

### Saving Forests and the Climate

Deforestation Key Issue at Climate Change Conference

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**November 13, 2006**—In 1992, world leaders at the Earth Summit in Rio de Janeiro acknowledged that something had to be done to fight climate change and environmental degradation.

Fifteen years later, the warnings about climate change continue—and the earth is losing rainforest the size of Portugal each year.

But there's a new sense of urgency as leaders gather this week for the United Nations Climate Change Conference (UNFCCC) in Nairobi, Kenya.

The conference follows on the heels of a report released October 30 by former World Bank economist Nicholas Stern that paints a dire picture of the future if efforts to tackle climate change fail.

And deforestation—the cause of an estimated 20 to 25 percent of global greenhouse gas emissions (GHG)—has emerged as a key issue as nations debate, among other things, whether countries should be compensated for protecting their forests.

“There is a global benefit for maintaining forests, but nobody is paying for it,” says World Bank technical specialist Werner Kornexl.

“Developing countries would like to be compensated” for the economic benefits they forgo by preserving their forests, he says.

Senior Climate Change Specialist Ian Noble adds that “avoided deforestation” is “one of the major issues for the conference,” and a top issue for the World Bank, which hopes to help find a way to stop deforestation.

“A reason for optimism is that every country is trying to find a solution,” he says.

#### Some Look to Carbon Market

Several countries, including Papua New Guinea, Bolivia, Central African Republic, Chile, Congo, and Costa Rica, have banded together under the **Coalition for Rainforest Nations** to lobby for an agreement that compensates them for avoiding deforestation.

Many developing countries would like to participate in the booming carbon market, created under an international agreement among nations to reduce greenhouse gases, says Kornexl.

The market allows companies in industrialized nations to reduce global CO2 emissions—and meet pollution targets set by their governments—by buying carbon credits from environmentally friendly projects that reduce greenhouse gases in developing countries.

Now developing countries see the carbon market as a possible solution for deforestation, Kornexl says.

But currently there is no reward in the market for keeping a forest intact, he adds.

The reason: preserving a forest doesn't change global CO2 levels, and allowing nations to offer credits for forest preservation would just mean companies in rich nations could emit more greenhouse gases.

The Kyoto Protocol, which sets rules for the carbon market, "rewards projects for reforestation [and afforestation—planting trees where formerly none grew], but does not compensate anything that would avoid these emissions going up in the air," says Kornexl.

The restriction has meant that many African countries, in particular, have been shut out, because they don't have CO2 reductions to sell; their main resource is forests. And Africa accounts for only 2-3 percent of the world's carbon dioxide emissions from energy and industrial sources, he says.

### **Exploring Options**

A report, recently launched and to be discussed in Nairobi, on November 16th (*At Loggerheads? Agricultural Expansion, Poverty Reduction and Environment in the Tropical Forests*), calls for strong financial incentives, such as carbon financing.

The report says another possible approach is a system funded by industrial countries that pays developing countries for reducing their rate of deforestation. Or offering incentives to agriculture to intensify activities on existing land, and so reduce development pressure on pristine forest.

In addition, the Bank could provide development assistance so countries can improve their governance and monitoring of forests, or offer incentives or compensation to ranchers, loggers, and others not to deforest.

"There has to be clear cooperation between developing countries and the international community to move this agenda forward," Kornexl concluded.