

Greenpeace Policy on Saving Forests to Protect the Climate

GREENPEACE

Protecting the World's Forests and Climate

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Logged area in the Amazon rainforest to clear land for soya plantations. The lone Brazilian nut tree belongs to the Castanheira species which is protected in Brasil since 1994.

Greenpeace is an independent global campaigning organisation that acts to change attitudes and behaviour, to protect and conserve the environment and to promote peace.

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GREENPEACE POLICY ON SAVING FORESTS TO PROTECT THE CLIMATE

Protecting ancient forests is crucial to reduce the emission of greenhouse gases, preserve global biodiversity, and protect the livelihoods of millions of forest peoples.

Tropical forest destruction is responsible for approximately one fifth of global greenhouse gas emissions, more emissions than from the world's entire transport sector.

If we are going to prevent dangerous climate change, we must have a global effort to end the destruction of forests as well as a revolution in the way we produce and use energy.

Therefore, we need:

- a **commitment that reducing emissions from deforestation (RED)** be a central part of the next phase of the Kyoto Protocol (post-2012) agreement on climate change; and
- a **global funding mechanism** to transfer money from the rich countries to poor ones to pay for forest protection;

Successful implementation will require:

- a **national approach** to accounting for RED, not a project-based approach which suffers from the problem of “leakage” (i.e. forest destruction shifting from one area of the country to another);
- **no trading of RED credits** in an international carbon market that would allow developed countries to avoid making deep cuts in emissions at home;
- **full participation of indigenous peoples and local communities** to ensure that their rights and livelihoods are respected and the benefits of forest protection are equitably shared;
- **benefits for biodiversity conservation** consistent with international conventions and objectives; and
- **independent monitoring and verification, compliance and permanence.**

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Greenpeace Policy on Reducing Greenhouse Gas Emissions from Deforestation:

Background

Greenpeace strongly supports reducing deforestation as a vital contribution to the global effort of reducing greenhouse gas emissions and preventing massive biodiversity loss. Deforestation in the tropics is estimated to be responsible for about one fifth of total greenhouse gas emissions. Preventing dangerous climate change and hence limiting warming to well below 2°C, above pre-industrial levels, demands that the adoption of a global goal to halt emissions from deforestation within a decade.

The protection of intact forest landscapes and other important natural forests such as peatland forests should be prioritised in efforts to reduce deforestation emissions. They are significant carbon reservoirs, and large intact forest areas are much more likely to cope with the impacts of climate change on biodiversity. Furthermore, they house a large share of terrestrial biodiversity; play an important role in water cycles and regulation; as well as being central to the livelihoods of millions of indigenous peoples and communities.

Greenpeace is actively engaging in and supports the current discussions underway within the United Nations Framework Convention on Climate Change (UNFCCC) to develop policy options and incentives to reduce emissions from deforestation. In particular we strongly support action to reduce emissions from deforestation in a post-2012 Kyoto agreement on climate change.

Greenpeace along with most other major international environmental groups oppose the inclusion of project-based avoided deforestation activities¹ for crediting within the Kyoto Protocol. Such an approach has several intrinsic problems including: baseline uncertainty, leakage beyond the project boundaries², ability to achieve biodiversity objectives if leakage occurs, and the undermining of efforts to reduce fossil fuel emissions if a large number of credits become available at low cost. During the Kyoto negotiations, it was clear that project-based accounting of so-called “avoided deforestation”³ credits would not lead to real emission reductions or to real reductions in total forest loss. Since that time it has become even clearer that project-based avoided deforestation activities will not work.

The proposal by Papua New Guinea on behalf of the Rainforest Coalition to adopt a national approach to reducing deforestation, made in Montreal in 2005, changed the nature of this debate. A national emissions approach would remove much of the potential for leakage and other fatal flaws associated with the project based approach. Greenpeace has supported the development of the national emissions based approach as a potentially effective approach to reduce deforestation emissions while simultaneously meeting the objectives of reducing biodiversity loss and protecting forest livelihoods and values.

To operationalise this approach Greenpeace supports a mixture of policy approaches and incentives, including non-market and market, as we recognise that there will not be a 'one size fits all' option for reducing deforestation. These policy approaches need to take into account issues such as engaging countries that currently have high rates of deforestation emissions, countries with large areas of forest that potentially in the future will deforest if not provided with incentives to protect their forests, as well as the differing capacities and circumstances of many countries. Multi-billion dollar flows are needed on a reliable and regular basis in order to put in place such measures, and to provide the necessary incentives to stop forest destruction. UK economist Nicholas Stern estimated that US\$10-15 billion per year would be needed to halve emissions from deforestation.



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Positive Incentives to Reduce Emissions from Deforestation

Greenpeace recognises that all countries have different capacities and circumstances, and that a high level of financing is needed to fund a reduction in deforestation and ensure long-term forest protection. Therefore a hybrid approach involving both non-markets and market-related incentives will be necessary to stimulate broad action across the spectrum of developing countries. Providing positive incentives to countries through the establishment of a fund would be simple to design and implement, but incentives for industrialised countries to contribute to the fund would also be needed. Otherwise it is unlikely that a fund would be large enough to provide the necessary financing to reduce deforestation emissions and to protect tropical forests in developing countries.

Carbon markets can provide incentives for buyers and sellers, and therefore their potential to raise the necessary funds to reduce deforestation is much higher than a voluntary fund. However, Greenpeace is very cautious of supporting a market-only approach to tackle this issue. In order to be effective such a trading system will need to be accompanied by rigorous and robust conditions which will ensure real benefits in terms of climate, biodiversity and forest peoples (see below). One of the challenges with such a system is that only a few deforesting country governments will currently be able to meet the strict monitoring, reporting and verification requirements necessary in order to enter into such a trading system. With the necessary resources and political will, technology and capacity to measure emissions can be expanded to many more countries; however this could take several years.

A strong legal and governance system is also needed to enter into an international trading system, and many countries do not have sufficient strength in this area yet to be part of a full market trading approach.

It will be necessary to develop mechanisms to fund capacity building and provide incentives to countries that currently do not have high emissions and want funding to protect their existing forests.

One promising option is to require Annex I Parties to contribute to a deforestation reduction mechanism in order to meet a percentage of their emission reduction obligations, with the contribution to the fund being set at a market rate for Annex I emission allowances. This means that the funding for deforestation reduction activities are derived from the Kyoto market, but deforestation units are not directly tradable within it - and so are therefore not fungible⁴. Other options include: an international deforestation fund, surcharges on emission credit trading schemes, levies on proceeds from Kyoto mechanisms, taxes on emissions from specific sectors (eg. power generation or transportation) or a combination of these approaches.





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Key Principles and Criteria for Positive Incentives

In the development of any mechanism to reduce emissions from deforestation it is necessary to meet the following conditions:

1. Deeper Annex 1 country cuts

Fossil fuel emission reduction and deforestation targets must be set to take into account the need to prevent dangerous anthropogenic interference with the climate system. This means that any targets set on reducing emissions from deforestation must be additional to deeper cuts of Annex 1 countries emission reduction targets in future commitment periods. This will be necessary to create the demand for any deforestation credits and to create an efficient global carbon market. If not, this could run the risk of a trade-off, i.e. there will be a transfer of emission reduction targets from fossil fuels to deforestation at the risk of not making real emission reductions in the energy sector.

2. National Emissions Approach

Greenpeace supports initiatives to reduce deforestation if they contribute to and supplement national commitments to reduce emissions from deforestation. Greenpeace remains opposed to project-based and sub-national approaches under the UNFCCC and Kyoto Protocol because it leads to the problem of “leakage”- i.e. the destruction shifts from one area of the country to another. Therefore, Greenpeace supports mechanisms with national accounting for emissions and where policies and approaches are co-ordinated at the national level.

3. Broad Country Participation

It is critical to ensure large-scale participation of forest countries into any such agreement on deforestation in order to avoid international leakage and to maximise biodiversity protection. Therefore, the incentive mechanisms to help reduce emissions from deforestation must take into account individual national capacities, governance and other relevant circumstances to ensure this broader participation.

4. Gross emissions accounting approach

Greenpeace believes that a gross rather than a net accounting system should be used. To maximize the environmental benefits of reducing deforestation it is important that carbon losses (and other greenhouse gas releases) from deforestation form the accounting basis for estimating emissions for incentive schemes. A net approach could balance these losses against carbon uptake gains on cleared land from subsequent land uses - such as afforestation and reforestation. This would result in a diminution of the policy signal to reduce deforestation and likely lower the total net reduction of greenhouse gas emissions.

5. Focus on Biodiversity Protection

The conservation of biodiversity must be a central guiding principle for any mechanism developed to reduce emissions from deforestation. Large intact forests and other natural forests with high biodiversity values should be prioritized for protection under deforestation reduction incentive mechanisms. In order to provide full benefits to forest biodiversity, measures must be taken to ensure that policies and incentives to reduce deforestation under the UNFCCC are consistent with other international conventions, including the Convention on Biological Diversity.

6. Inclusion of Degradation

Emissions from forest degradation are a significant source of emissions in their own right and also act as a precursor to deforestation. However, technical, definitional and other problems associated with degradation may pose challenges to its inclusion in a mechanism for the second commitment period. While the implications of including degradation still need to be fully investigated, Greenpeace will continue to work to ensure that the impacts of forest degradation are addressed in any adopted mechanism and that funding is made available to nations with low deforestation rates.

7. Respect Rights of Indigenous Peoples and Local Communities

Due regard must be given to rights, social and livelihood issues in order to avoid land conflicts, increased state control over forests, exclusionary models of forest conservation, and violations of customary land and territorial rights. In particular, clear provisions must be established within any mechanism or fund that recognise the land, resource use and ownership rights of indigenous peoples and directly engage such communities and civil society in international and national processes discussing policies, mechanisms, and approaches to reduce emissions from deforestation. Human rights, free prior and informed consent, equitable benefit sharing, respect for traditional knowledge, and land tenure security should all be central components of deforestation policy discussions.

8. Strong Principles and Criteria for Activities that Reduce Emissions from Deforestation (RED)

It is important that the funds are being spent on the right things, and that solid investments are made on strengthening governance, conservation policies and high quality monitoring and reporting systems. It will therefore be necessary to include strong environmental and social principles and criteria on how projects are set up and carried out to ensure that a host of other problems are not created.

9. Address Drivers of Deforestation

Without properly tackling the drivers of deforestation, the efficacy of any mechanism will be considerably hindered. These drivers include: unsustainable consumption and trade in commodities (timber, soya, palm oil, cattle etc), land conversion for agriculture, illegal and destructive logging, poor forest governance and law enforcement, endemic corruption, expansion of the mining sector and other extractive industries and infrastructure development. Activities should support efforts already underway to deal with these issues, and it will be important to invest in governance structures, institutions and enforcement capacity.

10. Ensure Activities Promote Coherence and Mutual Supportiveness between the relevant Multilateral and Regional Forest Processes

Following on from the need to tackle the drivers of deforestation, there are a number of multilateral agreements and work programmes that have been developed to try to address these issues- in particular the regional forest law enforcement and governance (and trade) (FLEG/T) processes and the CBD's work programmes on forest biodiversity and protected areas. It is important that any future agreement support the work which is underway in these fora to ensure the conservation and ecologically responsible and socially just use of forests.

11. Independent Monitoring and Verification

Rigorous, reliable, and accessible monitoring and verification procedures are needed to ensure real emission reductions in deforestation and related emissions. In particular, there needs to be a consistent international system that will meet international standards agreed by Parties.

12. Strong compliance system

Whichever approach is examined, a strong compliance system needs to be implemented to ensure the long term effectiveness of any mechanism to reduce emissions from deforestation (RED). A structure within the UNFCCC should be set up to provide a strong basis for facilitating and evaluating compliance. Once a country voluntarily agrees to participate in a mechanism that provides funding for RED, their commitment to RED must become binding. If not, the system will fail to guarantee overall reductions in greenhouse gas emissions from deforestation.

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13. Assure permanence

It is critical to ensure the permanence of deforestation emissions reductions. Mechanisms must be designed in a manner that prevents areas from becoming deforested at a later date. This could be done by including: insurance systems, reserves, a suspension of further access to the system, or setting aside a percentage of earned credits to cover any losses. Furthermore, it will be important to ensure that there is not an incentive to buy back credits (or otherwise be allowed to deforest) if the economic benefit of other uses of the forest land rise.

14. Effective Definitions of Forest

The definition of “forest” has a significant implication for emissions accounting. There is a need for internationally agreed definitions for plantations, degraded forests, semi-natural forests and large intact forests (primary forests), etc: the greater the flexibility in the definition, the greater the risk of loopholes. Following from these international definitions and recognising that there are differences in ecological conditions from country to country - i.e. from tropical rainforests to northern boreal, it will be effective to also agree to biome-based definitions which would be more narrowly delineated by biome. This will avoid potential loopholes and inappropriate one size fits all definitions.

15. Need for Early Action and Capacity Building

Early action is desperately needed to reduce emissions from deforestation. Greenpeace believes that the forest and climate crisis is of such a magnitude that it is not feasible for countries to wait until 2013 before taking significant measures to decrease deforestation. Therefore, it is necessary for the international community to develop efforts to build capacities which will provide institutional, technical and financial support to developing countries to reduce forest destruction immediately. Such capacity building activities should support and directly feed into the multilateral process under the UNFCCC to ensure that once a mechanism is in place countries will be ready to participate. However, no credits should be applied to Annex B commitments during the first commitment period (2008-2012) for the principal reasons outlined earlier - i.e. that it would reduce much-needed emission reductions in the energy sector.

16. Historical Baselines

Establishing credible baselines for reduced deforestation is likely to be difficult because of poor monitoring and data in many countries. The setting of targets and baselines must ensure that the commitments require real deforestation emission reductions and do not provide incentives to increase the rates of deforestation before the system starts. All national forests and forest-related ecosystems in the country should be included, as well as both government and privately owned land. Greenpeace supports the option of a well established historical baseline for the post 2012 period, rather than projection baselines, to ensure that emission reductions are real. For countries with low historical rates of deforestation other measurements and approaches will need to be developed.

17. No fungibility

A fully fungible market that applies to all Parties and includes deforestation credits would carry large risks and would not be open to many countries with significant tropical forests in the second (and possibly third) commitment periods due to capacity limitations and governance issues. A mechanism is needed that could apply to all countries with tropical forests, not merely those that could meet strict emission monitoring, verification and compliance standards. In order to take advantage of the market yet avoid the risks associated with full fungibility, a hybrid approach is needed, where funding for deforestation reduction activities are derived from the Kyoto market, but the deforestation units are not directly tradable within it.



18. Emphasis on Protected Areas to Reduce Deforestation

Protected areas should be promoted as a key tool in implementing measures to reduce emissions from deforestation. So-called “sustainable forest management” via industrial forestry would not be acceptable for reducing emissions from deforestation, even if credibly certified by the Forest Stewardship Council (FSC). Funding from a RED mechanism must not be directed to destructive forest policies including logging and agribusiness.

19. Addressing Fragmentation

Emissions from forest fragmentation related to the building of logging roads and other industry related infrastructure are significant. This is in addition to the emissions from the conversion of forest areas to agriculture and other activities that follow the opening up of forest areas. For example, Greenpeace estimates that in the case of a single logging concession in the Congo Basin, over 5 million tonnes of CO₂ would be released due to infrastructure development and timber extraction. While Greenpeace supports ecologically and socially responsible logging practices, we oppose the extension of carbon financing to such activities.

20. Ending Forest Destruction

Because the climate demands permanent reductions in emissions, mechanisms and actions to reduce emissions from deforestation should be designed and implemented to achieve the goal of halting emissions from deforestation within a decade. Funding should be directed to countries whose actions are consistent with an end to destructive forest practices and the long term protection of biodiversity values and local and indigenous rights. Efforts to reduce, but not end, this source of emissions will only prolong the problem and not provide the results needed to avoid dangerous anthropogenic interference with the climate.

Endnotes

- 1 A project-based approach would allow individual carbon sink projects within nations to obtain (potentially tradable) credit for the carbon reduction benefits provided by their specific project, whereas a national-based approach would identify the amount of (potentially tradable) carbon sink credit at the national level.
- 2 Leakage refers to the extent to which events occurring outside of a project's boundaries offset the net emissions reductions of that project. When an emissions reduction program does not include all sources contributing to the environmental problem, actual emission reductions (or increase in sinks) from a project may result in emissions increasing (or sinks decreasing) elsewhere. For example, preserving carbon sequestered in one forest plot may become offset if another section of forest is harvested instead.
- 3 “Avoided deforestation” refers to reducing deforestation relative to an assumed baseline - i.e. avoiding deforestation that would have happened otherwise. “Reducing emissions” from deforestation is associated with reductions that are from a defined historical base period.
- 4 Fungibility refers to the extent to which one unit of carbon (emissions, reduction, sink, etc.) can be freely exchanged for another unit of carbon (emissions, reduction, sink, etc.). In climate change negotiations, fungibility often refers to the ability to freely trade increased carbon emissions in developed nations for increased carbon sinks (and other credits) in developing nations.

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