Avoidance and Removals

Sonam Tashi
Ministry of Economic Affairs
Bhutan
COP 26

Parties found a compromise on many issues. But some questions remain unanswered? “about allowing avoidance and REDD+ carbon projects under the new crediting scheme to be implemented under Article 6 Paragraph 4? And under which circumstances?”
Requests the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop recommendations on "whether activities [under the 6.4 mechanism] could include emissions avoidance and conservation enhancement Activities."
Anthropogenic greenhouse gas emissions increased to unprecedented levels and achieving the temperature goal of the Paris Agreement will not be possible without carbon dioxide removals, including increasing removals by ecosystems.
Avoidance – Policy Considerations

• Quantifies the role played by “ecosystem services” such as carbon absorbing forest and nutrient recycling soil.
• Therefore, any rational market or economic system must incorporate nature-based solutions into its models.
Avoidance- Policy Considerations

• Much of nature is free and if we don’t pay for something, we overexploit it.
• A global common and is a charge for those using it, and in Article 6 case for using the atmosphere as a sink for pollutants.
• Payment for environmental services.
Avoidance- Policy Considerations

- Urgency to stopping deforestation has overshadowed the issue of how to find incentives that help countries stay on the right path.
- Standing forests are an asset to a national economy and a global public good.
- Balancing conservation of natural assets and development.
REDD+

• Once the REDD+ bottleneck is unblocked, the broader avoidance discussion may follow.

• Since their first appearance in the market 20 years ago, REDD+ projects have been at the center of very polarized debates.

• This has happened for several reasons including their additionality, permanence and how baselines are calculated.
Additionality is one of the core principles of carbon finance. Under this principle, a project can issue carbon credits only if that project is not already legally required, common practice, or financially attractive in the absence of credit revenues.

With respect to additionality, it will be important for the SBSTA to consider whether there are not existing subsidies already promoting the protection of forests.
A second core principle of carbon finance is permanence, which is always at stake when it comes to nature-based solutions, as forests are always at risk of being wiped away by fires, storms or other natural calamities.

Under the permanence principle, the impact of the GHG emission avoidance or removal must not to be at risk of reversal and it has to result in a permanent drop in emissions.
REDD+_Over-estimation

• Non-overestimation principle – requires carbon projects to ensure that the number of credits issued matches the reduction of CO2 emissions obtained and brings us to the issue of baselines
Solving Avoidance?

1) Setting thresholds for REDD+ and certification under 6.4- rules, modalities and procedures for additionality criteria, social and environmental safeguards, base crediting period, vintages, procedures for project authorization, recording and tracking for the transfer of units, and allowing additional requirements.

2) Additional specifications- national approval, sustainable development, additional baseline and methodological requirements, crediting periods.
Solving Avoidance?

3) Dealing with reversals—credit swaps with non-forestry credits from eligible projects. Liability?

4) Using non-market approaches.
Solving Avoidance?

Non-Market Approaches:

1) Sandbox eventual market based approaches
   • To explore nature-based climate action to determine interest among Parties- debt for nature swap
   • Mitigation project start-ups
   • Small scale projects
   • Alternative financing for development- Bhutan Climate Fund
Solving Avoidance?

2) Dedicated financing window for NMAs with uncertain mitigation potential but co-benefits.

3) Support countries remove perverse incentives and/or reform subsidies.
Thank You