

## **TROPICAL DEFORESTATION AND THE KYOTO PROTOCOL**

**December 2007**

### **Quick Facts on Deforestation**

- Tropical deforestation is responsible for about one-fifth of global greenhouse gas emissions, more than the emissions from the world's entire transport sector.
- Although tropical forests cover only 7% of the earth's land surface, they store enormous amounts of carbon and are vital to global biodiversity, containing nearly half of all life on earth.
- Millions of local and indigenous peoples depend on tropical forests for their livelihoods.
- Since 1997 about 13 million hectares of forest (mostly tropical) have been destroyed per year -- an area the size of Greece lost every year.

### **Forests within the Climate Change Negotiations**

Preventing dangerous climate change and hence limiting warming to well below 2°C above pre-industrial levels requires that emissions from deforestation be halted within a decade. Efforts to address emissions from deforestation must be additional to deeper cuts in Annex I emission reduction targets, and not provide an excuse for rich countries to do nothing at home. If the UNFCCC is to be successful in meeting its objective to prevent dangerous anthropogenic interference with the climate, it must address emissions from both fossil fuels and forest destruction.

### **Greenpeace Position on Climate Change & Forests**

Greenpeace strongly supports efforts to reduce deforestation as a key contribution to necessary global efforts to reduce both greenhouse gas emissions and prevent massive biodiversity loss. Addressing solutions to deforestation must be considered with the same urgency as reducing fossil fuel consumption. To achieve this goal, the millions of people who live in and off the forests need to have their future secured so that they can become and remain guardians of the forests.

Greenpeace is calling on Parties in Bali to make a commitment that reducing emissions from deforestation (RED) be part of the next phase of the Kyoto Protocol (post-2012) agreement on climate change. Rapid reductions in deforestation emissions are critical to the task of halving global emissions by 2050. As part of this commitment, Greenpeace calls on countries to adopt a global funding mechanism that will transfer money from the rich countries to poor ones to reduce emissions from deforestation. Developing countries with tropical forests who choose to participate in a mechanism must provide permanent reductions in deforestation emissions with a goal of halting emissions from tropical deforestation within a decade. Parties in Bali must negotiate a mandate for the post-2012 period which includes the ambition, content, a process and a timetable for negotiating such a mechanism.

### **Greenpeace Proposal on Tropical Deforestation**

During the Bali, Indonesia COP/MOP in December, Greenpeace will unveil a Tropical Deforestation Emission Reduction Mechanism (TDERM), a proposal for an international funding mechanism to

reduce emissions from deforestation (RED) at the national level. The proposal is a market-linked hybrid approach which combines market opportunities and funding for public policies that address the drivers of both deforestation and degradation. While securing significant and sustainable sources of funding, the proposal would be adaptable to countries with varying capacities and deforestation rates. Therefore, TDERM would seek to provide win-win-win benefits for climate, biodiversity, and local communities and indigenous peoples.

## **Tropical Deforestation Emission Reduction Mechanism (TDERM)**

The Greenpeace *Tropical Deforestation Emission Reduction Mechanism* (TDERM) proposal would fund permanent reductions in national emissions from tropical deforestation to meet both climate and biodiversity objectives in the second commitment period of the Kyoto Protocol. The TDERM would seek to end deforestation, preserve biological diversity, and improve the livelihoods of local and indigenous peoples. It is adaptable to the varying capabilities of developing countries, avoids the problems of market-based approaches, accounts for issues of uncertainty and permanence, assures the environmental integrity of the climate regime, and contributes to meeting the ultimate objective of the UNFCCC.

The TDERM would allow Annex I Parties to meet a percentage of their total emission reduction obligations through the purchase of Tropical Deforestation Emission Reduction Units (TDERUs) from the mechanism, which could then be used for compliance purposes. Core funding would come from a mandatory minimum contribution by Annex I Parties, a.k.a. a “tropical deforestation commitment,” with an option to purchase additional TDERUs up to a maximum percentage set and agreed to by the Parties. In return, developing countries who agree to participate would take on binding commitments to ensure permanent emission reductions and biodiversity benefits with a goal of halting emissions from tropical deforestation within a decade.

The primary benefits of the Greenpeace TDERM proposal are the following:

- ***Protection of biodiversity and climate system*** - allows for Parties to meet the goals of protecting biological diversity and the climate system.
- ***Respect for indigenous and forest peoples*** - will ensure the participation and facilitate greater control of forest resources by local communities and indigenous peoples to ensure the equitable sharing of benefits and their rights are recognised and respected.
- ***Immediate and Reliable Funding*** - Annex I Parties could make an immediate commitment to provide resources to developing countries with tropical forests for capacity building activities, making funds more readily available than they would be under a trading system. A significant and steady stream of funds would be available through the mandatory minimum commitments made by Annex I Parties as part of their overall emission reduction targets.
- ***Full Access by the Widest Range of Countries with Tropical Forests*** - provides funds to the greatest number of developing countries with tropical forests including countries with varying capacities and governance structures, differing abilities to accurately report, monitor and verify emission reductions, and countries with high and low rates of deforestation. Funds and incentives for verifiable action would be available to more countries under TDERM than under a fully fungible market trading system.
- ***Protects the Integrity of Carbon Markets*** - the creation of a new unit, TDERUs, in the way proposed would limit adverse effects on the carbon market and at the same time provide reliable funding to reward reductions in tropical deforestation.