The Political Economy of Avoided Deforestation

Side Event
UN Climate Change Conference, COP 13
Bali, 05 Dec 2007 18:00-19:30, Wave, GH

International Institute for Applied Systems Analysis,
IIASA, Laxenburg, Austria

Avoided deforestation is thought of as a cost extensive mitigation option. We show global economic potentials for avoided deforestation under diverse policy scenarios. Relatively low amounts of financial flows may save vast areas from deforestation while creating social and environmental ancillary benefits.

Outlook
The IIASA side event in Bali will start with a presentation on the value of allowing avoided deforestation in long-term scenarios of Greenhouse gas control (GGI scenarios). We will conclude that the amounts of net emission reductions stemming from refraining from clearing forest land are substantial and are necessary to attain the European 2 degree warming target. In this presentation we will also discuss other elements, such as afforestation and agricultural land expansion, of the scenarios that are linked to the entire land use sector.

The second presentation will elaborate on the costs of avoided deforestation. We will present results on avoided deforestation that are based on the assumption of the implementation of a global land clearance tax (which is indexed by the net carbon emitted) or alternatively on a temporary carbon rental contract (tCER type). Issues of the implementability and associated transactions costs will be discussed. We find that the total financial resources needed to cut the deforestation in half correspond approximately to the financial losses (non-collection of stumpage fees) governments currently incur due to illegal logging. In this presentation we will also shortly present scenarios of possible impacts of avoided deforestation credits on the European Emission Trading scheme (these results were produced at Columbia University).

The third presentation will give an overview of possible interlinkages of avoided deforestation on other land-use sectors such as agricultural and forest products markets and potentials and prices for bioenergy. Scenarios illustrating possible implications on food security from avoided deforestation will also be discussed.

The session will conclude with a presentation from CIFOR and CIAT analysing two different proposals for rewarding forest conservation in Brazilian federal states Mato Grosso and Amazonas through REDD. Amazonas has adopted innovative conservation policies and recently pioneered conditional payments for environmental services (PES) to smallholders. Amazonas State has low deforestation, especially in relative terms. Due to highly concentrated land ownership, most REDD benefits might be captured by large landowners, especially in Mato Grosso that has a history of much more aggressive land-conversion policies and high deforestation. The session will conclude with a summary of all findings, setting the stage for an informed discussion on the feasibility underlining REDD trade-offs between environmental efficiency and equity.

Agenda
18:00 Opening of the side event (Michael Obersteiner, oberstei@iiasa.ac.at, IIASA)
18:05 The IIASA long-term scenarios on avoided deforestation and afforestation (Florian Kraxner, kraxner@iiasa.ac.at, IIASA)
18:20 Costs of mechanism designs to implement avoided deforestation (Michael Obersteiner)
18:35 Total land-use impacts of avoided deforestation (Petr Havlik, havlikp@iiasa.ac.at, IIASA)
18:50 Efficiency and equity implications of REDD in the Brazilian Amazon: comparing the pilot cases of Amazonas and Mato Grosso (Jan Boerner, J.Borner@cgiar.org, CIAT & Sven Wunder, s.wunder@cgiar.org, CIFOR)
19:05 Final discussion and closing of the side event