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IMPLICATIONS OF THE COPENHAGEN OUTCOME FOR THE FOREST SECTOR

Summary

The aim of this paper is to inform the European Forestry Commission of the outcome of the fifteenth Conference of the Parties (COP15) of the United Nations Framework Convention on Climate Change (UNFCCC), held in Copenhagen from 8-19 December 2009. It focuses on the issues of importance to the forest sector.

1. INTRODUCTION

1. The Copenhagen Climate Change Conference included meetings of four standing bodies of the United Nations Framework Convention on Climate Change (UNFCCC), the main one being the Conference of the Parties which was holding its fifteenth session COP15, and of two *ad hoc*, time-bound bodies: the *Ad-hoc* Working Group on Long-term Cooperative Action (AWG-LCA) under the Convention and the *Ad-hoc* Working Group on Further Commitments for Annex 1 Parties under the Kyoto Protocol (AWG-KP).

2. UNFCCC's COP15 had particular significance as it was to mark the culmination of two years of negotiations in AWG-LCA, as laid out in the Bali Action Plan, on Parties' further commitments under the Convention and four years of negotiations in AWG-KP on the successor arrangements to the Kyoto Protocol, which is to expire in 2012.

2. OVERALL OUTCOME OF COPENHAGEN

3. At the outset of COP15, the draft negotiation texts of the two AWGs had so many unresolved issues that expectations of concluding the negotiations in Copenhagen were not high, but the presence of 115 Heads of State for the closing days of the conference raised hopes for a strong outcome. The results of Copenhagen did not meet these raised expectations.

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4. Although considerable progress was made on the negotiation texts, the AWGs were not able to conclude their work, and their terms were extended. The Copenhagen Accord was drafted as an interim agreement but was only “noted” by the COP. By the end of March 2010, however, 114 Parties (including all but three members of the EFC) had notified the UNFCCC Secretariat of their agreement with the Copenhagen Accord and had forwarded their emissions reduction commitments by 2020 (Annex 1 Parties) or their planned nationally appropriate mitigation actions (non Annex 1 Parties).¹ At the end of March, the Copenhagen Accord was considered operational.

5. Significant features of the Copenhagen Accord include: recognition of the need to keep the increase in global temperature to below 2⁰C; commitment of developed countries to a goal of mobilizing jointly US\$ 30 billion for the period 2010-2012 and US\$ 100 billion per year by 2020 to assist developing countries in taking adaptation and mitigation actions; and the decision to establish the Copenhagen Green Climate Fund and a Technology Mechanism. While the Copenhagen Accord provides important political guidance, hopes are that the AWGs can conclude their work and the next Conference of the Parties to be held in Mexico in November/December 2010 will adopt an architecture for global action on climate change, including mitigation targets and action, a package on adaptation, a capacity building framework, a new technology mechanism, financial arrangements, as well as a mechanism to provide incentives for forest-based mitigation.

3. UNFCCC NEGOTIATIONS ON FOREST-RELATED ISSUES

6. Forests had extremely high visibility in the Copenhagen conference. Forestry was the only sector addressed specifically by the Copenhagen Accord. The Accord recognizes the crucial role of reducing emissions from deforestation and forest degradation and enhancing carbon sequestration by forests and calls for the immediate establishment of a mechanism to mobilize financial resources from developed countries to support REDD-plus actions.

7. The COP adopted a decision on methodological guidance for activities relating to reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (i.e. on REDD-plus). The broad scope of REDD-plus essentially covers all activities in forests, raising the potential that all forestry activities in developing countries contributing to climate change mitigation might receive incentives. The decision requests Parties to identify drivers of deforestation and forest degradation and to identify REDD-plus actions to take, to use the most recent IPCC guidance and guidelines for carbon accounting, to establish national forest monitoring systems and to engage indigenous people and local communities in monitoring and reporting. It also calls for stronger capacity building and increased coordination of support.

8. Good progress was made on the deliberations on REDD-plus in the AWG-LCA. This working group is debating the so-called “policy approaches and positive incentives”, which essentially address the broad architecture of a REDD-plus instrument under UNFCCC and requirements to be met by countries in order to receive incentives from the instrument. The draft text indicates agreement on the principles, safeguards and scope of an instrument. It also calls for a phased approach for implementing REDD-plus, starting with support for pilot activities and “REDD-readiness” financed through multilateral and other funds, but moving toward full-fledged

¹ . See the report of COP15, including the Copenhagen Accord, at: <http://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf>

REDD-plus implementation. Key issues still to be resolved include: national versus sub-national approaches to REDD-plus, in other words if incentives would be provided to developing countries only if their carbon stocks at national level remained constant or increased or mitigation benefits achieved at sub-national (e.g. project) level could receive incentives; the relationship between REDD-plus and nationally appropriate mitigation actions (NAMAs); and the financing modality (fund versus market-based or mixed).

9. A significant development for REDD-plus, which occurred at the time of the Copenhagen conference, was that six countries (Australia, France, Japan, Norway, the United Kingdom and the United States of America) collectively agreed to dedicate US\$3.5 billion “as initial public finance towards slowing, halting and eventually reversing deforestation in developing countries”.

10. Negotiations of AWG-KP on land use, land use change and forestry (LULUCF) in industrialized (Annex 1) countries addressed the rules relating to accounting of greenhouse gas emissions and removals. Key issues include accounting for forest management activities and for carbon in harvested wood products. AWG-KP also discussed the proposal to broaden the scope of activities eligible for Clean Development Mechanism (CDM) projects. The draft text calls on SBSTA to begin exploring ways to move towards more comprehensive accounting of greenhouse gas emissions and removals by sinks by LULUCF activities.

11. Regarding adaptation, the draft AWG-LCA text calls for a Copenhagen adaptation framework or programme, under which action would be initiated by countries. Aspects that remain undecided, however, include institutional structures (new versus existing) and the establishment of an insurance mechanism for climate change-induced losses. Agreement seemed clear on the need for enhanced regional cooperation on adaptation, and the draft AWG-LCA text calls for establishment of regional adaptation “centres” or “platforms”.

4. ISSUES OF SIGNIFICANCE TO EFC MEMBERS

12. The political visibility for forests is at an all-time high. The forest sector can capitalize on this to help attract political and financial support for their activities.

13. Much in the way of adaptation and mitigation can be achieved in many countries through full implementation of existing forest policies, strategies and legislation and best practices in forest management. Incorporating climate change into existing national forest programmes is likely to require some adjustments at policy and field level and additional investments.

14. Forests can be expected to play an increasingly important role in climate change mitigation. This will be the case in many EFC member countries if proposed changes to the current rules governing accounting for forest carbon in managed forests, currently being negotiated by AWG-KP, are adopted by UNFCCC. It will certainly be the case in developing countries if a REDD-plus mechanism is established.

15. All countries, including EFC members, are faced with the challenges of addressing vulnerabilities to and impacts of climate change on their forests and tree resources and on forest dependent people. UNFCCC calls for action to start immediately. Needs in EFC member countries are likely to include *inter.alia* additional research, sector planning, monitoring of impacts of climate change on forests and of response measures and capacity building. The current

AWG-LCA text calls for the establishment of “regional centres or platforms” to support climate change adaptation.

16. Developed countries recognize that they need to provide financial, technical and capacity building support to developing countries in forests and climate change adaptation and mitigation actions. This is happening, most notably through REDD-plus pilot programmes and other activities. Mechanisms to channel increased levels of funding efficiently and effectively to developing countries will have to be strengthened or developed. Under discussion in AWG-LCA is whether countries will be required to report and verify their financial, technical and capacity building support to developing countries.

17. Proposed changes related to LULUCF accounting and offset rules have the potential to improve forest management and increase forest-based mitigation in developed countries as well through conditions set to encourage sustainable forest management and protect against any social and environmental repercussions.

18. Just as REDD-plus has attracted many interest groups, leading to an increasingly complex stakeholder environment, various interest groups are voicing concern over the possibility of increased offset allowances from the LULUCF sectors. There is a need to facilitate stakeholder consultative processes at national and international levels.

5. QUESTIONS

19. Delegates to the EFC are invited to review and address the following questions during the session:

- What is the significance of the developments in Copenhagen for their countries and the EFC region?
- What are the expectations and needs with regard to forest-related provisions in a future climate change agreement, notably related to LULUCF, including forest management and harvested wood products?
- What are the implications and constraints, as well as opportunities, of the present climate change compliance and voluntary markets?
- What is the current level of synergy between the forest and other climate-related communities and what opportunities exist for UNECE/FAO to strengthen this cooperation through information exchange and capacity building?