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Item 6 of the provisional agenda
Reducing emissions from deforestation in developing countries

Issues relating to reducing emissions from deforestation in developing countries and recommendations on any further process

Submissions from Parties

Addendum

1. In addition to the 18 submissions contained in document FCCC/SBSTA/2006/MISC.5, three further submissions have been received.
2. In accordance with the procedure for miscellaneous documents, these submissions are reproduced* in the language in which they were received and without formal editing.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

FCCC/SBSTA/2006/MISC.5/Add.1

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Submission by Chile

Santiago, 26 April 2006

Subject: Reducing emissions from deforestation in developing countries: approaches to stimulate action

Preamble

Causes of deforestation are multiple and complex, and differ within and across countries and regions. Any action pursuing the control of greenhouse gases emissions from deforestation should duly take into account these national and regional specificities. Deforestation is mainly driven by socio-economic and/or cultural reasons and must therefore be addressed using appropriate policy and economic instruments as the complexity of the issue require. Due to the above-mentioned reasons, the need to fulfill a broad range of socioeconomic priorities and despite many efforts that have been developed to address deforestation in developing countries, there are not enough successful experiences yet, and additional actions should be undertaken. Developing countries need new and supplementary financial resources as well as technical support to effectively address greenhouse gases emissions from deforestation.

Parties should address greenhouse gases emissions from deforestation by fully acknowledging the principles of Article 3 of the UNFCCC, in particular the need to undertake precautionary measures in a cost-effective manner, take into account different socio-economic contexts, be comprehensive, cover all relevant sources, sinks and reservoirs of greenhouse gases, and comprise all economic sectors (Art. 3.3), while promoting sustainable development (Art. 3.4).

Parties should also fully acknowledge the commitments assumed under Article 4 of the UNFCCC, which states that 'all Parties, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, shall (*inter alia*): Promote sustainable management, and promote and cooperate in the conservation and enhancement, as appropriate, of sinks and reservoirs of all greenhouse gases not controlled by the Montreal Protocol, including biomass, forests and oceans as well as other terrestrial, coastal and marine ecosystems' (Art. 4.d).

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

Key Principles

Several principles should guide further discussions of the issue.

1. Real benefits for the climate

Any future action to mitigate climate change should be adequate to pursue the ultimate objective of the UNFCCC as stated in its Article 2. Deforestation represents 20% to 25% of global anthropogenic greenhouse gas emissions and is yet an ungrasped opportunity to achieve cost-effective and substantial GHG emission reductions with positive collateral effects.

Any delay in addressing GHG emissions from deforestation is counterproductive for pursuing the ultimate objective of the UNFCCC and will increase the costs of climate change mitigation unnecessarily.

To achieve real and measurable benefits for the climate, policy approaches and positive incentives should be: (a) appropriate and sufficient to address GHG emissions from deforestation at an adequate scale, (b) implemented as soon as possible, and (c) prevent any delay in other emission reduction efforts.

2. Common but differentiated responsibilities

Recalling the principle of 'common but differentiated responsibilities' all Parties have the responsibility of collaborating to reduce GHG emissions and combat their adverse effects on climate, also acknowledging that there are historical differences in the contribution of developed and developing countries to current GHG concentrations in the atmosphere, as well as differences in the Parties' respective economic and technical capabilities to tackle environmental problems.

Reducing GHG emissions from deforestation offers a unique opportunity to enhance the participation of developing countries in the climate regime, on a voluntary basis, and also for industrialized countries to financially participate in assuming its historical emission reduction responsibilities.

3. Sustainable development

Countries have the responsibility to meet their present needs without limiting the options of future generations and the right to pursue sustainable development. Activities to be undertaken in achieving the objective of reducing GHG emissions from deforestation should be coordinated with social and economic development in an integrated manner:

(a) bearing in mind that the burden of reducing deforestation falls on stakeholders such as peasants, indigenous and local population, small and medium size farmers and ranchers; and (b) taking into full account the legitimate needs of developing countries to achieve sustained economic growth and eradicate poverty as stated at the September 2005 UN Summit.

4. State sovereignty

Parties have the sovereign right to define sustainable development and use their own resources pursuant to their own national priorities. Therefore, not only should the Parties' participation in the efforts to reduce GHG emissions from deforestation be voluntary, they also should decide how to implement measures to that end without any external interference.

5. Fairness / equity

Any effort to reduce GHG emissions from deforestation should ensure a fair distribution of the responsibilities and possible benefits both between and within countries. For example, to ensure fairness at the international level, differences in the national extent of forest cover should be taken into account when developing policy approaches and methodologies. The possibility that large countries may benefit disproportionately from the mechanisms to be adopted or may impair their smooth operation should be of concern.

6. Cost effectiveness

Policy approaches and positive incentives should be designed and implemented to successfully increase the cost-effectiveness of climate change mitigation. Incentives should be sufficient to cover implementation costs of the measures taken to reduce GHG emissions from deforestation, including opportunity costs of alternative land-uses, and should effectively help Parties assuming emission reduction targets, in order to achieve their commitments while pursuing the ultimate objective of the UNFCCC.

7. Supplemental funding

Supplemental financial assistance should be made available to developing countries to compensate for any expenses linked to implementing actions pursuing the reduction of GHG emissions from deforestation. Funding for financing actions undertaken to curb GHG emission from deforestation in developing countries should be supplemental to the current and already planned ODA commitments.

8. Integrity of existing mechanisms

Mechanisms for reducing GHG emissions from deforestation should not undermine GHG emission reduction efforts by Annex 1 countries, nor weaken the existing flexibility mechanisms under the Kyoto Protocol.

Policies approaches and positive incentives

Policy approaches and positive incentives are required to:

- a) Create appropriate enabling conditions in developing countries, including technical, technological and institutional capacity building allowing them to engage in, and sustain, efficient action against deforestation.
- b) Provide economic incentives to (i) make adequate resources available up-front, (ii) compensate opportunity costs for land use, (iii) develop more efficient and intensive but sustainable land uses, as a measure to relieve the pressure on existing forests and prevent leakage.

Policy approaches:

Innovative approaches are required to address the diverse causes of GHG emissions from deforestation. These approaches should take into account specific national circumstances and enable a variety of measures while building on existing positive experiences, such as:

- The promotion of private sector as well as local and indigenous communities' participation in the sustainable management of forests.
- The design and implementation of positive incentives through economic and financial mechanisms and instruments.
- The enhancement of conservation activities inside and outside protected areas.
- The promotion of sustainable productive forest activities.
- The design and implementation of sustainable activities on non-forested land (agriculture, ranching, etc.) to reduce pressure on forests.

To strengthen actions to reduce GHG emissions from deforestation, national institutions will possibly need to engage, *inter alia*, in (a) ensuring the implementation of existing and new measures to control deforestation, (b) modifying existing legislation in order to remove institutional/legal perverse incentives that increase deforestation, and (c) investing in programs of payment for environmental services related to forest protection.

At the same time, international policies dealing with forestry and agricultural products and services should be assessed in order to enhance its consistency with efforts undertaken to reduce GHG emissions from deforestation.

Positive incentives:

Actions to reduce GHG emissions from deforestation need to be considered both at the national and the local level. Different types of incentives are necessary at both levels. At the national level, the countries will need financial support for, amongst other:

- Institutional capacity building to allow the implementation of GHG emission reduction policies in the land use sector and to strengthen agencies in charge of monitoring and controlling deforestation.

- Technical capacity building and technology development and transfer.

- Consolidation and enforcement of protected areas.

At the local level, financial incentives are necessary to compensate for the opportunity costs of land use, to engage in sustainable agricultural practices, and to cover transaction costs.

Possible sources of financing:

It is essential to recall the principle of supplemental financing as new initiatives on reducing GHG emissions from deforestation should not be done at the expense of other sectors. Actions taken to curb GHG emissions from deforestation will be more effective if there is a variety of ways in which they can be supported.

- To initiate any action, financial mechanisms making adequate resources available up-front are essential. Up-front financing could come from revolving funds, advanced payments, ODA and new donor programs, among others.

- To create capacities, ODA, bilateral and multilateral agreements, public-private partnerships or other mechanisms could be used. For prompt-starting experiences, market-based approaches are also a possibility.

- However, to reduce GHG emissions from deforestation at a scale that would be adequate for pursuing the ultimate objective of the UNFCCC, positive incentives should be based on market mechanisms or on other innovative financial approaches, such as fees on carbon intensive commodities and services in Annex 1 countries.

Technical issues

Actions to curb GHG emissions from deforestation should be implemented at the project level; a project may be implemented up to the regional or national scale.

Reference scenarios on GHG emissions from deforestation should take into account historical trends and other circumstances at the appropriate scale and should not

disadvantage countries that have taken early actions.

Methodologies to address technical issues, such as those arising from the scale of implementation (e.g. leakage, monitoring, etc.), exist and can be adapted as necessary. Therefore, the discussion on technical issues should not prevent or delay the adoption of adequate and equitable policy approaches and positive incentives.

Modalities and procedures to address GHG emissions from deforestation should be discussed once policy approaches and positive incentives are defined; these issues depend on what policy measures and positive incentives are adopted.

Definitions should allow the participation of all Parties and the use of different types of activities for reducing GHG emissions from deforestation.

Recommendations for possible future processes

The discussions regarding GHG emissions from deforestation should continue under UNFCCC. However, the option of eventually addressing GHG emission from deforestation in the second commitment period of the Kyoto Protocol should not be excluded.

Capacity building issues, policy approaches and positive incentives should be addressed by SBI as soon as possible, to allow a prompt start of capacity building and implementation.

PAPER NO. 2: SWITZERLAND

Reducing emissions from deforestation in developing countries : approaches to stimulate action

Switzerland welcomes the opportunity to submit initial views on these matters and looks forward working with the other Parties to address this issue.

General context

Switzerland recognizes the multiple functions of forests ecosystems including *inter alia* the important reservoir of carbon as well as a source of goods (such as timber, fuel wood, food and medicinal plants) and services (including conservation of biological diversity, regulation of the water cycle, soil conservation). The adequate attribution of proper value to all these functions is of great importance in terms of providing income, cultural habitat and in general terms for ensuring quality of livelihoods. At the international level the fulfilment of these functions is gaining of importance, as forests are not singly considered as a national asset, but increasingly as a marketplace to attribute proper value to global public goods, including air, climate, biodiversity and water.

Based on such recognition, and as a way to promote an economic feasible, social responsible and ecological acceptable use of forests, Switzerland is involved in a number of processes at different levels, which are aimed at promoting sustainable forest management as part of promoting sustainable development. Consequently Switzerland recognizes the importance of appropriately tackling the issue of reducing emissions of GHG through avoiding deforestation in developing countries. In international fora in which Switzerland is involved – in particular in the International Tropical Timber Council (ITTC), CBD, and, to lesser extent, in the Forest Law Enforcement and Governance Initiatives (FLEG) and the United Nation Forum on Forest (UNFF) - Switzerland's position is to promote the attribution of proper value to forest goods and services, at the local, national, regional and global level. A number of field projects are also implemented in this regard.

In the context of the UNFCCC, we recognise that :

- Deforestation in developing countries is an important contribution to global greenhouse gas emissions
- Addressing this situation is a complex task because it is linked to development issues
- Furthermore, national policies and approaches in forest and natural resources management play also an important role
- Therefore, we support an approach that takes into account existing experience in dealing with forest issues in developing countries
- This experience is bilateral and multilateral and concerns technical and policy issues.

Scientific, technical and methodological issues

The main prerequisite for action in this field is the availability of high quality data on forest coverage and land-use change in forests, and the existence of methodologies and tools for quantification and monitoring uptake and emissions. To that aim, ground data may be complemented with remote sensing data and cooperation with managers/owners and the private sector active in timber activities.

Furthermore, it would be useful to collect existing experience and know-how on technical issues aimed at reducing deforestation through sustainable forest management.

Policy approaches

Switzerland is ready to discuss the attribution of proper value to environmental services. Recently, the International Timber Trade Agreement (ITTA) and the UNFF 6 have reaffirmed that forests provide environmental services at local, national and global level. A prerequisite for the provision of such services is sustainable forest management.

Further actions may envisage defining voluntary objectives by countries and forests owners that once achieved would allow access to market-based mechanisms for the protection of the global climate. These actions should be in line with national plans and strategies and consider agreements and commitments made in other international processes, especially ITTA, CBD, UNFF and FLEG. They should also use synergies with other processes, including ITTO, UNCBD, UNCCD and the collective work of the Collaborative Partnership on Forests (CPF).

We consider that these actions have to take into account the causes of deforestation (social, institutional and economic drivers). They should identify criteria and indicators for defining where deforestation can be reduced first and with durable effect and which may be useful technical measures that may help reducing deforestation and promoting sustainable forest management. Finally, an important element that should be taken into account in this context is the certification of forest management.

Further process

We consider that Climate Convention has to play a strategic role in addressing greenhouse gas emissions reduction. This means that the Climate Convention has to provide the relevant knowledge on climate issues to the relevant fora and stakeholders, such as ITTO, ITTA, UNFF, CBD, FAO, in order to allow them to play their role in reducing emissions from deforestation in developing countries. The Climate Convention may play a role in coordinating such actions.

In order to address scientific and technical issues, the SBSTA should establish a list of reliable data sources on deforestation and land-use change in the forest sector, as well as methodologies and tools for quantification and monitoring. It should also systematize experiences in quantification of emissions reductions (including the consideration of baselines, permanence and leakages).

Finally, the Convention may issue a recommendation to promote innovative pilot projects in order to gain experience in this field.

PAPER NO. 3: URUGUAY

MINISTERIO DE GANADERIA, AGRICULTURA Y PESCA

Unidad de Asuntos Internacionales

Constituyente 1476, 3er. Piso, Montevideo, Uruguay

Tel. (598 2) 412 6358, 410 4156 al 59, telefax: 412 6331

E-mail: mgapuai@mgap.gub.uy

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Submission of Uruguay

(Reference FCCC/SBSTA/2006/MISC.5; paper no. 16).

Uruguay is among the group of Latin-American countries whose view was submitted by Peru on their behalf (see FCCC/SBSTA/2006/MISC.5; paper no. 16).

Uruguay shares the view that forest cover reduction and loss of C density through forest degradation are very relevant in many countries, and very significant for global C cycle.. At the same time, main causes and drivers are to a great extent affected by national circumstances that have to be recognized to implement successful strategies. It seems important to remark that deforestation and forest degradation is not only a tropical regions phenomenon, affecting also countries with other climatic regimes.

Positive incentives to stimulate voluntary processes to address the above mentioned problems in developing countries are of primary importance. These processes have significant effects on GHG emissions reductions, but also biodiversity is severely affected, and negative socio-economic implications for sustainable development are generated.

Negotiations, under UNFCCC, should be guided by a set of principles, as such proposed in the referenced submission, taking into account the common but differentiated responsibilities, equity, and the specific national development priorities.

Uruguay wishes to highlight the important task facing the SBSTA over the next two years, and looks forward to a constructive discussion of these issues in the next SBSTA 24 meeting.

Dr. Luis Almagro
Director