

Avoidance and Removals

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Bhutan



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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?”

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Article 6.4

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.

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IPCC Fifth Assessment Report

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**

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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

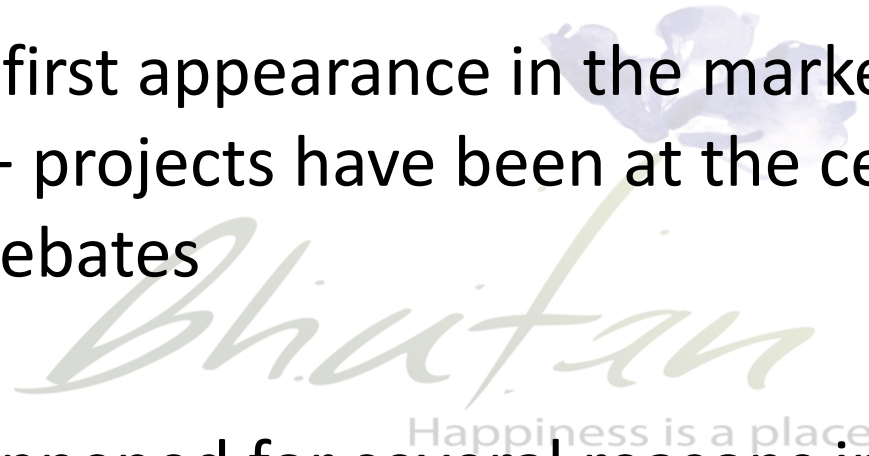
- Urgency to stopping deforestation has overshadowed the issue of how to find incentives that help countries stay on the right path.
- Standing forests are an asset to a national economy and a global public good.
- Balancing conservation of natural assets and development.

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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.



REDD+_Additionality

- 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.

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REDD+_Permanence

- 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 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

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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

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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



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