

REDUCING EMISSIONS FROM DEFORESTATION IN DEVELOPING COUNTRIES

Latest developments within the UNFCCC

**State of negotiations in SBSTA & outcomes of the
second workshop**

Cairns, Australia, 7-9 March 2007

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

Background & Mandate

- COP 11 (Montreal, Nov 2005)
 - start of a 2-year process for consideration of this topic (submission by Papua New Guinea and Costa Rica), including mandate for workshop
- SBSTA 24 (Bonn, May 2006)
 - elaboration of topics for requested workshop
- 1st workshop on Reducing Emissions from Deforestation in Developing Countries (RED-DC): Rome, 30 Aug–1 Sept 2006
 - Opportunity to share experience & consider relevant aspects; specific focus on:
 - scientific, socio-economic, technical and methodological issues
 - policy approaches and positive incentives
 - links between technical & methodological issues and policy approaches & positive incentives



Mandate for 2nd workshop

- SBSTA 25 (Nairobi, Nov 2006)
 - Request to secretariat to organize a 2nd workshop, and elaboration of the workshops' scope
- 2nd workshop on RED-DC: 7–9 March, Cairns, Australia
Focus on:
 - Ongoing and potential policy approaches and positive incentives
 - Technical and methodological requirements related to their implementation, assessment of results and their reliability
 - Improving the understanding of reducing emissions from deforestation in developing countries



2nd workshop on RED-DC

- 140 participants from 67 Parties and international organizations
- Workshop provided opportunity for improving understanding of the different proposals made by Parties at various stages of the process
- Parties expressed satisfaction for the success of the workshop and expect a meaningful decision on this matter at COP 13 (Bali, Dec 2007) that triggers immediate actions
- Participants recognized that there is agreement on a number of issues under consideration, however, some aspects need further consideration and discussion



Main Outcomes - General

- General agreement on the following:
 - Urgent need for early & meaningful actions to reduce emissions from deforestation in developing countries
 - Need for capacity building to enable appropriate action
 - Need to identify additional, substantial, predictable and sustainable funding
 - Best use of experience gained so far should be made (e.g. demonstration/pilot projects and activities by other int. organizations (e.g. FAO), the WB and partnerships, etc).
 - Actions to RED-DC should ensure integrity of climate change process and be compatible with any future regime
 - RED-DC will have important co-benefits and should complement the goals of other multilateral processes



Main Outcomes – General (*cont.*)

- Possibilities & needs for early action
 - Early action could include enabling activities (e.g. capacity building) and actions on the ground (e.g. pilot projects);
 - Governments could work through international organizations (e.g. FAO), to implement early action activities
 - Up-front, additional resources for early action would be required
- COP 13 may give direction on a range of activities that could be immediately initiated



Policy approaches and positive incentives

- 21 submissions by Parties prior and during the workshop provided comprehensive views on how to address actions on RED-DC under a potential international arrangement
- Papua New Guinea /Costa Rica, Congo Basin countries and Brazil updated & further elaborated on their proposals already presented at the Rome workshop taking into account the topics for the 2nd workshop
- India, Tuvalu and a group of Latin American countries presented new proposals on policy approaches and positive incentives
- Vanuatu, USA and Australia made presentations on related on-going approaches and projects
- Some of the proposed approaches and positive incentives are linked to a future international regime; others could be implemented independent of any such future regime



Technical and methodological requirements

- General agreement that sufficiently robust methods and tools exist to estimate & monitor emissions from deforestation and their reductions with acceptable level of certainty
- IPCC Guidelines and GPG - a good basis for estimation of emissions; but further consideration needed on:
 - selection of tier needs
 - accounting for only C losses from land conversion (deforestation) in the estimation methodology
- A need to improve data availability for better understanding of actual rates of deforestation at national and global scales
- Need for solid monitoring to allow replication of results and reduce uncertainties
- Need for capacity building on preparing national LULUCF GHG inventories to allow for participation in any arrangement



Technical and methodological requirements (*cont.*)

Need for consideration of the following:

Establishing a reference emission rate/ baseline against which to measure emissions reductions

- based on emissions from historical deforestation rates over chosen time period
- projected baseline that takes in account possible future trends
- use of a carbon stock approach as alternative

Accounting of emissions & their reductions

- Measured at national level to avoid leakage & ensure comprehensive coverage
- Using project or community approach

Definitional issues

- National definitions for forest and deforestation, consistent with national practices
- Common definitions to ensure consistency
- Definitions for degradation, if addressed as part of any arrangement on RED-DC



Issues requiring further consideration

Methodological & technical issues

- How to take into account any early actions to reduce emissions from deforestation into the baseline;
- Establishing baselines for Parties with low rates of deforestation historically

Forest degradation

- Possible inclusion of forest degradation in any arrangement for RED-DC as rates of degradation and emissions resulting thereof could be significant
- Forest degradation may lead to deforestation but may not always be a precursor of deforestation
- Estimation and verification of degradation present many challenges. Further methodological work for estimation & monitoring technology may be required

Non-CO₂ GHGs

- Possible inclusion of GHGs other than CO₂ in any arrangement for RED-DC



Financing options under consideration

- Market-based mechanisms
 - emissions trading of C-credits, CDM, Payment for ecosystem services
 - would facilitate participation of private sector
 - Would require creation of new demand for carbon credits
- Non-market based financial resources
 - ODA, voluntary contributions from governments and NGOs, private sector; existing funds as well as new and additional financial resources; funds
 - generally accepted, though amount of funding would be limited
- Need to ensure private sector participation in project, regional and national approaches as they would play important role in providing resources
- Agreement that funding should be provided for:
 - demonstrable emission reductions from reduced deforestation on a national basis and/or specific project basis
 - capacity building and technology transfer
 - pilot activities



Financing options under consideration (*cont.*)

Suggested types of funds

- Avoided deforestation Carbon Fund
- Stabilization Fund
- Enabling Fund
- Community Forest Retention Trust Account
- International Forest Retention Fund
- Financial Mechanism for Compensated Conservation



Policy approaches and positive incentives, including financing options

Major differences in Parties' proposals:

- Link of market-based approaches to Annex B reduction commitments, i.e. use of credits generated by RED-DC activities by Annex B Parties for meeting their reduction commitments
- Provision of compensations for conservation & maintenance of existing C stocks for Parties with low deforestation rates, as well as increase of C stocks through afforestation & deforestation which is already covered in the CDM
- Ex-ante or ex-post funding (in line with approach used for baseline)
- Provision of funds to local communities
- Provision of credits for 'early action'



Next steps

- SBSTA 26 (May 2007) will consider
 - the views by Parties (see FCCC/SBSTA/2007/MISC.2) and views of accredited observers (see FCCC/SBSTA/2007/MISC.3 for views of IGOs)
 - the outcomes of both workshops (Rome and Cairns)
 - relevant elements, including recommendations that could be included in report of SBSTA 27 to COP 13
 - process forward, including any activities to be initiated before SBSTA 27
- COP 13 (Bali, Dec 2007)
 - Expectation for a decision on possible options for addressing RED-DC and direction on a range of activities that could be immediately initiated
 - Outcome of the two-year dialogue under the Convention available



For further information, submissions by Parties (FCCC/SBSTA/2007/MISC.2), by IGOs (FCCC/SBSTA/2007/MISC.3) and by NGOs, and presentations made at the Cairns workshop, see:

http://unfccc.int/methods_and_science/lulucf/items/3896.php

THANK YOU



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