

# Avoided Deforestation with **Sustainable** Benefits (ADSB) in Indonesia

## Sustainable, efficient and fair: can REDD be all three?

The triple bottom-line of people, profit and planet refers to three different dimensions for evaluating the emerging REDD system: Will it lead to sustainable use of the planet? Will it be done in an efficient way that does not affect profit? Will it be fair to the people who deserve to be rewarded?

Climate Justice is a moral concept of fairness rather than a legal reality. The different actors negotiating over forest goods and services include governments, NGOs, companies, traders, migrants, farmers in the forest margins and indigenous forest people. Their interactions are complex at the national level and even more so in the context of international agreements between sovereign countries. As in any type of 'negotiation support', issues of substance ('hard data') play a role, but equally important is the process and 'bargaining position' that parties take.

Why should anyone receive funds or rewards for NOT damaging the global ecosystem? The answers to this question are usually a combination of:

- “**Poverty** means we have few options other than degrading the forest, we need help to develop sustainable livelihoods”;
- “We have the **right** to manage our land the way we want; some countries that deforested in the past are now rich”;
- “**Sharing responsibility**”: We are committed to do our share of the global clean-up and work to protect the environment and reduce emissions, but there are real 'opportunity costs' that need to be compensated”.

Various permutations of these answers have been presented over time and the international community has responded with a mixture of guilt, commitment and business-sense. We found four principles that can guide REDD. However, there are four major challenges as well.

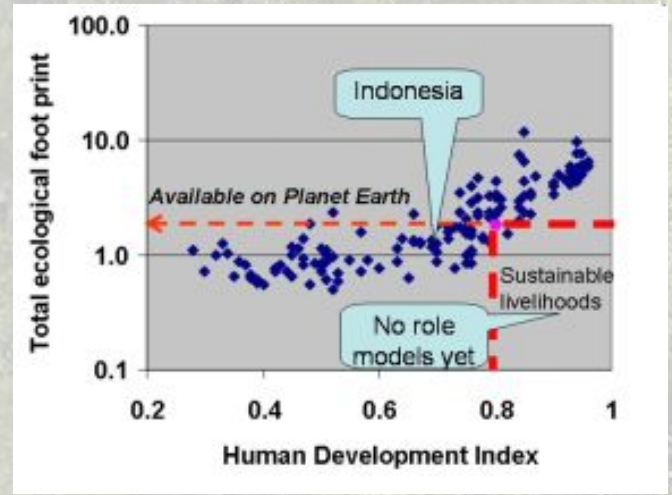
### Key points of this brief

Four principles: REDD will have to:	Four related challenges
1) be <b>efficient</b> in reducing emissions at affordable cost, linking the local to the global in ways that are accountable for emissions but that are as simple as possible;	<b>Provide efficiency as well as fairness:</b> Focus on the areas, drivers and sectors that are currently most directly linked (legally or illegally) to emissions <b>AND</b> provide appropriate incentives to areas, drivers and sectors that actively contribute to resource conservation and provide new options to those at a cross-roads of alternative development pathways.
2) address <b>climate justice</b> , equity and fairness, within improved systems of governance and accountability from local to international scales;	<b>Improve the transparency and accountability of governance systems</b> that link the local to the national scale.
3) support <b>transformations to sustainability</b> for the long term within the local context of options and aspirations, and	Develop and operationalize a vision of a long term <b>transition to sustainability</b> that meets the Millennium Development Goals, transcends economic dependence on extractive industries and finds a balance between goods and services .
4) express a <b>commitment to learning</b> and accountability for the process.	<b>Enhance the REDDiness of local and national stakeholders</b> by creating active learning with effective feedback that enhance awareness.



# 1. Sustainable

If sustainable development is defined as targeting a combination of high 'human development index' with affordable per-capita use of scarce resources, as measured through an integrated 'ecological footprint', there is no current role model for Indonesia. All countries will have to enter uncharted territory in the lower right corner of the graph.



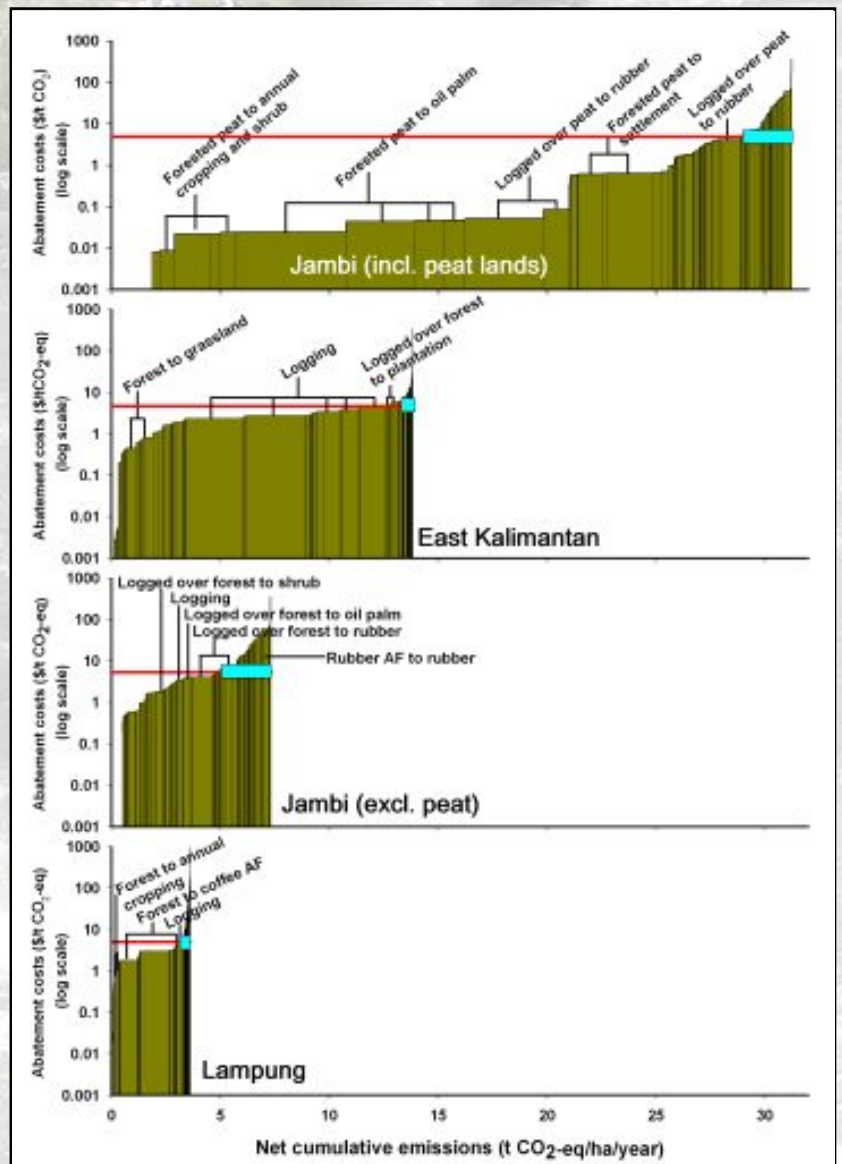
**Figure 1.** Relationship between ecological footprint and human development index at country level.

# 2. Efficient

A large share of Indonesia's CO<sub>2</sub> emissions brings very small economic benefits (expressed as Net Present Value at current private prices) per unit CO<sub>2</sub> emitted (Fig. 2). The peatlands have by far the largest potential to reduce emissions without incurring substantial opportunity costs. If markets are allowed to develop for such emission reduction, these will be the 'lowest hanging fruit'.

# 3. Fair

Many previous and existing schemes to manage forest resources in Indonesia through a combination of regulation and incentives, have a rather poor track record when it comes to accountability and distributional fairness, although obviously some lessons are being learnt (Table 1). While the incentives for exploring 'forest products' are clear and direct, incentives for 'conservation' and services are small as yet, as these refer to a future benefit opportunity. Unfortunately, market-driven emission reduction will be attracted to the active forest margins, not the core forests, because their performance is measured against a negative baseline.



The red line indicates a price of 5 \$/t CO<sub>2</sub>-eq, the likely limit of REDD mechanisms; everything below the line will be within reach of financial instruments

**Figure 2.** Abatement cost curves for the land-based carbon emissions from land use change in three provinces of Indonesia (NB the opportunity costs are on a logarithmic scale and do not show the costs where these are negative)