

United Nations Framework Convention on Climate Change

- SBSTA 25 -

Agenda Item #5: Reducing Emissions from Deforestation in Developing Countries.

Submission of Views of the Congo Basin Countries

The following views are submitted by the Congo Basin Countries meeting as part of the Commission des Forêts d'Afrique Centrale (COMIFAC), consistent with the 1999 Declaration of the Heads of States, known as the 'Déclaration de Yaoundé' and related to the conservation and sustainable management of forest ecosystems in Central Africa.

The 10 following countries are members of the COMIFAC : Burundi, Cameroon, Congo, Gabon, Equatorial Guinea, Central African Republic , Democratic Republic of the Congo, Rwanda, Sao Tomé and Príncipe, and Chad.

Angola is currently an observer.

The COMIFAC was created by the Heads of State with the purpose of managing Congo Basin forests in a concerted manner through a common platform, the 'Plan de Convergence', which includes ten strategic components. The first component puts special emphasis on the 1992 Rio Conventions and among them, the United Nations Framework Convention on Climate Change (UNFCCC).

The 'Partenariat pour les Forêts du Bassin du Congo' (PFBC), launched in 2002 during Johannesburg World Summit on Sustainable Development, is composed 30 members: Congo Basin Countries, international NGOs and development partners (bilateral and multilateral).

Assisting the COMIFAC countries, several PFBC members contribute to the implementation of the 'Plan de Convergence'. This assistance focuses inter alia in improving the integration of forests in the post-2012 regime.

The present submission was prepared and elaborated in collaboration with South American, Central American and Asia/Pacific countries, which attended three workshops under the Costa Rican Government auspices:

CfRN (Coalition for Rainforest Nations) Workshop
San José (Costa Rica), January 28 – 30, 2007

Latin American sub-regional workshop
CATIE – Turrialba (Costa Rica), January 31 – February 1, 2007-02-05

Congo Basin sub-regional workshop
CATIE – Turrialba (Costa Rica), January 31 – February 1, 2007-02-05

It focuses on the specificities of Central African forests, widely engaged in a sustainable management process through management plan, while supporting the general framework of the submission presented by the CfRN (Coalition for Rainforest Nations) countries and developed during the Costa Rica workshop.

The Congo Basin countries wished to develop their own regional submission in order to supplement the one presented by the CfRN countries, which they support besides, to put

special emphasis on the **Avoided Degradation** concept and the **distribution key** to be used to share the proceeds from any **Stabilization Fund**

Mandate

The Twelfth Session of the Conference of Parties to the UN Framework Convention on Climate Change invited Parties and accredited observers to submit to the secretariat, by 23 February 2007, their views on issues relating to reducing emissions from deforestation in developing countries, focusing on the discussion of ongoing and potential policy approaches and positive incentives, the technical and methodological requirements related to their implementation, the assessment of results and their reliability, and improving the understanding of reducing emissions from deforestation in developing countries. The COP invited Parties to also consider, as appropriate, relevant provisions in other conventions and the work of multilateral organizations.

The COP requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to consider the information in the submissions, beginning at its twenty-sixth session (May 2007).

Guiding Principles

Definition

In the context of this submission, deforestation should be understood as a process leading to emissions of greenhouse gases (GHG) due to human activities. Deforestation includes two distinct situations:

- reduction / destruction of forest cover leading to land use change,
- forest degradation: diminution of carbon stock per hectare which does not result in a reduction / destruction of forest cover.

Reducing emissions from deforestation has to be appreciated under its broad sense, thus in reducing emissions from all the carbon pools within the forest ecosystems, and more particularly from soils, including non-CO₂ GHG as well.

Real Benefits for the Climate

Any future action to mitigate climate change should pursue the ultimate objective of the UNFCCC as stated in its Article 2. To achieve real and measurable benefits for the climate, policy approaches and positive incentives should be sufficient and credible to address emissions from deforestation and forest degradation at all adequate scales. Further, such policy approaches and positive incentives should be implemented as soon as possible and should not prevent or delay other emission reduction efforts.

Common but Differentiated Responsibilities

Recalling the principle of 'common but differentiated responsibilities', all Parties have the responsibility to collaborate to reduce GHG emissions and combat their adverse effects on climate. There are historical differences in the contribution to the current composition of the atmosphere by industrialized and developing countries, as well as differences in Parties' respective economic and technical capabilities to address the resulting economical, social and environmental implications. Reducing GHG emissions from deforestation and degradation offers a historic opportunity to enhance the effective participation of developing countries in the climate regime on a 'voluntary' basis. At the same time, industrialized countries have an opportunity:

- to positively fulfill their historical commitments for additional financing to support forest conservation,
- to reduce emissions from deforestation and degradation in developing countries,

- and to help developing countries implement their own sustainable development.

Polluter Pays

Recalling Principle 16 of the Rio Declaration, we reaffirm the concept that Annex 1 Parties that have contributed proportionally with greater amounts of GHG emissions should bear the same proportion of responsibility and mitigation and adaptation costs.

State Sovereignty & Intergenerational Responsibility & Sustainable Development

Recalling the Preamble of the UNFCCC and the Rio Principles which reaffirm that Parties have the sovereign right to exploit their own resources pursuant to their own environmental and developmental policies in order to fulfill their present needs without limiting the options for future generations. Toward these objectives, forest-based ecosystem services need to be recognized and valued by the international community in order to allow developing countries with forests to capitalize these services on a voluntary basis. Therefore, not only should the Parties' participation in efforts to reduce emissions from deforestation be voluntary, Parties alone shall decide how to implement specific measures.

Equitable and Fair

Any effort to reduce GHG emissions from deforestation and degradation should ensure a fair distribution of the responsibilities and benefits both within and among countries. We must ensure that, on the basis of the principle of common but differentiated responsibilities, all countries have equitable and fair access to the incentive instruments and are assisted to overcome any comparative capacity and technical disadvantages. Further, market regulations and methodological issues should not be applied stringently for developing countries – or for the forestry sector as compared to other sectors.

Cost Effectiveness

Policy approaches and positive incentives should be designed and implemented in ways that improve their cost-effectiveness. Incentives should be sufficient to cover implementation costs of the measures taken to reduce GHG emissions from deforestation, including opportunity costs, and should also assist countries that reduce emissions from deforestation and degradation to address poverty alleviation while pursuing the ultimate objective of the UNFCCC.

Supplemental Funding and Capacity Building

Supplementary resources should be made available for developing countries to build the technical, operational, legal and institutional capacity necessary to implement actions aimed at reducing emissions of GHGs from deforestation and degradation. Funding for emission reductions from deforestation and degradation should be additional to current and already established ODA programs.

Enhancing Forest Ecosystem Services as a Capital Resource

Many developing countries have difficulty putting into effect policies for maintaining or increasing the area of forest biodiversity habitats due to limited human, institutional, technological and financial capacity. Well-constructed mechanisms to reduce emissions from deforestation and degradation can have multiple benefits for sustainable development in developing countries and at a global scale, as forests function as a tangible capital resource that provides a diverse set of ongoing ecosystem services related to air and water quality, improved agricultural production, healthy coral reefs and fisheries, control of infectious diseases, medicinal cures, aid to social stability, etc.

Need to Act Quickly while Protecting the Integrity of Existing Mechanisms

Any delay in addressing emissions from deforestation is counterproductive to the ultimate objective of the Climate Change Convention and will increase the costs of climate change mitigation unnecessarily. However, new policies and incentives related to reducing

emissions from deforestation should be consistent, where possible, with existing mechanisms for reducing GHG emissions, should not undermine emissions reduction efforts by Annex I countries, and should complement existing flexibility mechanisms within the Kyoto Protocol.

Key Messages

Reducing Rates of Deforestation is Possible and Urgently Needed

Experience has demonstrated that many activities that cause and drive deforestation and the associated 20% of global emissions can be mitigated through a system of policy approaches and positive incentives. According to the recent 'Stern Review of the Economics of Climate Change', reductions in emissions from deforestation and degradation may be possible relatively quickly if carried out with international assistance combined with national actions. These reductions can significantly contribute to meeting the ultimate objectives and goals of the Convention and the Protocol. Annex I countries should act with a sense of urgency to assist developing countries reduce deforestation and degradation. Acting soon and preventing emissions will be more efficient, more cost-effective and yield more co-benefits than allowing emissions to continue and then attempting to reduce emissions later. In addition, this strategy will decrease significantly the risk of irreversible impacts on earth.

Technology & Methods are Available to All

It is currently possible to measure reductions in GHG emissions from deforestation and forests degradation in developing countries to a sufficient level of confidence. Tools exist to estimate forest area change (remote sensing, forest inventories and GHG emissions inventories in forestry...) and carbon stocks (biome averages, forest stratification and allometry...). Combined, these variables yield calculated emissions from deforestation and carbon stocks. National Communications, IPCC Guidelines and Good Practice Guidance and Guidelines (GPGG) relevant to forests, calculation of emission factors and review procedures already provide an accepted system for ensuring data quality. Most importantly, using a conservative approach, the existing methodologies allow countries to participate immediately according to their national circumstances and capacities.

Major Reduction in Long-Term Mitigation Costs

Curbing deforestation may provide a highly cost-effective way of reducing greenhouse gas emissions. Given the comparatively low costs per unit of GHG reductions, reducing emissions from deforestation could significantly lower the overall costs of meeting the goals of the Convention. While costs of reducing deforestation and associated emissions vary within countries and between countries and will change over time, including all emission reduction opportunities in a global policy will help ensure the maximum amount of emission reductions can be achieved at the lowest costs.

Sustainable Development at Scale

To reduce global deforestation rates by 50% over the next decade, the 'Stern Review of the Economics of Climate Change' estimates that approximately US\$5 – US\$10 Billion per year will be required through a system of policy approaches and positive incentives. Revenues at this scale could catalyze monumental gains toward the achievement of climate stability, poverty reduction, biodiversity conservation, global environmental security, food security and sustainable development.

Sourcing the Funding and the Principle of Proportionality

Global deforestation accounts for approximately 20% of global carbon emissions. Accordingly, under the principle of proportionality, it is equitable that international mitigation policies dedicate 20% of available revenues to address this emissions source. For example, dedicating 20% of the trading volume of existing emissions trading markets to address

deforestation would likely generate revenues that are sufficient to reduce global emissions from deforestation by 50% over coming decades.

Policy Approaches – Implementation scale

Policy approaches must be considered within the context of national circumstance, taking into account legal, policy and institutional implications. Specifically, countries may consider effectiveness of policies incorporating legal initiatives, tax structures, forest fire management, protected areas management, agricultural intensification, sustainable forest management, reduced impact logging, payment for environmental services, poverty alleviation, etc., to reduce emissions from deforestation.

Considering the magnitude and complexity of efforts to be implemented, and the necessary coordination between the different sectoral activities, Central African countries propose to adopt a mixed approach at a national, regional and/or sectoral level, depending on the cost-efficiency in reducing emissions.

So, given the diversity of circumstances within the southern countries, it is essential to keep flexibility for the mechanisms to be adopted. This is why the Congo Basin Countries agree to preserve existing flexibility mechanisms to maximise emission reduction..

Positive Incentives

To be sustainable, policy approaches must be underpinned by a basket of complementary options that provide sustainable, simple, transparent positive incentives to reduce significantly emissions from deforestation in developing countries. It is possible to thoughtfully learn from existing precedents within the Convention and the Protocol, where appropriate.

When considering the forestry sector in developing countries on an aggregate basis, while considering the diversity of national circumstance, we must augment existing tools that reward carbon sequestration through afforestation and reforestation and consider new mechanisms to reduce emissions from deforestation. In order to effectively and efficiently implement each of these suggested instruments, an enabling fund will be required.

While we acknowledge that the CDM exists and accommodates A/R, a basket of positives incentives should be designed to be complementary and address the differing dynamics of the forest sector within developing countries. Within this context, a menu of voluntary options may include:

A – REDD Mechanism: accounts for carbon emission reductions and non-CO² emission reductions only in existing forest areas on a national basis. This option will be explored in more detail within this Submission.

B – Stabilization Fund: accounts for carbon emissions and removals and non-CO² emissions in developing countries participating in the Mechanism that seek to maintain existing forest areas on a national basis. This option will be outlined within this Submission.

C– Enabling Fund: a special purpose group of funds that are designed to prepare and support developing countries who seek to participate in mechanisms A and B above, including piloting activities.

New and additional funding will be needed to operationalize B and C above.

The CDM-A/R and REDD instruments could be implemented synergistically in the same country since they act on different areas. Clearly, not more than one instrument could be

applied on the same area. In all cases, each of these instruments may be immediately applied by utilizing technical and methodological principles already in effect, principally the relevant IPCC GPGG.

REDD Mechanism:

The REDD mechanism must be designed to provide positive incentives to support voluntary policy approaches that result in gross reductions in GHG emissions from deforestation in developing countries measured against a Reference Scenario (RS).

A RS will be made by estimating a reference emissions rate (RER) that will be applied against a Development Adjustment Factor (DAF).

The RER should be determined by assessing the activity data related to rates of deforestation and estimating the carbon stock implications using the relevant IPCC Guidelines and Good Practice Guidance over a Reference Period (RP). Under the principle of 'conservatism', the RP should be as long as is possible, based upon the availability of country-specific activity data, but not shorter than five years.

A DAF must be applied to accommodate the Conventions' acknowledgement in paragraph 3 that per capita emissions in developing countries are still relatively low and that the share of global emissions originating in developing countries will grow to meet their social and development needs, including those from land use change and deforestation. Further, the DAF must be applied along with the 'equity principle' outlined in Article 3.1 of the Convention and in Article 4, paragraphs 3 and 5.

GHG emissions from deforestation could be reported in accordance with IPCC GPGG. In this respect, there is no need to develop a new set of forest related definitions or rules (e.g. forest degradation). Further, the IPCC Guidelines and GPG apply a tiered approach. The selection of the tier to use for reporting on carbon stocks is based on national circumstances and related to data availability. Properly implemented, all tiers are designed to conservatively provide unbiased estimates while accuracy and precision should, in general, improve from Tier 1 to Tier 3. So there is an urgent need to build coherent national data basis.

The REDD Mechanism would not require any new review and reporting processes or bodies. Consistent with existing rules under the Convention and the Kyoto Protocol, the Secretariat would arrange Reviewers to assess the conservativeness and accuracy of the data within the relevant National Communications.

Voluntary Non Market and Market-based Instruments

Within the context of national circumstance, the REDD mechanism should be made available to developing countries to reduce emissions from deforestation in developing countries via both market and non-market instruments. Accordingly, non-market instruments would likely carry more conservative carbon accounting systems, lower performance standards and consequently result in a lower carbon price per ton. Conversely, market options operate within more robust carbon accounting systems, higher performance requirements, and resulting in a higher carbon price per ton.

Stabilization Fund

A stabilization fund will support developing countries which have very low rates of deforestation and want to maintain their forest cover. This fund could be supported through contributions by Non Annex I countries through a share of proceeds from REDD credits combined with additional funds provided by Annex I countries through Official Development Aid or similar instruments, such as taxes on products and services with a high carbon footprint.

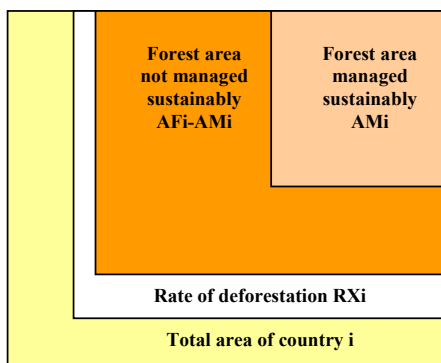
The share of proceeds among the countries could use advantageously a distribution key based on national criteria, such as:

- total forest area,
- deforestation rate,
- forest area managed sustainably, with approved management plan,
- certified forest area (based on sustainable management criteria),
- protected areas,

The selected criteria will especially recognize any effort in natural forest resources sustainable management beyond the forest cover conservation. Weighting systems could be applied in order to put special emphasis on some of the above criteria (grant based on forest area managed sustainably, certified area, etc.).

Example of an overall Grant (GTi) allotted to a county i engaged in reducing emissions from deforestation, based on forest area managed sustainably (Management grant GMi) and liability in climate regulation weighted by the deforestation rate (GRi).

$$GT_i = GM_i + GR_i$$



Total forest area of Parties not included in annex I countries and being likely to benefit from the stabilization fund (Fd): SFT

Management Grant: $GM_i = [AM_i/SFT] \times Fd$

Climate Regulation Grant weighted by the rate of deforestation:

$$GR_i = [(AF_i-AM_i)/SFT] \times Fd / [\lambda \times RX_i],$$

λ being an adjustment factor allowing to update reward strategies

Overall Grant (GTi) allotted to a county i engaged in reducing emissions from deforestation:

$$GT_i = GM_i + GR_i$$

$$GT_i = [AM_i/SFT] \times Fd + [(AF_i-AM_i)/SFT] \times Fd / [\lambda \times RX_i]$$

Enabling Fund

In order for many developing countries to participate in a REDD crediting system and in a stabilization fund, substantial capacity constraints must be overcome. There are needs to develop national capacities at developing reference scenarios as well as in carrying out policies and measures to reduce deforestation. Enabling assistance should facilitate cooperation and capacity building among relevant institutions within each country.

Early financial resources are necessary to ensure maximum participation at the earliest opportunity. Additional financing should be used to ensure that information needs (forest inventories, remote sensing, allometry...) are available in country and that countries can compute reference scenarios and develop national policies and measures to reduce emissions from deforestation and degradation in developing countries.

Further, the Enabling Fund should contemplate three voluntary tracks for a system of positive incentives that may operate since the taking into account of this process by the Convention up to the Second Commitment Period: 1) non-market (or fund-based), 2) market-based instruments, and 3) stabilization support. These tracks will be supported by various piloting activities.

New Supply must be met by new Demand

Efforts to reduce emissions from deforestation by developing countries will only deliver global additional climate stabilizing benefits if new demand brought on by deeper Annex 1 reductions exists.. Developing countries' reductions in deforestation can not simply compete with, and lower prices realized by, other mechanisms such as the CDM. Given that meaningful amounts of potential REDD credits can be likely realized in the short to medium term, constant demand is essential to maintain continual progress in stabilizing our climate.

Credit for Early Action

Immediate access for developing countries wishing to reduce emissions from deforestation and degradation to the carbon market is critical. If the Parties wait until the end of the 1st commitment period, based upon current rates of global deforestation, they will have foregone significant potential emissions reductions. Intermediate decisions by the Parties can avoid these outcomes, only by sending a clear signal. Further, early action will provide important early learning for developing countries wishing to reduce emissions from deforestation at scale. Emission reductions generated by Parties engaged in early action to reduce their emissions from deforestation and forest degradation should be able to be credited in any future commitment periods post-2012.