

**Indonesia: Ready for REDD?
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Dr. Leitman explained that the REDD Carbon Credits Program was designed to give a monetary incentive to various countries and companies to lower their annual carbon emissions by setting a yearly maximum emissions output, as per the Kyoto Protocol, as well as creating a “Carbon Market” to buy and sell carbon credits. These credits are earned by lowering emissions to below the maximum output.

Since Indonesia is the third largest producer of green house emissions, as well as having one of the largest areas of land zoned as forestry, their potential for earning these credits is very high with an estimated profit of \$500 million to \$2 billion per annum, with a potential increase to \$15 billion per year after the program has been ratified into the Kyoto Protocol. Indonesia is also the most technologically advanced country that is ready for REDD, allowing it to skip any sort of technology development stages in the process.

There are, however, many challenges that have to be met by Indonesia for it to create a successful Carbon Credit program. First off, the large amount of deforestation, whether from illegal logging or forest fires, needs to be curbed. Deforestation accounts for 84%

of Indonesia’s carbon emissions, compared to 20% of global emissions. If Indonesia can reign in illegal logging, it would be a huge boon on the way to creating the surplus of carbon credits necessary for this project.

As of now, the REDD Program is not institutionalized in the Kyoto Protocol. There is not yet an officially formed Carbon Market, or any legal contract that creates a fund to compensate countries for their credits; it is an entirely voluntary market at the moment. Until there is a viable market created with guarantees of compensation, whether in the Kyoto Protocol or otherwise, countries and businesses will be less willing to rework their land development programs. Indonesia has several other contenders for land use that are all very profitable; the legal logging industry and the palm oil industry are the two largest. If the Indonesian government can be convinced that zoning land for the Carbon Credits program will be more profitable than either of these, the program has a much higher chance of success. However, before the Kyoto Protocol will include the REDD Program, it requires evidence that it will function as promised, which it will try to get from testing in Indonesia and Brazil.

Q: Could uncertainty in the permanence of the Carbon Credits program reduce its successfulness?

A: This has already been factored in to the estimated value of carbon credits. 10 – 17 Euros is the estimated price per ton, however, due to uncertainty this has been lowered to 4-6 Euros.

Q: What happens if a country or business is non-compliant?

A: Since this is a Pay on Delivery program, a country will not receive benefits, monetary or otherwise, until it as demonstrated performance. Money will not flow to a non-compliant group.

Q: Do you have to prove “additionality”, or whether or not emissions would be lowered even if the program did not exist?

A: Yes. There is a trend line of deforestation and we hope through experimentation in places like Indonesia will prove additionality.

Q: Are you in competition with other similar programs?

A: We are a different market than geo thermal and natural gasses.

Q: What mechanisms are in place to avoid corruption?

A: Good governance, accurate monitoring systems and full disclosure and transparency.

Q: In dealing with local communities, what consideration has been given towards means of income other than deforestation?

A: The implementation of the REDD Program will create a whole new set of jobs, that will be offered to those living in these local communities. Jobs such as monitoring the amount of deforestation and the amount of carbon emissions are major ones.

Q: Is there any discussion on REDD being an investment of development on social capital?

A: No. We do not want to oversell REDD for more than it is.

Q: What does buying Carbon Credits get you?

A: It is not in the Kyoto Protocol yet, but buying carbon credits will allow a country to exceed the set maximum limit of carbon emissions output by the amount of credits bought.