



CONFERENCE OF THE PARTIES
Eleventh session
Montreal, 28 November to 9 December 2005

Agenda item 6
Reducing emissions from deforestation in developing countries:
approaches to stimulate action

Reducing emissions from deforestation in developing countries: approaches to stimulate action

Draft conclusions proposed by the President

1. The Conference of the Parties (COP) took note of the submission by the Governments of Papua New Guinea and Costa Rica contained in document FCCC/CP/2005/MISC.1, and the statements made by Parties on this issue at its eleventh session.
2. The COP invited Parties and accredited observers to submit to the secretariat, by 31 March 2006, their views on issues relating to reducing emissions from deforestation in developing countries, focusing on relevant scientific, technical and methodological issues, and the exchange of relevant information and experiences, including policy approaches and positive incentives. The COP invited Parties also to submit recommendations on any further process to consider the issues. It requested the secretariat to compile the submissions from Parties in a miscellaneous document and to post those from accredited observers on the UNFCCC web site.
3. The COP requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to consider the information in the submissions referred to in paragraph 2, beginning at its twenty-fourth session (May 2006).
4. The SBSTA will report at its twenty-seventh session (December 2007) on issues referred to in paragraph 2, including any recommendations.
5. The COP requested the secretariat to organize, subject to the availability of supplementary funding, a workshop on this item before the twenty-fifth session of the SBSTA (November 2006), and to prepare a report of the workshop for consideration by the SBSTA at that session. The COP requested the SBSTA to consider the scope of the workshop at its twenty-fourth session, taking into consideration the submissions by Parties referred to in paragraph 2.

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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

CONFERENCE OF THE PARTIES

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Item 6 of the provisional agenda

Reducing emissions from deforestation in developing countries: approaches to stimulate action

Reducing emissions from deforestation in developing countries: approaches to stimulate action

Submissions from Parties

1. The Government of Papua New Guinea, by its communication dated 28 July 2005, requested the secretariat to add an item entitled "Reducing emissions from deforestation in developing countries: approaches to stimulate action" to the provisional agenda of the Conference of the Parties at its eleventh session.
2. This document contains a submission from the Governments of Papua New Guinea and Costa Rica.
3. In accordance with the procedure for miscellaneous documents, this submission is reproduced* in the language in which it was received and without formal editing.

* This submission has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

FCCC/CP/2005/MISC.1

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SUBMISSION FROM PAPUA NEW GUINEA AND COSTA RICA

**Submission by the Governments of
Papua New Guinea
& Costa Rica**

**Reducing Emissions from Deforestation in Developing Countries:
Approaches to Stimulate Action**

Eleventh Conference of the Parties to the UNFCCC: Agenda Item # 6

Overview

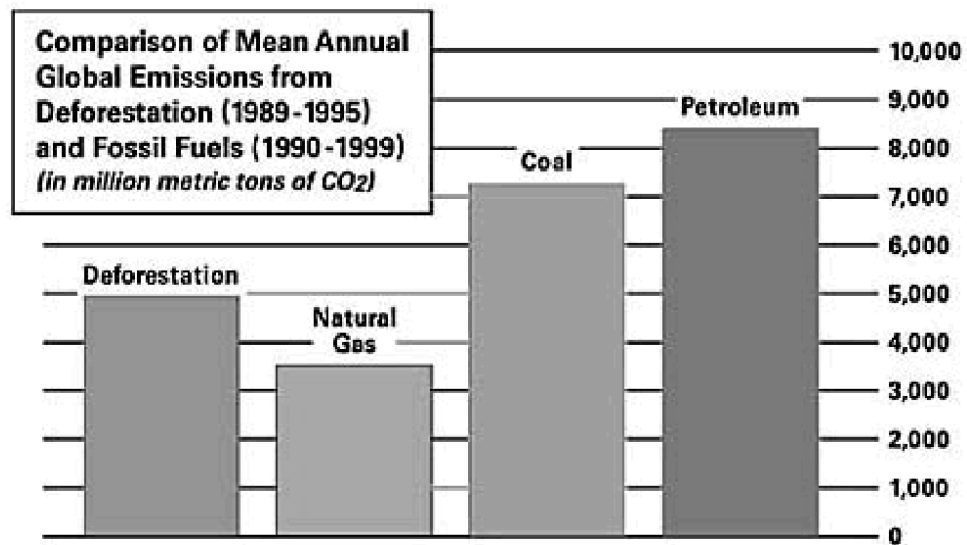
Papua New Guinea is a small nation located on the island of New Guinea, home to the world's third-largest tropical forest and one of the greatest concentrations of biological diversity. As a small island nation, Papua New Guinea is particularly vulnerable to damage from sea level rise associated with climate change, and has a strong interest in ensuring that the objective of Article 2 of the UNFCCC is achieved.

Costa Rica, a small country located in Central America with only 0.03% of world's surface, has 5% of world's biodiversity. As has been recently recognized by the Millennium Project, among all developing regions, Central America stands out for its susceptibility to natural hazards. Any effort that would lead to a healthier environment for the benefit of present and future generations and that recognizes the intrinsic value of the goods and services provided by our natural resources is greatly supported by our Nation.

Papua New Guinea and Costa Rica, on behalf of many supportive Nations, call upon the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) and to the Kyoto Protocol (KP) to take note of present rates of deforestation within developing nations, acknowledge the resulting carbon emissions, and consequently open dialogue to develop scientific, technical, policy and capacity responses to address such emissions resulting from tropical deforestation.

This is because:

- The IPCC estimates that land-use change emissions, dominated by tropical deforestation, released between 0.8 and 2.4 Ct C/year during the 1990's,¹ equivalent to 10% - 25% of global human induced emissions. More recent work² is consistent with this range. Slowing tropical deforestation may therefore be decisive in global efforts to stabilize greenhouse gas (GHG) concentrations at levels that avoid dangerous interference in the climate system in a manner consistent with Article 2 of the United Nations Framework Convention on Climate Change (UNFCCC). Emissions rates from deforestation are comparable with those from individual fossil fuels (see figure below).



Source: IPCC; US Department of Energy

- Achieving the ultimate objective contained on Article 2 of the UNFCCC will be more difficult and costly unless both industrialized and developing countries actively contribute to emissions reductions from all major sources.
- For developing nations, there is currently no way to engage with the Kyoto Protocol for emissions reductions generated through the reducing deforestation rates.

¹ IPCC. 2000. Land Use, Land-Use Change, and Forestry. Cambridge University Press.

² Houghton, 2003; Achard et al., 2002 and 2004; DeFries et al., 2002. Malhi For collections of articles and information about tropical deforestation and climate change, see www.environmentaldefense.org/go/CR; and www.rainforestcoalition.org/eng/context/papers.php.

What is known about tropical deforestation

Over the last 8,000 years, the world has lost approximately 50% of global forest cover.³ The most recent data available through the U.N. Food and Agriculture Organization's (FAO) *2000 Global Forest Resources Assessment*, show a net loss of 9.4 million hectares of forest a year during the 1990's⁴. According to the FAO, the gross loss of forests worldwide, before reforestation is factored in, is approaching 15 million hectares per year.

Globally, despite some uncertainty in precise location, tropical deforestation is the second leading cause of climate change behind fossil fuel combustion. Rates of deforestation are often disputed due to lack of a common agreement on definition and measurement, but these technical disputes are a distraction to the underlying issue. In our countries, the debilitating effects of deforestation are irrefutable and glaringly apparent on a daily basis.

Much is also known about the scope and location of deforestation. Using satellite-based remote sensing technologies in conjunction with ground-truthing, scientists are able to detect and map tropical deforestation. In recent years these technologies and methodologies have improved to the extent that deforestation can be tracked at a relatively fine scale of resolution, and in real time.⁵

The world's forests provide many important benefits: home to more than half of all species living on land, forests also help slow global warming by storing and sequestering carbon. Forests are sources of wood products. They help regulate local and regional rainfall. And forests are crucial sources of food, medicine, clean drinking water, and immense recreational, aesthetic, and spiritual benefits for over a billion people.

Nevertheless, in the absence of revenues streams from standing forests, communities and governments in many developing nations have little incentive to prevent deforestation. As a consequence, communities must bear losses of the services from forests that are not currently valued economically, while globally, we all must assume the consequences of increased greenhouse gases in the Earth's atmosphere. It is estimated that tropical countries could reduce 1.5 GtC emissions from tropical deforestation over ten years and generate billions of dollars in conservation and climate change mitigation revenue.⁶ Without a more complete

³ Last Frontier Forests: Ecosystems and Economics on the Edge, page 6, Dirk Bryant, Daniel Nielson, and Laura Tanglely, World Resources Institute, 1997

⁴ Global Forest Resources Assessment 2000, Executive Summary, U.N. Food and Agriculture Organization (FAO), Rome 2000

⁵ <http://www.inpe.br>

⁶ Niles et al. 2002.

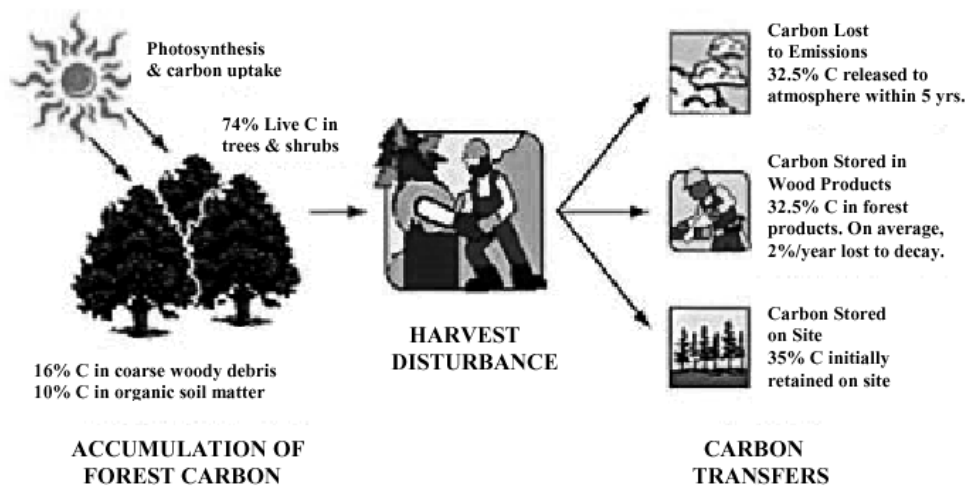
market valuation, standing forests cannot overcome the economic opportunity costs associated with their conservation.⁷

The present state of affairs is untenable. In many developing nations, forests are historically clear cut by outside interests. Rains then wash the thin soils from the hills into the sea, ensuring that the hills will remain unproductive, polluting rivers and damaging the coastal areas and coral reefs. Without question, deforestation carries far-reaching environmental, economic and social impacts.

Forests and Carbon Emissions

As globally important storehouses of carbon, forests play a critical role in influencing the Earth's climate. Forest plants and soils drive the global carbon cycle by sequestering carbon dioxide through photosynthesis and releasing it through respiration. Although net carbon uptake eventually declines as trees age, they remain major stores of carbon and often continue to sequester further carbon in their soils.⁸

Deforestation generates carbon emissions through the degradation, decay and burning of wood, debris, and organic soil matter. When deforestation is the result of commercial logging, approximately one-third of sequestered carbon is released into the atmosphere within five years, one-third of carbon is stored in the resulting wood products (which in turn lose about 2% per year to decay), and one-third of the carbon is initially retained on the site.⁹ Emissions are more rapid when caused by land-use activities that involve clear-cutting, for example agriculture or road-building.



⁷ Kremen et al. 2000.

⁸ http://www.ucsusa.org/global_environment/biodiversity/page.cfm?pageID=526

⁹ Ibid

Growing Awareness for Emissions from Deforestation

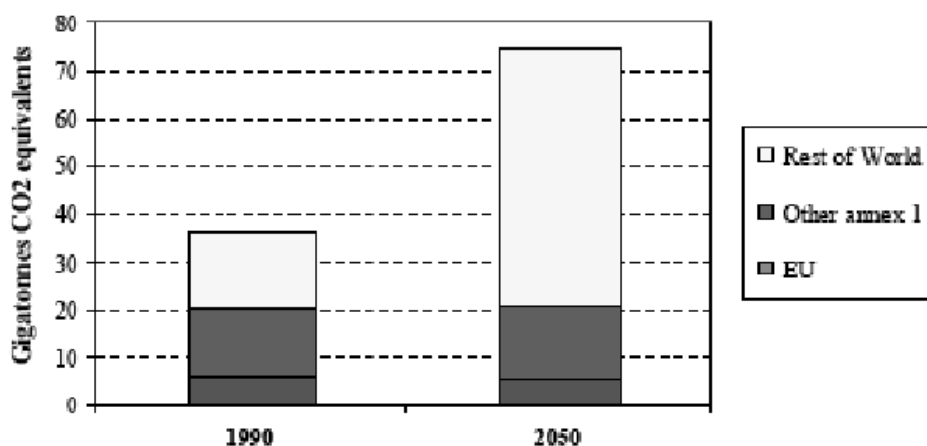
Recently, within the *Gleneagles Communiqué: Climate Change, Energy and Sustainable Development*, the Group of Eight Nations (G8) reaffirmed commitment to the UNFCCC and its role in stabilizing GHGs and preventing dangerous anthropogenic interference with the climate system. The G8 acknowledged that the UNFCCC is the appropriate forum for negotiating future action on climate change. Furthermore, the G8 particularly recognized the importance of global carbon sinks, including the Congo Basin and the Amazon, and recognized the impact illegal logging has on the livelihoods of many of the poorest countries related to environmental degradation, biodiversity loss and deforestation, and hence, global sustainable development.

In addition, a recent report from the Commission of the European Communities, *Winning the Battle against Global Climate Change*, recommended that ‘devising incentives for developing countries to take part in international emissions reductions may ... achieve wider participation...’¹⁰ The Commission also said that ‘a fresh look will have to be taken at how to halt deforestation of the world’s forests.’¹¹ We encourage the European Commission’s leadership and hope this challenge will lead to the development of meaningful solutions.

Developing-World Accountability for Emissions

It is becoming increasingly obvious that lasting climate stability cannot be achieved while over three-quarters of the world’s nations develop without emissions reduction commitments and over 60% of global emissions are unregulated. For a secure climatic future, emissions reductions must be a global commitment.

Figure 1: Projected development of greenhouse gas emissions in different regions of the world



Source: Greenhouse gas reduction pathways in the UNFCCC process up to 2025, CNRS/LEPII-EPE, RIVM/MNP, ICCS-NTUA, CES-KUL (2003).

¹⁰ *Winning the Battle against Global Climate Change*, pages 5-8, Commission of the European Communities

¹¹ *Ibid*

¹² *Ibid*

Over the course of the next few decades, emissions are projected to grow dramatically from what are currently classified as developing nations. As developing nations, we are prepared to stand accountable for our contributions toward global climate stability, provided international frameworks are appropriately modified, namely through fair and equitable access to carbon emissions markets. Lasting climatic stability will depend upon the equitable expansion of the market systems initiated following the Kyoto Protocol that actively facilitate and integrate developing nation participation.

Tropical Deforestation and the UNFCCC

The UNFCCC provides the basic context for addressing emissions from tropical deforestation clearly within its text:

- The UNFCCC defines a source as *any process or activity which releases a greenhouse gas, an aerosol or a precursor of a greenhouse gas into the atmosphere.*¹³ This definition clearly includes tropical deforestation, which is an activity that releases carbon dioxide, a greenhouse gas.
- The UNFCCC's basic principles include the principle that *policies and measures to deal with climate change should...be comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse gases and adaptation, and comprise all economic sectors.*¹⁴
- The UNFCCC includes a commitment by all Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, to *promote and cooperate in the development, application and diffusion, including transfer, of technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, including the...agriculture [and] forestry...sectors, and to promote sustainable management, and promote and cooperate in the conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol, including biomass [and] forests*¹⁵

The UNFCCC by itself, however, provides neither a mandate nor an incentive for reducing emissions from tropical deforestation.

¹³ UNFCCC Article 1.9 (emphasis added).

¹⁴ UNFCCC Article 3.3.

¹⁵ UNFCCC Article 4.1(c) and 4.1(d).

Options for Moving Forward

Considering the significant climatic implications of deforestation, the Parties have two general options by which to address emissions from deforestation, under the UNFCCC and/or under the Kyoto Protocol. We suggest that feasible possibilities include a free-standing optional protocol to the UNFCCC or a set of decisions under the Kyoto Protocol to allow emissions from tropical deforestation.

1. **Optional Protocol:** This would allow a voluntary subset of Parties, both industrial and developing, to forge a path based upon practical experience which would then provide a sound basis for a more inclusive and effective climate regime going into the future. The lessons learned from such an Optional Protocol could then be incorporated more broadly within future commitment periods.
2. **Kyoto Protocol & the Marrakesh Accords:** The first commitment period under the Kyoto Protocol sets out emissions reduction and limitation commitments for industrialized nations for the years 2008-2012, and allows them to achieve their emissions targets in part by acquiring offsets, in the form of project-based Certified Emission Reductions (CERs), from developing nations. Article 12 of the Protocol, which establishes the Clean Development Mechanism (CDM), itself neither promotes nor prohibits projects that reduce emissions from tropical deforestation. Article 12 calls for “emission reductions”, and since tropical deforestation is a significant part of global carbon emissions, preventing this would be an emission reduction.

However, although afforestation and reforestation activities are included, the subsequent Marrakesh Rules do not allow crediting for projects that reduce emissions from tropical deforestation which is the single largest source category of emissions in the developing world. Within this context, under the Kyoto Protocol, the Parties may consider appropriate expansion of the Marrakesh Accords

These suggestions are designed simply to facilitate formal discussion toward the consideration of meaningful approaches to stimulate action. It must be highlighted that our emphasis is carbon emissions -- not ‘sinks’. We anticipate that technical issues and specific proposals will be considered during SBSTA deliberation.

Issues for SBSTA Deliberation

By this proposal, we seek to open dialogue on issues that may have been impediments in the past but for which we are now confident that robust solutions are within reach.

Given the significance of emissions from deforestation activities, the SBSTA is well placed to deliberate upon several key issues, including:

1. **Options for Reducing Emissions from Tropical Deforestation:** SBSTA should study the relevant issues and suggest options for including tropical deforestation emissions in an international response to climate change.
2. **Technical issues:** A number of technical issues have been raised which have hampered efforts to include emissions from deforestation. Some of these issues arise out of the project-based approach to emission reductions in developing countries and national baselines would make them easier to deal with. They include:
 - **Additionality:** We believe that by establishing national deforestation baseline rates, the additionality of efforts to reduce deforestation can be judged quickly and accurately while underpinned by clear reduction targets. Using these baselines, we can determine, at a national level, whether deforestation has in fact been reduced from historical levels.
 - **Leakage:** We believe that by addressing deforestation on the national level, leakage will be captured in a manner not possible with project-based accounting.
 - **Permanence:** We suggest the establishment of a carbon banking mechanism that credits early action and debits compliance failures. We also suggest leveraging the insurance markets to address traditional risks such as fire, flood, etc.
 - **Monitoring:** With present satellite technology, remote-sensing technologies may be applied with the necessary accuracy and cost effectiveness.

Impacts of UNFCCC Action on Deforestation Emissions

What the Parties are asked to consider, in effect, is how the UNFCCC can be used better to draw developing nations toward emissions reductions by functioning as a mechanism to finance environmental sustainability – while completely fulfilling its climatic objectives. Properly harnessed, the carbon emissions markets can monetize environmental resources and capitalize sustainable development.

We argue that the UN's Climate Change Convention must not operate in isolation of the United Nation's MDGs and other related objectives. Within the developing world, the success of climatic stability, environmental sustainability, poverty alleviation, improved health and broad-based education are closely related and both the UNFCCC and the Kyoto Protocol have been drafted to accommodate such parallel objectives.

UNFCCC Conference of the Parties: Actions to Consider

Considering the broad climatic impacts of deforestation, Papua New Guinea and Costa Rica, on behalf of numerous supportive nations, respectfully request that:

1. The COP agree to consider and immediately refer the issue to SBSTA for review and deliberation;
2. The COP requests that SBSTA consider, deliberate accordingly and subsequently report back to the COP with a recommendation(s) to be taken up at the Twelfth Meeting of the COP in 2006.

Papua New Guinea and Costa Rica emphasize that the purpose of this document is to highlight the climatic importance of deforestation and facilitate meaningful discussion by suggesting some possible approaches. Parties must effectively address the significant emissions resulting from deforestation and the associated implications relative to lasting climatic stability. Time is of the essence.

Annex

Official expressions of support for the inclusion of an agenda item on “Reducing emissions from deforestation in developing countries: approaches to stimulate action” have been sent by the following Parties:

- Bolivia
- Central African Republic
- Chile
- Congo
- Costa Rica
- Democratic Republic of the Congo
- Dominican Republic
- Nicaragua.
