



## **SUBMISSION BY FRANCE ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES**

**This submission is supported by Bosnia and Herzegovina, Croatia, the Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Turkey**

Paris, 19 November 2008

**Subject: EU submission on reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forest and enhancement of forest carbon stock, in the context of the AWG-LCA and the SBSTA**

### **Introduction**

EU is pleased with progress at Accra AWG-LCA workshop on reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forest and enhancement of forest carbon stock, which showed increasing consensus in key areas.

These include:

- the need for future agreements to incentivise additional action on conservation and sustainable management of forests as well as on deforestation and forest degradation,
- the need for an effective, sustainable and predictable financial mechanism to stimulate actions to reduce emissions from deforestation and forest degradation in developing countries, including possible linkages to carbon market,
- that the methodologies exist to support a future agreement, though we need readiness activities to ensure that systems are in place,
- that mitigation effort by developing countries in the forest sector should be additional to the overall mitigation effort by developed countries.

The EU wants to maintain the current momentum and achieve a substantial COP decision in Poznan on reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forest and enhancement of forest carbon stock, that will contribute to a successful outcome in Copenhagen.

The EU would like to avoid duplicating discussions in the SBSTA and AWG-LCA frameworks in Poznan, and therefore suggests to work on such a decision in the context of the SBSTA discussions in Poznan. The EU suggests that a Poznan decision might be based on the elements set out in Annex A to this submission.

The work of SBSTA at Poznan could also consider in more detail methodological elements that might be contained in a decision at Copenhagen. These methodological elements are indicated in Annex B. In the EU's view the requirements for monitoring reporting and verification should be based on the methodological elements set out in Annex B.

The remainder of the submission is in four parts covering the three areas identified in paragraph 28 (a) to (c) of the Summary of the Chair of the AWG-LCA workshop on policy approaches and positive incentives held in Accra, and the EU's views on the possible content of a Poznan decision.

### **Discussion of issues raised in the Summary of the Accra workshop on policy approaches and positive incentives**

#### *(a) Issues relating to the design of policy approaches and positive incentives*

The EU believes that, in order to achieve the ultimate objective of the Convention, policy approaches to reduce emissions from deforestation and forest degradation should lead to eliminate and reverse emissions from deforestation within two or three decades.

In the EU's view we need to address the full range of national circumstances, because success in reducing emissions from deforestation and forest degradation is likely to increase pressure on countries where forest carbon stocks are relatively stable. Incremental change achieved by additional action to promote and implement forest management in a sustainable manner, and enhancement of forest carbon stocks could be assessed relative to an agreed reference level<sup>1</sup>.

The EU notes the need to focus on deforestation and forest degradation and a test of the success of the overall agreement will be that emissions from deforestation and forest degradation decrease.

The EU stresses that the REDD mechanism should lead to additional, greater and permanent mitigation of emissions.

The EU notes that in accordance with the principle of common but differentiated responsibility, there would be greater need to provide readiness assistance to least developed countries. Views of the EU on differentiated contributions by developing countries to mitigation actions are expressed in a separate submission.

#### *(b) Methodological implications of market and non-market approaches*

The methodological issues are similar between market and non-market approaches and the two approaches are compatible – public funding will be necessary for readiness work and existing national and regional carbon markets are unlikely to have sufficient capacity initially. In the context of the deep commitments for annex I parties proposed by the EU, the EU is willing to consider how to harness public financing and carbon market to support activities in developing countries related to reducing emissions from deforestation and forest degradation.

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<sup>1</sup> In the EU's view afforestation and reforestation could also be treated in this way, and there would be advantages in doing so to promote a consistent approach to forestry activities.

(c) Implications of different options to address issues related to permanence, additionality and displacement of emissions.

Permanence is addressed where there is long-term responsibility for forest carbon stocks. Leakage is covered by national baselines and broad participation by countries. Additionality requires understanding of historical emissions or stabilisation levels so that the targets agreed incentivise additional action. It will be important to ensure that the sum of emissions implied by targets agreed is less than the historical rate of emissions from deforestation and forest degradation, and to be on track to eliminate and reverse deforestation within two to three decades.

**ANNEX A - Possible content of an Poznan COP decision on reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forest and enhancement of forest carbon stock**

In the EU's view we could agree in Poznan to a COP decision with the following elements:

- 1) Note good progress made since Bali, notably at SBSTA28, in the Tokyo methodological workshop and in Accra.
- 2) Note need to address, in a consistent fashion the full range of national circumstances, policy approaches and positive incentives relevant to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.
- 3) Make reference to indigenous peoples and other local communities participation, biodiversity, other related processes.
- 4) Note agreement on methodological elements.
- 5) Recognise usefulness of the UNFCCC web platform.
- 6) Agree that implementation in developing countries should cover readiness, initial implementation of policies, and participation on a national basis consistent with future climate change agreements.
- 7) Recognise usefulness of demonstration activities.
- 8) Note that whatever the ultimate source of support, substantial public sector funding will be necessary in the medium term, and welcome emergence of initiatives to address this. Note need for a consistent approach to funding and types of activities supported and provide any relevant guidance.

## **ANNEX B - Illustrative methodological elements for consideration at Poznan in anticipation of decision in Copenhagen**

- 1) For the purpose of this decision, deforestation is change from forest land to another land use and forest degradation is a persistent decline in forest carbon stocks without land use change.
- 2) Emissions from deforestation shall be estimated using the Good Practice Guidance and other relevant guidelines developed by the Intergovernmental Panel on Climate Change, using the methodologies for transition to non-forest land uses and the relevant cross-cutting guidance.
- 3) Emissions from forest degradation, leading to be the long run reduction of forest carbon stocks and shall be estimated using the Good Practice Guidance and other relevant guidelines developed by the Intergovernmental Panel on Climate Change, using the methodologies for forest remaining forest and the relevant cross-cutting guidance.
- 4) Incremental emissions/removals due to management of forests shall be estimated using the Good Practice Guidance and other relevant guidelines developed by the Intergovernmental Panel on Climate Change, using the methodologies for forest remaining forest and the relevant cross-cutting guidance.
- 5) Changes in emissions and removals within a participating developing country shall be assessed on a conservative basis relative to a reference emissions level<sup>2</sup> to be agreed on a conservative basis by Parties taking account of information on representative historical emissions or removals from deforestation, degradation, or management of forest remaining forest, and other factors<sup>3</sup> and the relevant IPCC cross-cutting guidance.
- 6) The period for assessing changes in emissions and removals from deforestation, forest degradation, or management of the forest, should be x years starting in year y. Accounting should reflect responsibilities over successive and contiguous periods.
- 7) The incentive to reduce emissions from deforestation or forest degradation, and to increase removals from management of forests, shall be in the form of a payment proportional to the amount by which the emissions are below the reference emissions level for a year within the assessment period, or the magnitude of removals is above the reference removal level.
- 8) If emissions are above the reference emissions level during the assessment period, the difference is to be carried forward.
- 9) Updated reference emissions levels for participating countries should be agreed no later than z years before the end of an assessment period, and used for the subsequent assessment period, on the same basis, with any carryover under the provisions of paragraph 8 taken forward.

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<sup>2</sup> National emissions reference levels should be ambitious, yet realistically achievable, and should take into account the principle of common but differentiated responsibilities.

<sup>3</sup> Reference emission level may need modification to reflect causal understanding of socio-economic factors that determine rate of deforestation or forest degradation, rather than simply being set equal to the historical rate

- 10) Participating countries may, as full or partial alternative to the positive incentives referred to above, choose to accumulate a buffer to be used to reduce or avoid the need for carryover under the provisions of paragraph 8.
  - 11) The UNFCCC Secretariat should organize periodic reviews to assess the application of these modalities, including the data derived from them, in an unbiased fashion.
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