CAN International Briefing Paper:
Reducing emissions from tropical deforestation

Introduction
CAN strongly welcomes the initiative to discuss reducing emissions from deforestation as proposed by Papua New Guinea (PNG) and Costa Rica and discussed at CoP-11 in Montreal. Tropical deforestation is responsible for 20 to 25 per cent of present carbon dioxide emissions and has huge negative impacts on biodiversity, local communities and indigenous peoples, sustainable long-term economic growth, air quality and other environmental and socio-economic goods and services.

Reducing tropical deforestation can contribute to reducing overall global greenhouse gas emissions and staying below 2°C global warming, with large benefits for biodiversity protection and with significant social and economic benefits. Limiting warming to this level is very likely to be critical to the protection of tropical forests. Recent scientific work, including the observed effects of drought in the Amazon, indicate that the remaining large tropical forests are at high risk for global warming that approaches or exceeds 2°C. Including tropical deforestation in this climate regime in concert with deep Annex I emission reductions is essential to ensure the goal of limiting warming to this level can be met. Below we outline some views on the main issues ahead.

Policy options and incentives
Any single approach is unlikely to be suitable for all countries because of different national circumstances and capacities. Two broad, but not necessarily mutually exclusive, options exist for undertaking and rewarding action to reduce tropical deforestation under the climate regime: one where emission credits are generated in some way from actions to reduce deforestation emissions and another where other financial and other incentives are provided to help stop deforestation.

The means of inclusion of tropical deforestation emissions in the climate regime must ensure that industrialized countries make the deep emission reductions consistent with limiting warming to 2°C or below. The scale of industrial emission reductions needed to limit warming to 2°C or below are large, with global emissions needing to peak and begin to decline by 2020. Developed countries as a group would need to reduce their fossil fuel and other industrial greenhouse gas emissions below 1990 levels in 2020 in the order of 30% and 60% to 90% by 2050. A delay in action of only 5 to 10 years will require much more rapid reductions later to reach the same environmental goals. The framework for including tropical deforestation reduction actions in the climate regime needs to be additional to these industrial and fossil fuel emissions reductions in future commitment periods.

The majority of countries with tropical deforestation will need substantial capacity building in order to participate in any scheme that requires robust baselines or base periods, monitoring and verification. A scheme based on trading would require robust, institutionally demanding criteria to ensure real, verifiable emission reduction from deforestation and backed up with a binding compliance system. It is therefore clear that many countries will need incentives other than a trading system. Therefore CAN wants to see a full exploration of all options in order to ensure a safe and effective mode of action to rapidly reduce tropical deforestation.

Methodological and technical issues
Whatever system is established to reward or provide incentives for reducing deforestation, it needs a sound methodological basis for setting targets or goals with respect to agreed baselines or base periods from which progress is measured. Many of these issues are common to whatever broad approach is used (trading or non-trading based incentive systems), with the difference between the options relating to stringency of monitoring, verifiability, compliance etc. The following areas need to be carefully considered:

- Setting of targets and baselines (or base periods)
- Monitoring and verification of action
- Definitions used to define actions and forest areas
- Permanence of action undertaken
- Leakage of activities.

CAN recommendations on "Terms of Reference" for future workshop and processes
CAN International and its member organizations are keen to assist in the further discussion of approaches to reduce emissions from deforestation. We would appreciate full involvement and participation by NGOs in the SBSTA workshop at the end of this year, as well as future processes addressing this issue.

CAN recommends that the SBSTA workshop(s) assess a number of key technical, methodological and capacity issues required to develop a scientifically robust set of potential policies and incentives for reducing emissions from deforestation:

- The full range of policy options under both the UNFCCC and the Kyoto Protocol to enable incentives for developing countries to reduce emissions from deforestation;
- Mechanisms to ensure that any emissions reductions from deforestation are additional to necessary reductions in emissions from fossil fuels;
- Lessons learned from current national and international efforts to reduce deforestation;
- Institutional and technical capacities that would be required for implementing a robust system for reducing emissions from deforestation and their relation to current institutional and technical capacities in countries with high rates of deforestation;
- Architectures that can permit multiple options that are suitable for a wide variety of different national circumstances matched to the different needs identified for different policy options, once a necessary level of national capacity and institutions have been put in place;
- Issues and capacity needs related to setting robust targets and baselines (or base periods), ensuring effective monitoring and verification and effectively addressing non-permanence and leakage;
- Needs and approaches to establish and apply biome-based definitions for forests consistent with ensuring accurate carbon accounting;
- How to ensure that potential policies and incentives are consistent with the objectives of other international conventions, including the Convention on Biological Diversity, national sustainable development objectives and previously agreed upon principles governing LULUCF;
- Key issues associated with implementing a carbon trading system involving tropical deforestation emissions, including: the implications for emission limits on industrial fossil fuel and other greenhouse gas emissions in relation to the goal of limiting warming to 2^{o}C or below; compliance; fungibility; insurance; discounting; incentives; and liability.

The CAN International submission can be found at: www.climatenetwork.org/pages/publications.html