



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

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

**Berlin, 27 February 2007**

**Subject: Reducing emissions from deforestation in developing countries  
Views on ongoing and potential policy approaches and positive incentives, and 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; and relevant provisions of other conventions and the work of multilateral organisations.**

### **1. Introduction**

The SBSTA at its 25th session invited Parties and accredited observers to submit views on ongoing and potential policy approaches and positive incentives, and technical and methodological requirements related to their implementation; assessment of results and their reliability; and improving the understanding of reducing emissions from deforestation in developing countries. The SBSTA also invited Parties to consider, as appropriate, the relevant provisions of other conventions and the work of multilateral organisations.

### **2. General Remarks**

The EU notes that deforestation, particularly in tropical countries, contributes approximately 20 % to global human-induced CO<sub>2</sub> emissions. Effective action to reduce deforestation in developing countries is needed to achieve the objective of Article 2 of the United Nations Framework Convention on Climate Change, and provide multiple benefits towards sustainable development.

At SBSTA 27 the EU will seek a substantive outcome of the two-year process on reducing emissions from deforestation in developing countries. A substantive outcome could include options for policy approaches and an identification of associated methodological requirements to be forwarded to the COP for consideration and decision. Such approaches should be consistent with broader post-2012 considerations and be seen in the broader context of the role of LULUCF in climate change mitigation actions and sustainable development.

### 3. **Critical elements for implementing policy approaches and positive incentives**

Any acceptable way forward will need to focus on rewarding real reductions in emissions leading to preservation of carbon stocks, while avoiding perverse incentives. Achieving this will require action at the national as well as the international level, respecting the sovereignty of countries. The EU notes that critical elements for policy approaches and positive incentives include:

- the contribution made to long-term sustainable land management, and reducing pressures leading to unsustainable land use or land-use changes;
- recognition of existing commitments under UNFCCC to promote sustainable management, conservation and enhancement of sinks and reservoirs such as biomass and forests;
- simplicity, flexibility and practicality;
- consistency with and/or evolution from existing monitoring methodologies and accounting rules;
- linkage to national programmes, including concrete policies and actions;
- promoting synergies at national and local levels and where appropriate with international initiatives and processes, under CBD, UNCCD, Ramsar Convention, UNFF, ITTA, FAO and regional initiatives e.g. to combat illegal logging;
- Encouragement of early action.

### 4. **Policy approaches**

The EU emphasises that concrete policies and actions as part of a global and comprehensive post-2012 agreement are needed to halt emissions from deforestation in developing countries and reverse them in the next two or three decades. Options to reduce emissions from deforestation include effective land use policies coupled with economic incentives.

#### **Current commitments**

The EU would like to recall the already existing commitments under the UNFCCC (articles 3.3; 4.1.b.; 4.1.c and 4.1.d) that are relevant to deforestation. Many parties, including developing countries, have implemented effective measures to address emissions from deforestation. Mechanisms to facilitate cooperation among parties in this field include:

- guidance to the GEF,
- the Special Climate Change Fund,
- provisions for technology transfer,
- capacity building and
- the Adaptation Fund.

Also several other provisions under various bodies and processes provide ways to address deforestation. These mechanisms could be strengthened, and this should be done wherever it is effective and feasible. However, experience suggests that they are not by themselves sufficient to achieve significant additional reductions in emissions from deforestation. The EU therefore sees the need for additional efforts, building on current commitments.

## Period up to 2012

Practical experiences are needed to explore how additional efforts under the UNFCCC process could contribute to reducing emissions from deforestation. To this end, a preparatory scheme could be established in the period up to 2012 to explore approaches combining national action and international support.

A preparatory scheme could include:

- Assessment of national implementation of policies to combat deforestation.
- Activities to improve the monitoring and reporting capacity required for RED (reducing emissions from deforestation) schemes.
- Processes to define baselines or reference scenarios including the anticipation of future trends.
- Positive incentives to encourage countries to take or intensify actions to reduce emissions from deforestation during the pre-2012 period relative to the baseline or reference scenarios. The nature of the positive incentives required should be assessed further, depending on the architecture of the preparatory phase and the emissions reductions expected to be achieved by the end of the pre-2012 period. Possible options for consideration could include:

- o Voluntary funding

Participation and payments would be voluntary, the latter from developed countries.

- o Activities Implemented Jointly (AIJ)

AIJ under the pilot phase were useful for developing Joint Implementation and Clean Development Mechanism. A similar kind of activities could also be useful in the context of reducing emissions from deforestation.

- o Other sources of funding and support

Initiatives from Parties and organisations such as the World Bank, Regional Development Banks, business enterprises and NGOs, provided that these are acceptable to the Parties concerned.

The EU recognises that several Parties have already started to cooperate on some of these issues and believes that sharing experiences on this regard would speed up the designing of the scheme.

## **Period after 2012**

Concrete policies and actions for reducing emissions from deforestation depend on the development of the negotiations for an agreement on post-2012 climate change mitigation action. The EU notes that an approach that bases incentives, including the carbon market, on quantified achievement in reducing emissions from deforestation needs an agreed emission reduction level developed on the basis of national baselines or reference scenarios.

One possibility would be for Parties to benefit from the scheme by performing better than the agreed emission reduction level. The EU believes that agreed levels should be ambitious, yet realistically achievable, taking into account national circumstances including existing policies and initiatives, historical data, current trends and developments in land use. The agreed level would be negotiated and revised periodically.

Actions to reduce deforestation should generate significant co-benefits and promote sustainable development.

### **5. Methodologies and modalities**

#### **5.1. Monitoring:**

The EU notes that reliable monitoring methods are needed to assess emissions relative to the agreed emission reduction level.

In the EU's view the IPCC guidance for greenhouse gas estimation should be a basis for monitoring emissions. The approaches to land identification developed by IPCC allow for both ground-based and remote sensing methods. The most cost effective combination depends on national circumstances but in all cases it is very likely that both remote sensing and ground-based data will be needed, and that there will always be a requirement for an appropriate monitoring system.

#### **5.2. Leakage:**

EU's preference is for a system based on national baselines or reference level scenarios in order to minimize leakage at the national level. International leakage could be addressed by a wide coverage. The need to minimise leakage requires consideration of deforestation more broadly than simply assessing it against changes in land use.

#### **5.3. Permanence:**

The EU notes that non-permanence is not an issue when possible reversals are compensated. Approaches to deal with non-permanence include (a) using temporary credits in a manner similar to the current A/R CDM projects, (b) reducing future financial incentives to take account of deforestation emissions above the agreed level, (c) bank credits and debits from one period to another, or (d) by mandatory banking of a share of the emission reductions. The transition from unsustainable to sustainable land use management reduces the risk of increases in emissions from deforestation.

#### 5.4. Co-benefits

The EU further notes that methodologies may be needed for assessing co-benefits, in particular with regard to biodiversity protection and sustainable development, using synergies between UNFCCC, CBD, UNCCD and other bodies and processes.

#### 6. *Linkages with international processes and organisations*

Several processes share similar objectives and are working on the global level to promote sustainable forest management and reduce deforestation. In the EU's view any agreement should work synergistically with these processes at the international and national levels. The EU is interested to explore with other Parties the feasibility of various options including (i) references between legal texts of conventions, (ii) joint arrangements between bodies and organizations, (iii) approaches to funding, (iv) reporting, (v) capacity building, (vi) better coordination at the national level. Such considerations could provide interesting example of sectoral approaches.

The EU believes that an awareness of other processes and organisations, especially at the national level should be encouraged. The most relevant processes at the international level include:

1. The Convention on Biological Diversity (CBD);
2. The United Nations Convention to Combat Desertification (UNCCD)
3. The Convention on Wetlands of International Importance (Ramsar-Convention)
4. United Nations Forum on Forests (UNFF);
5. International Tropical Timber Agreement (ITTA);
6. The Food and Agriculture Organization of the United Nations (FAO);
7. Regional Processes e.g. the Forest Law Enforcement and Governance (FLEG) and the EU Forest Law Enforcement Governance and Trade (FLEGT) Initiative.

The EU is very much committed and engaged to the processes mentioned above and is working actively to make them successful. Knowledge and practical experience are gained through those processes and they increase awareness of the issues of deforestation and sustainable management.

#### 7. *Views on potential outcome of the 2-year SBSTA process*

In the EU's view, SBSTA 27 needs to draft a decision for COP13. This could be achieved by formal conclusions from SBSTA 27 with the substance contained in the draft COP decision. The draft COP decision could include:

- recognition of the contribution of deforestation to global emissions;
- reiteration of existing commitments on addressing deforestation, including implementation of capacity building and existing commitments on sustainable land use and recognition of the role for national and international initiatives in putting sustainable land use into action and combating unsustainable practices that lead to deforestation or degradation;
- identification of the scope of deforestation in the context of a sustainable land management;
- identification of synergies and opportunities for cooperation with CBD, UNCCD, UNFF and other forest related conventions and processes;

- encouragement of actions as described in this submission for the period up to 2012;
- options for policy approaches along the lines set out in this submission, with an identification of associated methodological requirements;
- possible messages to other processes.

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## Notes of the work of relevant processes and organisations

### *Convention on Biological Diversity (CBD)*

The CBD establishes three main goals: conservation of biological diversity, sustainable use of its components and fair and equitable sharing of the benefits arising out of the use of genetic resources. Parties are required to develop national strategies.

The CBD addresses forests, one of the richest terrestrial systems, directly through the expanded programme of work on forest biological diversity. It was adopted in 2002 (Decision VI/22) and 21 global outcome-oriented targets in 7 focal areas were endorsed in 2006. It consists of three elements:

- the biophysical aspects, such as the reduction of threats to forest biological diversity through restoration, agroforestry, watershed management, and the establishment of protected areas;
- the institutional and socio-economic environment needed
- assessment and monitoring.

The expanded work programme will be reviewed at COP 9 in 2008.

The implementation of the Convention and the work programme contributes towards the reduction of GHG emissions. The decision VIII/30 on biodiversity and climate change adopted at COP 8 provides guidance to promote synergy among activities for biodiversity conservation, mitigating or adapting to climate change and combating land degradation.

### *United Nations Convention Combating Desertification (UNCCD)*

The UNCCD was adopted in 1992 to combat desertification as a major economic, social and environmental problem of concern to many countries in all regions of the world. National Action Programmes (NAP) are one of the key instruments in the implementation of the Convention. They are strengthened by Action Programmes on Sub-regional (SRAP) and Regional (RAP) level. National Action Programmes are developed in the framework of a participative approach involving the local communities, spelling out the practical steps and measures to be taken to combat desertification in specific ecosystems. Special attention in the NAP to afforestation/reforestation and sustainable forest management activities is paid to conservation of biodiversity, combating desertification, carbon sequestration, other environmental goals and socio-economic aspects, including benefits sharing and poverty eradication.

The COP agreed to work in synergy to the other international Conventions. In particular, in 2004 a workshop was organized by the Secretariat in order to identify options for the implementation of specific synergy actions at local level, relating to forests and forest ecosystems and their use and conservation.

*The Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention)*

The Ramsar Convention covers all aspects of wetland conservation and wise use and is the only intergovernmental treaty which deals with a particular ecosystem. The Convention's broad objectives are to stem the progressive encroachment on, and loss of, wetlands and to promote their wise use. The three main pillars of activity are:

1. Designation of wetlands of international importance as Ramsar sites;
2. Promotion of wise use of wetland in the territory of each country;
3. International co-operation to further the wise use of wetlands and their resources.

Through the wise use of wetlands, emissions from forests growing on these wetlands (on peat lands for example) can be decreased. For example, reducing large-scale drainage of peat lands and raising water levels prevent the oxidation of peat and reduce fire risks.

*United Nations Forum on Forests (UNFF)*

The UNFF was established by the Economic and Social Council of the United Nations (ECOSOC), to carry on the work of the Intergovernmental Panel on Forests and the Intergovernmental Forum on Forests processes.

At its sixth meeting, UNFF6, agreed on a resolution containing four global objectives:

- Reverse the loss of forest cover world wide through sustainable forest management, including protection, restoration, afforestation and reforestation, and increase efforts to prevent forest degradation.
- Enhance forest-based economic, social and environmental benefits, including by improving the livelihoods of forest-dependent people;
- Increase significantly the area of sustainably managed forests, including protected forests, and increase the proportion of forest products derived from sustainably managed forests; and
- Reverse the decline in official development assistance for sustainable forest management and mobilize significantly increased new and additional financial resources from all sources to implement sustainable forest management.

*International Tropical Timber Agreement (ITTA)*

ITTA promotes the conservation and sustainable management, use and trade of tropical forest products coming from sustainable forest management (SFM). ITTO is the implementing body of the ITTA and finances a number of relevant projects. In its status report 2005 it is estimated that approximately 5% of the natural forest of its 33 producer countries are under SFM. SFM is defined as managing permanent forest and is seen as one prerequisite of achieving reduction of deforestation.



*Food and Agriculture Organization of the United Nations (FAO)*

FAO was founded in 1945 with a mandate to raise levels of nutrition and standards of living, to improve agricultural productivity, and to better the condition of rural populations. FAO is the lead agency for agriculture, forestry, fisheries and rural development. FAO publishes the World Forest Resource Assessment (FRA), which is the most comprehensive information about the world's forest. The 2005 publication is structured after six of the seven thematic elements of SFM including the extent of the forest resource. FAO is developing capacity building activities in order to support developing countries in implementing the UNFCCC and the KP.

*FLEG and EU-FLEGT*

Three regional FLEG processes (Forest Law Enforcement and Governance) there have been established, all with a ministerial declaration; South East Asia, Central Africa and Europe and North Asia supported by the World Bank.

The EU has supported the FLEG processes and will through the EU-FLEGT (Forest Law Enforcement and Governance and Trade) take action to avoid import of illegal timber to the EU and support initiatives to combat illegal logging in partner countries. This is an attempt to effectively address illegal logging in order to promote sustainable forest management and reduce deforestation.

