



WORLD SUSTAINABLE DEVELOPMENT SUMMIT 2022

**TOWARDS A RESILIENT PLANET:
ENSURING A SUSTAINABLE AND EQUITABLE FUTURE**

February 16-18, 2022

Achieving Sustainable Development Goals through Carbon and Climate Finance – Forest Sector Experiences from Global South

16 February 2022, Wednesday; 11:30 am-1:00 pm | Duration: 90 minutes

About the World Sustainable Development Summit (WSDS)

The **World Sustainable Development Summit (WSDS)** is the annual flagship Track II initiative of **The Energy and Resources Institute (TERI)**. Instituted in 2001, in 2021, the Summit series marked 20 years in its journey of making ‘sustainable development’ a globally shared goal. Over the past two decades, the Summit platform has pioneered conversations by bringing together governments, scholars, corporates, youth groups, thought leaders, and civil society representatives from across the world.

The present state of planetary health and humanitarian crises calls for revisiting the agenda around global action and equity. The 21st edition of the WSDS is being held under the umbrella theme of ‘**Towards a Resilient Planet: Ensuring a Sustainable and Equitable Future**’ from **16th to 18th February 2022** in a virtual format.

Background note

India State of Forests Report 2021 showcases country’s forest cover at 71.38mha (21.71%) and tree cover at 9.57 ha (2.91%), with an overall forest and tree cover at 80.95 mha (24.62%). There is an increasing trend in forest and tree cover.

Forest sector faces several challenges and their complexity can further increase in future. Fuelwood, fodder, and timber are three key direct services provided by forests to the community. Around 300 million people are deriving their full or partial livelihood from forests which puts pressure on forests and contributes towards forest degradation in the country. Annually, 85.29 million tonne of fuelwood are collected by people living in and around forest villages (ISFR 2019). Hence role of community in forest governance and forest conservation has a direct relation.

In India, there is a growing stock both within and outside forests. But with land area being limited the role and contribution of trees outside forests (ToF) significantly increases. Be it the NDC Goal ‘to create an additional carbon sink of 2.5 to 3 billion tonnes of CO_{2e} through additional forest and

tree cover by 2030 or in meeting demand of fuelwood, timber, and other wood products for industries. Agroforestry has been adopted by farmers in several parts of India under various models such as agri-pasture, agri-silviculture, block plantations, strip plantations, high density plantations, etc. At present, more than 80% demand of wood and wood products in the country is met from agroforestry sector.

To keep forest and tree cover trend increasing, and achieve country's goal of 33% area under forest and tree cover people involved in increasing tree cover need to be adequately supported, acknowledged and compensated. India has over 25 mha of area under agroforestry and there is a potential of expanding to over 214 mha Culturable Non Forest Area. With average carbon sequestration from agroforestry 10 t/ha/year this 25 m ha would sequester approximately 250 million t carbon/year. The opportunity cost of these trees being raised also has to be accounted. For this policy interventions, innovative financial mechanisms, institutional strengthening and capacity building is required. One such policy intervention can be a **Carbon Neutrality Policy**.

As per a recent policy brief by TERI, ***Innovative Financial Mechanisms to Achieve Additional 2.5–3.0 Billion Tonne of Co2e through Additional Forest and Tree Cover in India By 2030***, substantial financial resources, to the tune of INR 60,000 crore per year (INR 20,000 crore per year for agroforestry/ToF interventions and INR 40,000 crore per year for forestry interventions) will be required. The allocation of INR 40,000 crore per year for forestry interventions should be used as 80% for shift to LPG and other alternate sources of fuels for energy & livelihoods, providing improved cooking devices for forest dependent communities and 20% for sustainable forest management.

Keeping aside the government schemes and support, carbon finance can be realised as a co-benefit for growing more trees and can contribute towards these financial requirements. Further it will also benefit in achieving NDC goal, can be used by agroforestry practitioners to supplement their farm income by selling the carbon credits in the carbon markets. Most of these beneficiaries from carbon finance will be small landholders.

From a global perspective there are over 625 carbon finance projects (till 2020) in forestry sector, out of which there are only 62 CDM projects and 563 voluntary carbon market projects covering Afforestation and Reforestation (ARR), REDD+, deforestation and forest degradation, etc. This proves importance of voluntary markets and also justifies need for national level carbon market and trading platform for forestry projects.

India's announcement to become carbon neutral by 2070 opens up substantial potential for Voluntary Carbon Market in India. Coalition of industries in India have already signed '**Industry Charter for Near Zero Emissions by 2050**' at Climate Week, NYC and have also pledged for support to planned afforestation under Declaration of the Private Sector on Climate Change, India CEO Forum on Climate Change under Ministry of Environment, Forest and Climate Change. Thus, industry has shown its commitment for agroforestry plantation and also as an assured purchaser of carbon credits.

Key questions

1. How will Paris Agreement help in development and promoting domestic forestry carbon markets and registry platforms?
2. What is government's perspective on future of forest carbon market in India, their role, any constraints and other aspects?
3. How voluntary carbon markets can contribute towards carbon neutrality?