



March 31st, 2006

Secretariat
United Nations Framework Convention on Climate Change
P.O. Box 260124
D-53153 Bonn
Germany

**Re: Sierra Club of Canada Statement on Papua New Guinea & Costa Rica
Submission on behalf of Supporting Canadian ENGOS**

To Whom It May Concern:

Sierra Club of Canada has been active in Canada since 1963. We have active chapters in every region of Canada and our mission is to develop a diverse, well-trained grassroots network working to protect the integrity of our global ecosystems.

The present Statement was developed by Canadian Environmental Non-Governmental Organizations (ENGOS) through the Canadian Environmental Network (RCEN), Canada's largest environmental network with more than 800 member organizations reaching more than 500 000 Canadians interested in environmental issues. The Canadian ENGOS that signed off on this Statement are listed at the end of the text.

The present Statement is made in response to UNFCCC document FCCC/CP/2005/L.2 of 6 December 2005 entitled "Reducing emissions from deforestation in developing countries: approaches to stimulate action, draft conclusions proposed by the President."

For further information, please contact Sarah Heiberg, RCEN National Caucus Coordinator at +1 613 728 9810 ext. 24 or at sarah@cen-rce.org or Mark Purdon, R.E.A.P. Canada at +1 647 300 3990 or mark_purdon@fastmail.fm.

Thank you for your consideration.

Sierra Club of Canada

on behalf of

Supporting Canadian Environmental Non-Governmental Organizations

412-1 Nicholas Street, Ottawa ON K1N 7B7
Tel: (613) 241-4611 Fax: (613) 241-2292 email: info@sierraclub.ca web: www.sierraclub.ca

Canadian ENGO Statement on Papua New Guinea & Costa Rica Submission on Reducing Emissions from Deforestation in Developing Countries in the Climate Change Regime

Recognizing the important role that the world's forests play in the regulation of the global climate, harbouring biodiversity and providing economic and subsistence value to millions of people;

Appreciating the initiative of the governments of Papua New Guinea and Costa Rica to again bring this role to the attention of the international community through their submission at COP11;

Aware of the inequitable distribution of greenhouse gas mitigation projects in the emerging global greenhouse gas market;

Conscious of the sovereign right of states to develop their forest resources in the best interests of their peoples as reflected in the 1992 Rio Declaration and Forest Principles;

Aware of the rights of indigenous peoples and on-going processes such as the draft UN Declaration on the Rights of Indigenous Peoples;

Recalling the importance of sustainable development as a guiding concept of international environmental law as well as of Article 12 of the Kyoto Protocol which recognizes the purpose of the Clean Development Mechanism to both assist developing countries in achieving sustainable development as well as to mitigate climate change;

Emphasizing that developed countries need to take the lead in reducing emission reductions domestically at source, to which end it is worth recalling that in regards to the 1992 UN Framework Convention on Climate Change

- the preamble notes that the largest share of historical and current global emissions of greenhouse gases has originated in developed countries
- Article 3, paragraph 1 states that developed countries should take the lead in combating climate change, and
- Article 4, paragraph 2(a) recognizes that the national policies and measures to mitigate climate change implemented by developed countries will demonstrate that developed countries are taking the lead in modifying the longer-term trends in anthropogenic emissions;

Aware that the reasons for excluding avoided deforestation as a possible project under the Clean Development Mechanism during the first commitment period of the Kyoto Protocol was due to related to political economy, administration, and technical considerations, which are elaborated on below;

The Canadian environmental non-governmental organizations (ENGOS) make the following recommendations to the COP in response to its call for input regarding the submission made by the governments of Papua New Guinea and Costa Rica on reducing emissions from deforestation in developing countries:

1) Political Economy Recommendations: Building on progress achieved under the framework established by the Kyoto Protocol, national initiatives to reduce deforestation in developing countries would be acceptable as part of the post-2012 climate change regime, but only in a scenario where the supply of carbon credits they might generate is balanced by greater demand resulting from deeper emission reduction targets being adopted by developed countries.

- a. Primacy of the Kyoto Protocol: The Kyoto Protocol is the only viable policy instrument for responding globally to the threat of climate change; any future policy to address climate change must build on the consensus and momentum established through it and the Marrakech Accords, which were adopted unanimously at COP11. In this light, the "Optional Protocol" suggested by the governments of Papua New Guinea and Costa Rica is inefficient, contrary to the global response required to address the issue of climate change and would set a bad precedent for the future evolution of the climate change regime. We also note that avoided deforestation has been excluded from the Marrakech Accords, which are valid only during the first commitment period, and revisiting the issue within the current ambit of the Kyoto Protocol would only lead to contentious and unproductive negotiations.
- b. Balancing the Carbon Market: National initiatives to reduce deforestation would be acceptable as a part of the Clean Development Mechanism (or its equivalent) in a post-2012 commitment period *but only if* the supply of credits averted deforestation would create were balanced by increased demand resulting from the adoption of deeper emission reduction credits on the part of developed countries, as called for under the Kyoto Protocol's Article 3.9. An unbalanced carbon market dominated by low-cost credits originating from reducing deforestation would not generate the incentive necessary to shunt the economy of developed countries onto a more sustainable path where per capita emissions of developed countries were reduced to a level which would not pose a threat to the global climate. Research conducted by the Hamburg School for International Economics has shown that the inclusion of averted deforestation projects in the first commitment period would depress the price of CO₂eq credits in a significant manner (Jung, 2003, 2005). Careful analysis of an optimal price for greenhouse gas credits on the market should be made in order to ensure that those resulting from reduced deforestation do not become a means for developed countries to avoid making important reductions in the emissions of greenhouse gases domestically at source in any future climate regime. We believe that such a course of action is consistent with the "graduation and deepening" strategy proposed by Michaelowa *et al.* (2005).

2) Recommendations for Administration, Sustainable Development & Human Rights: There are important administrative issues associated with national initiatives designed to reduce deforestation in developing countries which need to be resolved prior to their formal incorporation into any future climate change regime. To this end, national initiatives designed to reduce deforestation should be tested in a limited number of national pilot projects which would demonstrate their contribution to both climate change mitigation (which includes concerns of additionality, permanence and leakage) as well as the promotion of sustainable development and the protection of human rights, in particular the distribution of

benefits of any national initiative to local communities where avoided deforestation projects, programs or policies are implemented.

- a. Sustainable Development and Human Rights: It is necessary to recognize that global environmental issues such as deforestation are at the same time local, involving land-use issues that affect human beings, particularly low-income communities and indigenous peoples, in very concrete ways. It should be recalled that land-use change and forestry CDM projects have in the past been carried-out in a manner which has not promoted sustainable development and human rights (see Lohmann, 2005; Orlando *et al.*, 2002). Therefore, any future national initiative intended to reduce deforestation will need to demonstrate how it would promote sustainable development and the protection of human rights at the local operational level, including the equitable distribution of benefits to local communities. Such initiatives should be based on internationally devised criteria and indicators for sustainable forest management and include local communities and individuals in their design and implementation as well as independent verification procedures and transparent accounting measures.
- b. National Pilot Projects: The national strategy submitted by the governments of Papua New Guinea and Costa Rica correctly identifies that a national level strategy is necessary for ensuring that issues of additionality, leakage and monitoring are addressed. National level baselines and reduction targets hold the most promise for assessing the success of any initiative to reduce deforestation. However, further expertise related to the smooth implementation of these initiatives and their administration needs to be developed. The time leading up to the post-2012 period should serve for the organization of three national pilot projects supported by the international community that would assess the feasibility of implementing and administering national initiatives to reduce deforestation in a manner that is open, transparent and equitable and which also addresses issues of sustainable development and human rights described above, particularly the participation of local communities and individuals who stand to be affected by national initiatives to reduce deforestation. It is recommended that three national pilot projects be distributed amongst countries in Africa, Latin America and Asia.

3) Technical Recommendations: Due to the inherent complexity of forest ecosystems, the linkages between deforestation and biomass energy as well as the permanence and longevity of forest conservation need to be addressed through greater attention from policy makers and researchers.

- a. Deforestation and Biomass Energy: National initiatives to reduce deforestation must also focus on the relationship between deforestation and bioenergy, which is known to be significant in the developing world. One of the unintended consequences of the decision to remove avoided deforestation from the CDM has been to complicate the implementation of bioenergy projects. In particular we recognize the important role that improved efficiency biomass cookstoves and other sustainable uses of biomass might play in mitigating climate change and contributing to sustainable development (see Schlamadinger and Jurgens, 2004; Silveira, 2005). While recognizing the progress the CDM Executive Board has been making on this issue recently, the link

between deforestation and bioenergy should be a priority of any national initiative to reduce deforestation in the developing world because of its promise of delivering sustainable development to low-income communities and individuals as well as the promotion of human rights, particularly those of women.

b. Further Research on the Future of Forests:

- i. It needs also to be recognized that tropical forests are also subject to climate change. Malhi et al. (2002) caution that today's remaining tropical forests may be at risk of negative consequences of climate change that could result in forest dieback and the net release of greenhouse gases. The extent of such risks needs to be ascertained prior to the inclusion of reduced deforestation in any future climate change regime in order to ascertain the significance of their long-term contribution to the mitigation of climate change. However, the contribution that reduced deforestation might make to the mitigation of climate change might serve as a positive feedback loop, ultimately increasing the value of reduced deforestation.
- ii. It is also important to recognize the other ecosystem services provided by standing forests, and the potential co-benefits stemming from forest conservation (i.e., soil conservation, watershed protection, biodiversity conservation, avoidance of desertification, poverty alleviation, disease control, etc.). Considering these co-benefits would enhance linkages between the UNFCCC, the CBD, the UN Convention to Combat Desertification and other multilateral environmental agreements, it would be important to broaden the CDM (or its analogue in a post-2012 scenario) to include the valuation of these benefits in the second commitment period.

In conclusion, the Canadian ENGOs below are of the opinion that if demonstrated to be administratively and technically sound, national initiatives to reduce deforestation in developing countries might build on the global consensus established through the Kyoto Protocol and become part of the post-2012 climate change scenario if such initiatives are balanced by further commitments on the part of developed countries to reduce greenhouse gas emissions domestically at source and contribute directly to the sustainable development and protection of human rights of local communities or individuals affected. Given that the administrative and technical issues are significant, it would be premature to include national initiatives to reduce deforestation in developing countries in the first commitment period but rather use this time to resolve this issue in order to possibly include projects, programs or policies to reduce deforestation in a post-2012 climate change regime which builds on the momentum established through the Kyoto Protocol.

This Statement is Supported by the Following Canadian ENGOS:

Alberta Wilderness Association

Falls Brook Centre

Friends of the Old Man River

Resource Efficient Agricultural Production – Canada (REAP – Canada)

Sierra Club of Canada (National Office)

Sierra Club – Prairie Chapter

South Peace Environmental Association

References

- Jung, M. (2003) The Role of Forestry Sinks in the CDM - analyzing the effects of policy decisions on the carbon market. *HWWA Discussion Paper* **241**.
- Jung, M. (2005) The Role of Forestry Projects in the Clean Development Mechanism. *Environmental Science & Policy* **8**: 87-104.
- Lohmann, L. (2005) Marketing and Making Carbon Dumps: commodification, calculation and counterfactuals in climate change mitigation. *Science as Culture* **14**: 203-235.
- Malhi, Y., Meir, P., and Brown, S. (2002) Forests, carbon and global climate. *Philosophical Transactions of the Royal Society of London Series A* **360**: 1567-1591.
- Michaelowa, A., Butzengeiger, S., and Jung, M. (2005) Graduation and Deepening: an ambitious post-2012 climate policy scenario. *International Environmental Agreements* **5**: 25-46.
- Orlando, B., Baldock, D., Canger, S., Mackensen, J., Maginnis, S., Socorro, M., Rietbergen, S., Robledo, C., and Schneider, N. (2002) *Carbon, Forests and People: towards the integrated management of carbon sequestration, the environment and sustainable livelihoods*. Gland, Switzerland and Cambridge: IUCN.
- Schlamadinger, B., and Jurgens, I. (2004) Bioenergy and the Clean Development Mechanism. In *2nd World Conference on Biomass for Energy, Industry and Climate Protection* 10-14 May 2004, Rome.
- Silveira, S. (2005) Promoting bioenergy through the clean development mechanism. *Biomass & Bioenergy* **28**: 107-117.