

## **Item 7. Reducing emissions from deforestation in developing countries: recent developments in UNFCCC**

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### **BACKGROUND**

Deforestation accounts for an estimated 18 percent of global human-induced greenhouse gas (GHG) emissions. It is the second largest source of anthropogenic emissions, behind energy consumption. Most deforestation is occurring in developing countries. Reducing emissions from deforestation could significantly contribute to overall efforts to stabilize GHG concentrations in the atmosphere and to mitigate climate change. However, no provisions have been made in the Kyoto Protocol of UNFCCC to address this source of emissions.

In December 2005, at the eleventh session of the Conference of the Parties (COP 11) of UNFCCC, Papua New Guinea and Costa Rica, with the support of many developing countries, proposed that emissions from “avoided deforestation” be included in an UNFCCC compensation scheme. Under such a scheme, developing countries would be provided financial incentives for reducing emissions from deforestation.

An instrument aimed at reducing deforestation would provide an important opportunity for developing countries to contribute significantly to emission reduction efforts under the international climate regime. In addition, many co-benefits from reducing deforestation could be expected to materialize. These include environmental services – including erosion control, stabilization of water supply, the conservation of biological diversity among others, and material benefits through maintaining sources of wood and non-wood forest products. Furthermore, efforts to reduce deforestation and forest degradation could significantly contribute to the achievement of the Millennium Development Goals, in particular the eradication of poverty and hunger and ensuring environmental sustainability.

### **UNFCCC DISCUSSIONS**

Ever since the proposal was tabled at COP 11, the parties of UNFCCC have been engaged in intensive discussions about an instrument for reducing emissions from deforestation in developing countries. Parties will report to COP 13 in December 2007 on their deliberations and recommendations.

Parties and accredited observers were invited on two occasions to submit their views on this issue; the first submission was due by 31 March 2006 and the second by 23 February 2007. In addition, two UNFCCC workshops on reducing emissions from deforestation in developing countries have been convened to exchange experiences on relevant policy approaches for reducing deforestation; to discuss possible mechanisms for delivering positive incentives; and to address relevant scientific, technical and methodological issues. The first workshop was held from 30 August to 1 September

2006 at FAO Headquarters in Rome. The second workshop was held in Cairns, Australia, from 7 to 9 March 2007. (See: [http://unfccc.int/methods\\_and\\_science/lulucf/items/3896.php](http://unfccc.int/methods_and_science/lulucf/items/3896.php)) In the submissions and the workshops, countries – individually and in groups – proposed various options for a UNFCCC instrument on reducing emissions from deforestation. (These countries include Brazil; Central African Republic on behalf of a group of Congo Basin countries; Costa Rica, representing a group of Latin American countries; European Union; India; Papua New Guinea on behalf of a group of countries belonging to the Coalition for Rainforest Nations; Tuvalu; and Vanuatu.) They also addressed technical and methodological requirements related to the implementation and assessment of the instrument. At the workshops, parties showed clear commitment to develop an instrument that would provide financial incentives for developing countries for reducing emissions from deforestation on a voluntary basis. It was equally clear that most parties did not envision an instrument to take effect until after the first commitment period of the Kyoto Protocol and that it would be negotiated as part of the overall post 2012 arrangements. Parties also indicated support for “early action” before 2012 in the form of capacity strengthening and pilot activities to prepare for implementation of an instrument after 2012.

The twenty-sixth session of the Subsidiary Body for Scientific and Technological Advice (SBSTA), held from 7 to 18 May 2007 in Bonn, Germany, reviewed the findings of the workshops and prepared a draft decision reducing emissions from deforestation in developing countries for the consideration of COP 13. Despite intensive discussions at the SBSTA session on this agenda item, parties were unable to reach consensus on many issues, and a bracketed draft COP decision was annexed to the SBSTA conclusions. In its conclusions, SBSTA invited parties to make submissions by 15 August 2007 on issues related to further steps under the Convention and to continue its work on an instrument on reducing emissions from deforestation at SBSTA 27 (held in conjunction with COP 13) on the basis of the draft COP decision and in consideration of the above-mentioned submissions.

#### **KEY ISSUES**

The draft decision for COP 13 indicates areas in which the parties agree. In it, parties: express concern with emissions from deforestation; acknowledge the need to also address forest degradation; and recognize efforts already being taken, the need to increase their effectiveness and that doing so can promote co-benefits and complement the aims and objectives of other international conventions and agreements. Furthermore, the draft decision invites parties to strengthen ongoing efforts, support capacity building and technical assistance, and encourages the use of the most recent reporting UNFCCC guidelines as a basis for reporting.

Bracketed text in the draft decision reflect areas where consensus has not been reached and issues that still have to be addressed. Among the paragraphs that remain bracketed, there is text referring to undertaking pilot project activities, mobilizing resources, undertaking further methodological work, inviting relevant organizations and stakeholders to participate in and/or support these efforts, and deciding to address the range of policy approaches and positive incentives.

Major issues on which there are divergent views include the following:

- whether credits from reduced emissions could be used by parties to meet their reduction commitments;
- whether market-based mechanisms should be used, alone or in combination with non-market based financial resources, to provide positive incentives;
- whether the instrument should also compensate countries for conserving forests and carbon sinks (i.e. benefit countries that don't have a recent history of deforestation);
- whether financial incentives would cover reduced emissions from forest degradation as well as from deforestation;
- whether gross or net emissions and whether non-CO<sub>2</sub> emissions will be included

A number of methodological issues need to be addressed, including related to monitoring and verification of emissions from deforestation (and perhaps degradation), setting of a baseline or

reference scenario, the scale of implementation (national only or also project level), definitions, permanence and leakage.

### **SUPPORTING INITIATIVES**

In recognition of the importance of reducing emissions from deforestation and forest degradation to climate change mitigation efforts, and anticipating a related decision for the post 2012 international climate regime, countries and organizations have initiated programmes to support efforts to reduce emissions from deforestation. These include the following:

- On 29 March 2007, the Australian Government announced the establishment of the “Global Initiative on Forests and Climate”, a fund of Aus \$200 million to support efforts to reduce global GHG emissions through: reducing destruction of the world’s remaining great forests; increasing new forest planting; and promoting sustainable forest management practices worldwide.
- Also in March 2007, the World Bank set up the “Forest Carbon Partnership Facility”, which includes capacity-strengthening and pilot activities on reducing emissions from deforestation.
- Various bilateral and multilateral organizations, including FAO, are supporting normative and field activities related to reducing emissions from deforestation. These include field pilot activities as well as strengthening capacity in data collection and monitoring of deforestation and carbon stock changes.