

Indonesia in 2008 became the world's first country to design a legal framework for reducing emissions from deforestation and degradation (REDD), a scheme that would allow rich countries to pay developing nations not to chop down their trees

Forest preservation is seen as an important step in slowing global warming because trees soak up large amounts of the main greenhouse gas, carbon dioxide, which is emitted by burning fossil fuels, such coal, oil and gas.

Deforestation and forest fires are another major source of greenhouse gas emissions, particularly when carbon-rich peat forests are cleared and drained.

REDD aims to reward developing nations for protecting, restoring and sustainably managing rainforests. Projects would earn tradeable credits for the CO₂ locked away by the trees -- a trade potentially worth billions of dollars a year.

Local communities would share a portion of the credit sales to develop alternative livelihoods as an incentive to protect surrounding forests.

The review of forestry department decrees 30, 36 and 68 is aimed at removing rules that overlap or clash and could see the creation of a new authority to monitor REDD in Indonesia, said forestry ministry official Wandojo Siswanto.

"We would like to revisit all of [the decrees] and make them clearer and more simple for everybody to understand and to participate in REDD," Siswanto told Reuters by phone. "We would like to have a designated national authority for REDD. I hope it will be set up by the end of the year."

Siswanto said the new authority would assess proposals from would-be REDD developers and coordinate with the finance, planning, environment and mining ministries. It may also play a role in monitoring whether or not REDD projects actually conserved carbon.

CURBING EMISSIONS

The review would also update existing laws to reflect a global move toward what is known as REDD-plus, a beefed up scheme where project developers could earn carbon credits not just for carbon preservation but extra benefits such as biodiversity protection, social development and enhancing forest cover.

"Hopefully, altogether, the review will be finished by the end of this year," he said, adding that project developers who have already applied would not have to re-apply but would be expected to follow the new decrees.

Indonesia has more than a dozen early REDD projects and has attracted funding from the governments of Norway, Australia and the United States, as well as green groups such as The Nature Conservancy and banks such as BofA Merrill Lynch and Macquarie Group.

Indonesia, with some of the world's most complex and diverse forests, also has one of the highest deforestation rates. The government says reducing deforestation and protecting forests, particularly peat lands, is central to its goal of curbing the growth of the nation's greenhouse gas emissions by 2020.

Decree number 36, which relates to rules on how much REDD revenue should be shared with the state or local communities, would be re-assessed as part of the review, he said.

A source in the fledgling REDD industry, who asked not to be named, said he understood the finance ministry wanted more say in the revenue sharing rules.

He said more consultation with industry was needed.

"We hope these changes are for the better but this needs to involve all the stakeholders to make it work," he said.

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