

Climate Change Mitigation in the Forest Sector: What Happened in Poznan

Cyril Loisel (IDDRi)

Climate change mitigation in the forestry sector was an important topic during the recent Climate Convention conference in Poznan (1-12 December 2008). Forests appeared in various agenda items of the formal negotiations:

- under the Ad Hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA) concerning *policy approaches and positives incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries* (“REDD+”),
- under the Subsidiary Body for Scientific and Technological Advice (SBSTA) concerning methodological aspects on the above,
- under the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) concerning the treatment of greenhouse gas emissions and removals related to land use, land use change and forestry (LULUCF) in Annex I Parties in the context of post-2012 commitments.

This note recalls what happened under these agenda items and also on the margins of formal negotiations in relation to climate change mitigation in the forest sector.

AWG-LCA deliberations

Forest-sector mitigation in developing countries was singled out in the Bali Road map item 1b(iii): *“Enhanced national/international action on mitigation of climate change, including, inter alia, consideration of (...) policy approaches and positives incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries”* (“REDD+”).

However, Poznan meetings of the AWG-LCA addressed climate mitigation in a comprehensive cross-sectoral manner and did not touch upon REDD+ specifically. After some delegations regretted it (notably the France on behalf of the EU, Australia and Papua New Guinea on behalf of the Coalition for Rainforest Nations), the leadership of AWG-LCA gave some consideration to addressing forest-sector mitigation in the context of the Contact Group on mitigation at some future session.

Another IDDRi brief note by Emmanuel Guérin provides details on AWG-LCA deliberations and outcome in Poznan¹.

SBSTA conclusions on REDD²

The Subsidiary Body for Scientific and Technological Advice (SBSTA) was tasked by the Bali Conference to work on methodological approaches to stimulate action in relation to the AWG-LCA agenda item on REDD+. Two dozen hours were spent in informal meetings between Friday 5th and Wednesday 10th of December in order to take stock of progress made over 2008. The key outcome is that the notorious semi-colon placed in the Bali action plan was removed. This semi-colon between *“reducing emissions from deforestation and forest degradation”* on one side; and on the other side *“the role of conservation, sustainable forest management and enhancement of forest carbon stocks”* suggested an implicit separation between a primary set of measures in countries with large forest GHG emission (Indonesia, Brazil), and a secondary set of measures in countries that are not deforesting so much, either because they have conserved most of their forests so far (Congo Basin and North Amazon countries) or because they have already transitioned towards net reforestation

¹ Quick overview of the General State of Play of UNFCCC Negotiations after Poznan, E. Guérin, IDDRi, Policy Brief 09/2008

² <http://unfccc.int/resource/docs/2008/sbsta/eng/l23.pdf>

(India, China). §4 of SBSTA conclusions rephrase Bali Action Plan by omitting this semi-colon. Moreover, §2 of the Annex indicates that the performance of REDD+ actions shall be appraised in a comprehensive manner through the estimation of “anthropogenic forest-related emissions by sources and removals by sinks”, using relevant IPCC guidelines.

This formulation incidentally clarifies that the scope is limited to forests. The scope of the REDD+ mechanism will therefore not extend to the whole land use sector, although some understood the word “conservation” in the Bali action plan could be interpreted as encompassing the conservation of cropland and grazing land soil carbon stocks as well.

SBSTA also agreed to focus its 2009 methodological work program on issues related to the establishment of reference levels of forest-related GHG emissions and removals in the lead up to Copenhagen decisions on policy approaches.

The involvement of indigenous people and other forest-dependant local communities was also discussed at length due to the importance and sensitivity of the matter. There is broad consensus that any agreed REDD+ mechanism should work to the benefit and avoid hurting their rights and interests of indigenous people and other forest-dependant local communities. On the same time, the language of conclusions must be made to fit the intricacies of a variety of national legal circumstances and domestic issues.

AWG-KP deliberations on land use, land use change and forestry in Annex I Parties³

A single session of 40 minutes was devoted to the treatment of the land use, land use change and forestry (LULUCF) in Annex I Parties in the context of their post-2012 commitments and this did not lead to any progress in the consideration of options⁴. However, the light schedule of the conference on this matter allowed for numerous bilateral consultations. This does not translate into material decisions but it helps framing expectations and closing differences of views towards technical choices required in time for the consideration of the whole negotiation package by end of 2009 in Copenhagen.

The core difference between LULUCF and other sectors of greenhouse gas emission reporting is the need to separate out anthropogenic effects on land-based emissions

and removals. These human-induced effects represent only a fraction of the nearly 10 billion tonnes of carbon dioxide removed from the atmosphere to the biosphere every year. The bulk of these 10 billion tonnes is the legacy of past reforestation (most notably related to rural exodus in Europe and North America over the 20th century), the photosynthesis boost due to extra CO₂ in the atmosphere, the fertilisation of forests with nitrogen depositions, and the extension of the length of growing season of temperate and boreal vegetation with global warming. This specific feature of the LULUCF sector has caused trouble in UNFCCC negotiations ever since Kyoto and most particularly in the negotiation round leading to Marrakech Accords. After 12 years of thorough consideration, there is still no perfectly satisfactory scientific or accounting fix to this problem; decisions will have to be made though.

Unlike in the last round however, national emission reduction targets are not set yet, so deliberations can focus on what set of rules make most sense for harnessing the mitigation potential of the sector, and not on how to bring the required amounts of credits to this or that country.

At this stage in the process, it can be predicted that all forest-related emissions and removals in managed land in the commitment period will be accounted for, and a double adjustment to the assigned amounts of Parties will be considered to account for the non-anthropogenic effects. An *ex-ante* adjustment, as part of the effort-sharing deal, would reflect the structural sink in national forests, generally estimated as the reported forest sink in a base year or base period, or possibly based on models for those countries that are able to provide credible projections. Such models would reflect the current forest productivity and age class structure to forecast future removals. This is common practice at the scale of a forest but remains highly challenging at national level.

By the time the inventory of the period is reviewed, another (ex-post) adjustment, would factor out the possible occurrence of extreme singular natural events such as fire or pest outbreaks. These extreme events can pose a compliance risks that is significant for countries with relatively large forests for small economies. Such an event could be defined as one that causes GHG emissions equivalent to more than 20% of a country’s annual assigned amounts. In other words, some sort of adjustment could be allowed for natural events

³ <http://unfccc.int/resource/docs/2008/awg6/eng/l19.pdf>

⁴ <http://unfccc.int/resource/docs/2008/awg6/eng/o5.pdf>, pages 26-29.

that cause forest emissions whose compensation would otherwise require an extra 4% of emission reductions during a period of 5 years by the country.

The treatment of long life wood products may eventually change as well in the post-2012 agreement. For now, accounting rules are made as if carbon dioxide was emitted back into the atmosphere as soon as wood products are brought out of the forests. However, some of the carbon remains stored in long life wood products, sometimes for decades or centuries. There is broad agreement that this default accounting approach is not suitable and there are various other approaches to deal with carbon storage in wood products. But these approaches have different implications for wood importing and wood exporting countries, to the extent that no agreement has been made to-date on what approach should be retained. Recent discussions during Accra Talks in August 2008 and in Poznan have narrowed the range of options. It seems now that accounting for wood products will be limited to domestically produced timber, possibly also exports, but imported timber will be ignored. Long life wood products would come as an additional carbon pool for LULUCF activities (in addition to above ground biomass, below ground biomass, dead wood, litter and soil organic carbon). The decay of the existing carbon stock in wood products would be taken into consideration in order to avoid an apparent short term credit in the books generated by the change of accounting rules.

Side events

A very large number of side-events were focussed on forest mitigation issues and this confirms the increasing interest for these issues in both the forest management and the climate change mitigation communities.

The round table convened by IDDRI on financing REDD+ was particularly well attended with around 250 participants packed in the room to listen to speakers and join in the debate. Speakers included Matthieu Wemaëre (IDDRI), Pedro Piriscabizas and Jos Cozijnsen (Environmental defense fund), Jürgen Blaser (Swiss Intercooperation), Duncan Marsh (The Nature Conservancy), Erich Livengood (M-Co consulting of New Zealand), Katia Karousakis (OECD) and Lars Schmidt (German development institute).

Many forest-related side-events were convened during “Forest-day” co-organised by CIFOR, the Polish Government and State

Forests, and the Collaborative Partnership on Forests (CPF)⁵.

European council conclusions on deforestation

While the UNFCCC conference was in progress in Poznan, Environment Ministers of the European Union met in Brussels on December 4th, 2008 and agreed on common views in relation to climate change mitigation in the forestry sector in developing countries. Their debate on this matter was following up on the Communication from the European Commission of October 2008⁶.

In their conclusions on “*Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss*”, EU Environment Ministers supported the aim put forward by the Commission for halting global forest cover loss by 2030 at the latest and reducing gross tropical deforestation by at least 50% by 2020 from current levels, while stressing numerous co-benefits of protecting tropical forests.

The Commission had also proposed to work towards the development of a Global Forest Carbon Mechanism, a financial mechanism through which developing countries would be rewarded for emissions reductions achieved by taking action to reduce deforestation and forest degradation.

The Council Conclusions further clarified EU’s position on policy approaches for REDD+ under the UNFCCC (§22): “*any financial mechanism should be performance-based and provided on the basis of verified results in terms of avoided emissions from gross deforestation and forest degradation, while promoting conservation, sustainable forest management, and enhancement of forest carbon stocks*”; “*Nationwide implementation involving the entire forestry sector would be required so as to minimise the risk of in-country leakage*”; “*such a mechanism should take account of the need to secure co-benefits, such as protecting biodiversity and eradicating poverty, to the greatest extent possible*”; “*at the national level, effective implementation should require that effective forest governance structures are in place, that the rights of forest-dependent local communities are respected, and that the principles of common but*

⁵For a summary of forest day events, please refer to the Earth negotiation bulletin:

<http://www.iisd.ca/climate/cop14/fd/html/ymbvol148num2e.html>

⁶COM (2008) 645 final.

<http://ec.europa.eu/environment/forests/deforestation.htm>

differentiated responsibilities and respective capabilities should be taken into account when designing the financial support instruments under such mechanisms”.

In relation to possible linkages between forest carbon offsets and the cap and trade mechanisms both intergovernmental (Kyoto Protocol) and inter-industrial (EU Emission Trading Scheme), the Council Conclusions (§25): (i) confirm that credits from afforestation/reforestation activities under the CDM may be used for government compliance subject to quantitative limits, (ii) invite the Commission to assess the implications of REDD+ credits for a partial fulfilment of government commitments after 2012, and (iii) express “*openness to the idea that recognition for EU ETS compliance as a complementary tool in the medium to long term could be considered after a thorough review and in the light of experience gained, especially on methodological questions*”. This last part implies that European companies could possibly use credits from forest activities to help meet their emission reduction obligations some time in the future. This was heavily debated among EU Member States and the wording, while convoluted, represents a small movement from earlier EU positions on this matter.

Poznan Ministerial statement on REDD

On December 12th, on the last day of the UNFCCC conference in Poznan, some Ministers from industrialised and developing countries gathered at the Sheraton hotel nearby to issue a “*Joint statement on the importance of reduced emissions from deforestation and forest degradation in developing countries*”. These included Ministers of the following countries with very diverse forest circumstances: Australia, Belgium, Brazil (Carlos Minc), Cameroon, Congo, Costa Rica, the European Commission, France (Nathalie Kosciusko-Morizet), Germany (Sigmar Gabriel), Guatemala, Guyana, Indonesia (Rachmat Witoelar), Japan, Madagascar, the Netherlands, Norway, Panama, Papua New Guinea, Peru, Surinam, Singapore, Thailand, Uganda and the United Kingdom (David Miliband).

The content of the statement signalled stronger ties between forest conservation and international climate protection. Even though the statement bears no legal status and does not break through on the details of policy approaches to be decided on by end of 2009, it departs from the technical language of SBSTA conclusions and provides some inspirational

evidence of the political will to act on tropical deforestation. The statement coined in the following principles: “*National REDD strategies, ownership and commitment to REDD in developing countries are preconditions for success, and should constitute the cornerstone of our efforts*”; “*Transparent, collaborative, balanced and inclusive international arrangements for supporting REDD efforts should be developed*”; “*Financial flows to support REDD efforts must be adequate, predictable and sustainable, and results based, with developed countries contributing significantly*”; “*A reliable framework for measuring, reporting and verification is crucial to the integrity and credibility of REDD efforts in general and REDD in the outcome agreed in Copenhagen in particular*”.