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# FOREST CARBON IN CLIMATE CHANGE SUPERMARKET: IS INDIA PREPARED TO SAIL?

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# INTRODUCTION

- Current Global Scenario: 61 carbon pricing initiatives, including 31 emission trading schemes and 30 carbon tax regimes; covering 22% of the world's total GHG emissions; spread across 36 national and 32 sub-national jurisdictions
- Forestry sector delivered 42% of the total carbon credits issued in the last 5 years
- Dedicated forestry-based offset mechanisms in China and Japan
- Further expansion and interlinking of market-based instruments expected across legislations, treaties, voluntary initiatives, jurisdictions and sectors
- Transformation of the carbon markets into a global climate change supermarket with forestry sector playing a crucial role.
- This supermarket will encompass mitigation, adaptation and joint mitigation and adaptation (JMA) activities.
- **Potential of India as a leading party in the postulated climate change supermarkets in the context of the forestry sector.**



# METHODS

- Literature Review
  - International Carbon Markets
  - India's forestry sector
- On-ground observations from two registered AR-CDM projects
  - Mahoba and Kashi forest divisions, Uttar Pradesh, India
  - Interaction with local forest department officials and local stakeholders of these projects.
- Internet based expert interviews
  - Carbon market consultants, researchers, government officials and others: 43 participants.
  - Is India ready for a domestic carbon market for forestry?
  - Is India seen as a leading country if international carbon markets revive on implementation of the Paris Agreement, post-2020.



# THE SUPERMARKET POSTULATE

- UNFCCC, Kyoto Protocol and CDM
- Crash of CDM market
- Doha Amendment
- Paris Agreement, SDM/SMM, ITMOs
- Drive for Carbon Neutrality and Net-Zero Emissions
- Voluntary Carbon Markets
- NDCs and Markets
- NDCs and Forestry
- UN Decade on Ecosystem Restoration
- Bonn Challenge
- Nature based Solutions
- Expansion and interlinking of markets
- Forest sector in key role

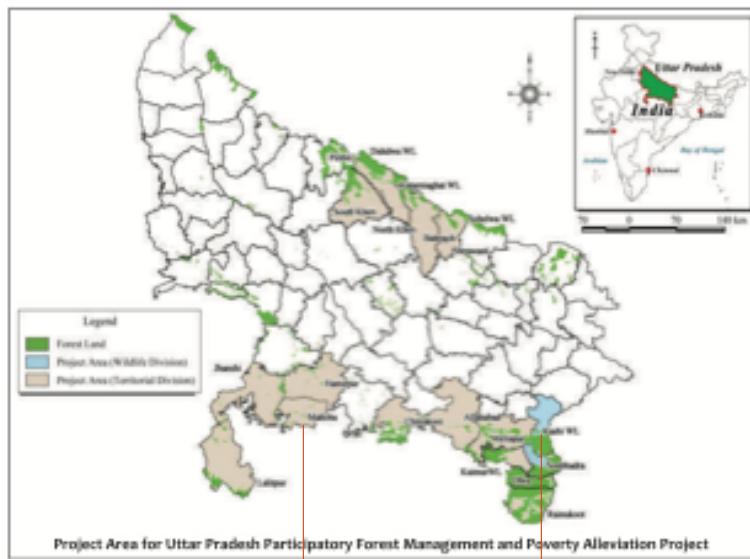


# **POLICY LANDSCAPE OF FOREST CARBON IN INDIA**

- India's National Forest Policy 1988, Draft New Forest Policy 2018
- Forest Monitoring and Reporting- ISRO, FSI, ISFR
- India's Forest and Tree Cover
- India's forest related NDC goal
- NAPCC: Green India Mission
- Forest Conservation Act 1980
- Forest Rights Act 2006
- CAMPA Act 2016
- Forest related Schemes and programmes
- Support from bilateral and multilateral institutions
- Joint Forest Management



# OBSERVATIONS FROM THE REGISTERED FOREST CARBON PROJECTS

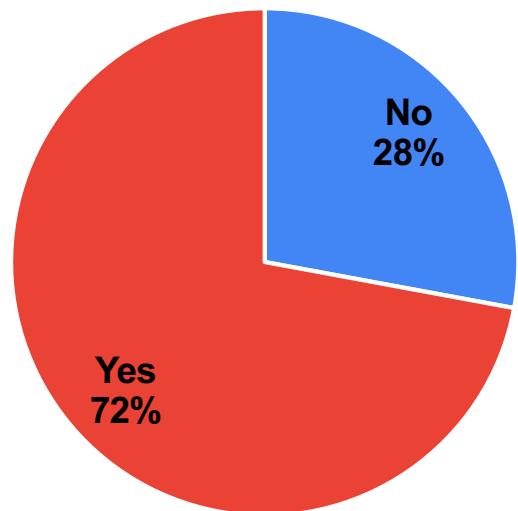


Small scale Mahoba JFM A/R CDM Project on degraded lands in Mahoba Forest Division, Uttar Pradesh, India

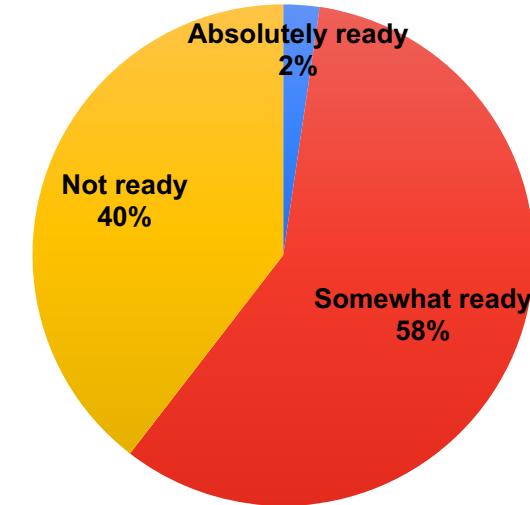
Small scale Kashi JFM A/R CDM Project on degraded lands in Kashi Forest Division, Uttar Pradesh, India

- Part of JICA funded project umbrella project “Uttar Pradesh Participatory Forest Management and Poverty Alleviation Project.”
- Interactions with forest department officials and local people, including the members of JFMCs.
- Projects registered under CDM, first monitoring completed.
- Verification process concluded by third party DOE.
- The emission reductions are in the pipeline of issuance with UNFCCC.
- Carbon credits not yet sold.
- Capacity constraints exist.

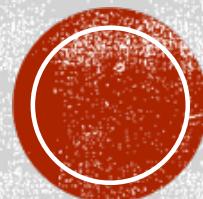
Do you foresee India as a leading country in the event of international carbon markets reviving on implementation of the Paris Agreement, post-2020?



Is India ready for a domestic carbon market for forestry?



# EXPERT SURVEY



# CONSTRAINTS AND GAPS IN INDIA'S READINESS FOR CARBON MARKETS IN FOREST SECTOR

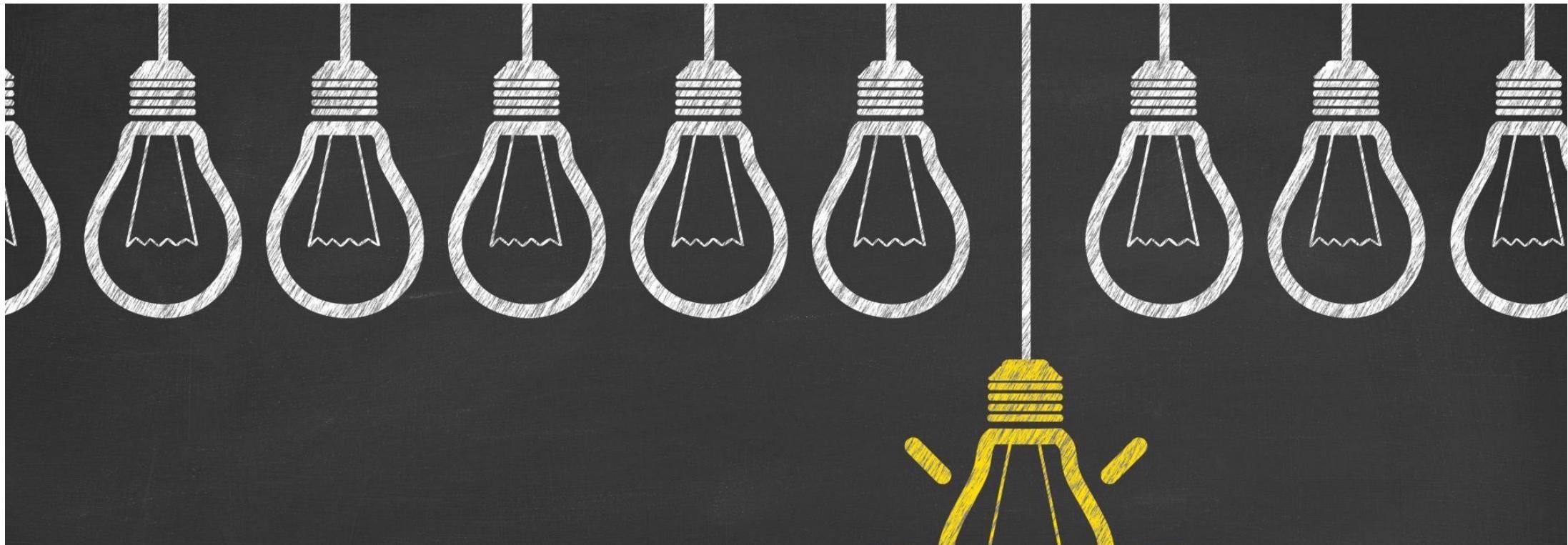
- A legislative or strong voluntary framework agreeable to all stakeholders
- Setting up sub-national goals
- Encouraging private and civil society participation
- Ensuring fair price for forest carbon
- Enabling the funding environment and new channels of investments
- Technical know-how and technology application
- Tools and methods suiting India
- Institutional mechanism and effective governance including better coordination among agencies and between the center and state governments, fund allocation from government, pilot projects, vision
- Monitoring, Reporting and Verification concerning international norms, simplified yet transparent MRV
- Capacity building and awareness including capacity building of forestry personnel of the State forest departments



# CONCLUSIONS

- India is currently not completely ready to take up domestic carbon markets in the forest sector.
- Potential of becoming a leading player in the new and upcoming international climate change supermarkets in the future.
- Understanding in India is limited to the implementation of the offset projects under international carbon markets.
- Critical steps needed to design domestic forestry carbon market in India.
- Fair demand should be created at the national level to prevent potential market failure due to price shock and hyper-volatility.
- Risks for investments in such forestry projects must also be reduced through building innovative models.





# THANK YOU

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