadian government, for example, through its aid arm CIDA provided funding to 'rewet' the peat bog,<sup>56</sup> the same process that the Australian government will achieve through the KFCP, but without linking it to the emissions trading market.

*Local group ARPAG is strongly opposed to the concept of offsetting as it 'keep[s] the practice of 'business as usual' and, even worse, sustain[s] dirty and destructive industries.'*

In an open letter to the UNFCCC Intergovernmental Meeting in Bangkok in September 2009 the group describes the forced displacement of 82,000 people to make way for the Mega rice project, and the resulting environmental disaster: deforestation, burning, the clearing of land for palm oil, and the mining of coal and oil. Since then the group has been involved in its own rehabilitation work:

### *Local opposition to REDD*

ARPAG, the People's Peat Management Alliance, is a grassroots group based in Central Kalimantan. While it is not clear from the material we have been able to obtain whether ARPAG has members in the area to be covered by the KFCP, or whether they have had interaction with the project, the group is calling for a general rejection of REDD offset schemes in the peatlands of Central Kalimantan. The group is a 'collective of peasant group, fisherfolks, rattan handcrafters and rubber collectors.'<sup>57</sup> ARPAG's aim is 'to reclaim our rights to protect peatland ecology and our livelihood' and are calling on the UNFCCC to reject proposals that undermine their rights to resources and their struggles 'to reclaim their rights'. The group is strongly opposed to the concept of offsetting as it 'keep[s] the practice of 'business as usual' and, even worse, sustain[s]

We have replanted 50,000 hectares of endemic trees, rehabilitated rattan forest (13,000 ha), rubber forest (5,000 ha), fish ponds, re-developed traditional paddy fields, and revitalised the customary forest system. We have a built 'peatland' school for local communities and conducted strategic dialogue with local government, the central government, and NGOs in Indonesia and abroad.

The open letter describes the lives of the Ngaju people prior to the Mega Rice Project: accessing both timber and non-timber resources such as rubber sap and rattan, cultivating rice, hunting, and maintaining fish ponds. Their rehabilitation work has been an attempt to regain this way of life, and they oppose REDD in addition to oil palm expansion and the declaration of a local national park on the grounds that it will deny them access to livelihood resources.

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“ARPAG reject all form of foreign aid to save peatland that generate from carbon trading or foreign loans under the scheme of REDD or any other scheme. The “aid” will only bring severe impact to people and peatland resources and will undermine people’s sovereignty over resources.”

ARPAG also expresses concern about the power given to corporate interests in REDD schemes. These interests ‘will control, patronise, and undermine the role of government to protect its people and peatland resources.’ In this context, ARPAG argues, REDD becomes ‘conservation colonialism.’

### *Lack of safeguards in UNFCCC processes*

One key concern with the KFCP is the lack of adequate human rights and environmental safeguards, both at the international level where REDD scheme design is taking place in the UNFCCC negotiations, and in the Indonesian context. The current state of the UNFCCC negotiations on REDD point to an agreement

*“The ‘aid’ will only bring severe impacts to people and peatland resources, and will undermine people’s sovereignty over resources. Parties involved in the investment of offset will control, patronise, and undermine the roles of government to protect its people and peatland resources.”*  
- Local group ARPAG

at Copenhagen in December this year in which environmental and human rights safeguards are absent or very weak. There may be no requirement, for example, that forest dependent communities consent to offset schemes on their lands,<sup>58</sup> signalling denial of access for these communities to REDD benefits and forcible exclusion from forests. In addition, if negotiations continue on their current track, there will be insufficient limits as to what kind of activities can be considered to reduce emissions from deforestation – under the current definitions of ‘forest’ both environmentally destructive plantations and industrial scale logging would be eligible for income under REDD schemes.<sup>59</sup>

### *Failure to address large scale deforestation*

In June this year Ben Tular of CARE Indonesia, one of the organisations involved in KFCP stated that the major challenge for the project was ‘to change the behaviour of the community. That’s the main problem.’<sup>60</sup> Clare Walsh from the Department of Climate Change likewise identified that local practices of subsistence agriculture were a key ‘driver of deforestation’ in the area to be covered by the KFCP that must be addressed.

However many of the emissions from deforestation in Indonesia are caused by the clearing of land for commercial pulp and paper options and for plantations, particularly palm oil plantations. Indigenous and forest organisations both in Indonesia<sup>61</sup> and internationally<sup>62</sup> have called for REDD to focus on industrial scale deforestation rather than traditional agriculture. Central Kalimantan is a key site for palm oil, and in February this year the Governor of Central Kalimantan announced plans to convert a further one million hectares of forest to palm oil plantations.<sup>63</sup> While the Central Kalimantan Peatlands Project makes reference to the need

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to address the activities of corporate deforesters, the project itself is focused exclusively on the small scale deforestation activities of local communities. There are no suggestion within the CKPP about how to bring about 'behaviour change' amongst palm oil companies or the levels of government that may benefit directly from the grant of concessions.

Indonesian forest activists Torry Kuswardono and Patrick Anderson have described it as a 'failure of policy reform,'<sup>64</sup> if a small 100,000 hectare rehabilitation project can sit alongside 1,000,000 hectares of forest conversion and still be considered a credible source of offsets. The Australian and Indonesian governments are sensitive to this criticism and in a joint submission to the UNFCCC Conference of Parties in Poznan in December 2008 discussed the need to restrict forest conversion at a province level. It is not at all clear what the interactions will be between the credits generated by the small scale KFCP, and any province-wide actions.

*Indigenous and forest organisations, both in Indonesia and internationally, have called for REDD to focus on industrial scale deforestation rather than traditional agriculture.*

*The Central Kalimantan Peatlands Project is focused exclusively on the small scale deforestation activities of local communities.*

Photo by Julia Dehm, Indonesia 2009.



## AUSTRALIA'S REDD PILOT IN PRACTICE

A second key issue in relation to forest conversion is whether REDD income will be greater than the financial benefits of deforestation. A recent study has shown that the price per tonne of carbon must be US\$10 - \$33 in order to exceed expected profits from conversion to palm oil in

*None of the Kalimantan documents mention the necessity of recognising rights of local peoples, and particularly the right to free, informed and prior consent taking place on the lands in which they live.*

Kalimantan.<sup>65</sup> While the authors of that study considered it proof that REDD was financially viable, other estimates have predicted the price for REDD credits to be as low as US\$1 per tonne.<sup>66</sup> UNFCCC mandated carbon offset credits from the Clean Development Mechanism are currently selling at US\$20 per tonne of CO<sub>2</sub>, but it is predicted that the price may drop as REDD credits, of which there will potentially be a large supply, enter the international market.<sup>67</sup> As an offset mechanism, REDD will not function as an incentive to stop deforestation unless there is sufficient demand for the carbon credits. Three weeks out from the Conference of Parties in Copenhagen with most countries backpedalling on a binding deal, let alone one that includes high targets, it seems highly unlikely that sufficient demand will materialise.

### *Lack of recognition of rights*

Access to secure land tenure is a key human rights issue for REDD in an Indonesian context. Of Indonesia's population of 216 million, it is estimated that 100 million people depend on forests and natural goods and services for their livelihoods.<sup>68</sup> Many forest dependent people in Indonesia lack secure land tenure largely as a result of President Suharto's 1967 declaration that all forested land, 70% of the Indonesian land mass, was owned by the State.<sup>69</sup> This act of legal dispossession paved the way for the granting of logging and plantation licences that have enabled the bulk of Indonesia's forest destruction. In the words of the Asian Development Bank, 'in Indonesia, the government often treats the indigenous people or forest villagers living in and close to the forests in the outer islands (like the Dayak of Kalimantan) as if they do not exist.'<sup>70</sup>

The KFCP documentation focuses very heavily on incomes for local people but none of the documents mention the necessity of recognising rights, and particularly the right to free, informed



Outside the Australian Embassy in Jakarta in November 2009.  
Photo: WALHI

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and prior consent taking place on the lands in which they live. Although an early report makes reference to land tenure assessments for the local people who will potentially be affected by the KFCP,<sup>71</sup> there is no evidence of these assessments having been attempted thus far. Indeed the joint submission of Australia and Indonesia to the Conference of Parties in Poznan in December 2008 on the KFCP stated the need to work within the context of existing Indonesian forestry law:

The KFCP is approaching [developing legally enforceable rights to carbon] 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.<sup>72</sup>

As British NGO Down to Earth has noted 'since [Indonesian forestry] law fails to protect the rights of indigenous communities, ... in reality, Australia's funding for REDD means support for the continuation of an unjust forest management regime which has systematically marginalised forest communities and violated their rights to land and resources.'<sup>73</sup>

Of further concern is the involvement of the Australian government in developing Indonesia's overall REDD policy and legal frameworks. After complaints from a range of Indonesian NGOs and indigenous organisations about Indonesia's Regulation on Reduction of Emissions from Deforestation and Forest Degradation Procedure that grant rights to conduct REDD projects only to a small minority of indigenous peoples (those with State sanctioned management rights),<sup>74</sup> the United Nations Committee on the Elimination of Racial Discrimination has 'expressed concern that indigenous peoples rights to their lands,

*" Since [Indonesian forestry] law fails to protect the rights of indigenous communities, ... in reality, Australia's funding for REDD means support for the continuation of an unjust forest management regime which has systematically marginalised forest communities and violated their rights to land and resources."  
- NGO Down to Earth*

territories and resources may not be sufficiently recognised and protected.<sup>75</sup> While it is impossible to know exactly how aid money has been spent, the design of REDD regulations like those criticised by the CERD seems very much within the scope of the bilateral assistance Australia is providing.

### *An uncertain future*

The future of the Kalimantan Forests and Climate Partnership is, to a certain extent, fixed to the UNFCCC negotiations. It seems likely at this stage that there will be agreement on REDD at Copenhagen,<sup>76</sup> even in the face of a failure to agree on binding emission reduction cuts. While an agreement on REDD will be hailed as one of the few successes of Copenhagen, it risks simply providing UN legitimation for an expanded carbon trading market. If this happens, the Australian government remains free to set the kind of rock bottom emissions reduction targets that have emerged out of the CPRS and at the same time access UN mandated credits for Australian companies.

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If there is no agreement on REDD at Copenhagen, or the UNFCCC meetings that come after it, it seems likely in that case that the pilot projects originally set up for inclusion in the UNFCCC will become part of the voluntary offset market that exists completely outside the United Nations processes. As discussed earlier, there are already legislative provisions in the CPRS for the domestic recognition of non-Kyoto offsets, and the inclusion of the KFCP in the voluntary market is foreshadowed in the KFCP documents themselves. The Roadmap for Access to International Carbon Markets consists of a four-stage process. In stage three, Indonesia is connected to the voluntary market while waiting for a United Nations system, and the Roadmap states this may include the KFCP. The problems with this outcome are twofold. Firstly while safeguards in the UN system may be weak, in the voluntary market there is no forum for agreeing on environmental and human rights safeguards. Secondly, the voluntary carbon market has already shown itself to be

highly speculative. Carbon traders themselves confess that the majority of transactions consist of selling and reselling predicted future emissions reductions that may never actually occur.<sup>77</sup> It is unlikely that such a market would be a useful source of reliable and ongoing funding for local forest dependent communities.

*Carbon traders themselves confess that the majority of transactions consist of selling and reselling predicted future emissions reductions that may never actually occur. It is unlikely such a market would be a useful source of reliable and ongoing funding for local forest dependent communities.*



## ALTERNATIVES: CLIMATE DEBT & JUSTICE

Given the importance of deforestation and degradation in contributing to climate crisis, and the significance of forests to biodiversity, livelihood, and indigenous sovereignty, it is clearly important to consider what measures need to be taken to maintain and extend forests. The key issue, as emphasised in the foregoing discussion, is the issue of historical obligation, and the resulting financial responsibilities.

The world's current reliance on the sink and carbon storage capacity of the world's remaining forests, reflects the logic of global ecological injustice. Whilst some elites have benefited from the worldwide release of greenhouse gasses consequent upon deforestation and degradation, subordinated peoples worldwide have been displaced from livelihood and well-being, and now bear the brunt of climate change. Ecological justice thus creates obligations from the beneficiaries of this process, to those bearing the costs. Clearly such 'ecological debts' should be translated into wealth transfers that enable the continued viability of forest sinks.

The weight of these arguments now directly reflects the bargaining power of developing countries in international climate negotiations. The growing political revolt against carbon offsets for high-emitting high-income countries, through

REDD and other mechanisms, reflects rise of a worldwide climate justice movement, and also the growing political leverage of developing countries in the UN negotiations. As low-income countries become part of the negotiating framework for mandatory emissions reductions, their priorities are getting a stonger hearing, and the potential for new trade-offs grounded in the principle of ecological debt may begin to gain greater traction.

A number of proposals along these lines are already on the table, and take the form of direct funding mechanisms, as part of a 'new financial architecture for such climate change', under the UN. Friends of the Earth International has modelled key principles for climate finance, founded on international equity, human rights, peoples sovereignty and environmental integrity, for climate financing free of conditionalities and offsets, embedded in principles of free, prior and informed consent, and in the active participation of local and affected communities.<sup>78</sup> As to the scale of funds required, a global levy reflecting ecological debts as expressed in common but differentiated responsibilities, could create a global fund to address climate change, including deforestation and degradation. With the G77 group of 132 developing countries, and China, putting such a levy on the negotiating table, and

specifically suggesting it should be set at -5-1% of Annex 1 GNP, in addition to existing ODA commitments, the debate on how to address ecological debt has come of age.<sup>79</sup>

"We conserve forests because forests are life, not a commodity" - Indigenous groups at the 2009 Bangkok UN climate talks.

Photo: Larry Lohman



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"Stop iron smelters" and "CDM: Country Disrupted by Merchants" - Thai people at the 2009 Bangkok UN climate talks.  
Photo: Larry Lohman

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- Affirm that traditional sustainable uses are not deforestation, and are in fact crucial components for effective adaptation,
  - Address real drivers of deforestation. Large scale, industrial activities like logging, cattle ranching and agro-fuel production should NOT benefit from any future climate agreement on forests.
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Photo: WALHI



*"We can get a cooler world only if we tackle the problems of injustice."*

*Thai people at the 2009 Bangkok UN climate talks.*

*Photo: Larry Lohman*



*Climate justice activists blockade Australian Federal Parliament in Canberra, November 2009. 130 people were arrested.*

*Photo: [www.conorashleigh.com](http://www.conorashleigh.com)*

**Friends of the Earth Australia [www.foe.org.au](http://www.foe.org.au)**

**Aid/Watch [www.aidwatch.org.au](http://www.aidwatch.org.au)**

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