



AUSTRALIA

Views on how to address outstanding methodological issues on reducing emissions from deforestation and forest degradation in developing countries

Background

At its thirteenth session, the Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC COP13) invited Parties to submit their views on how to address outstanding methodological issues for consideration at the Subsidiary Body for Scientific and Technological Advice at its twenty-eighth session.¹ Australia is pleased to provide its views on this matter.

Australia's approach to reducing emissions from deforestation and forest degradation in developing countries

Reducing deforestation may be one of the most cost effective ways to reduce global emissions in the short term. Funding available from governments alone, however, will likely not be sufficient to respond to the global problem of deforestation: in his 2006 report on the economics of climate change, Sir Nicholas Stern estimated that an annual investment in the order of \$10 billion would be needed.

Australia believes that market-based mechanisms provide the most effective way to address reducing emissions from deforestation and forest degradation in developing countries. Methodologies for addressing emissions from deforestation must, therefore, be focussed on supporting market-based approaches. These methodologies will need to ensure that outcomes from reducing emissions from deforestation and forest degradation in developing countries are certain and address issues such as permanence, additionality and leakage. Australia acknowledges that Annex I Parties should adequately resource capacity building and the transfer and sharing of technology to assist developing countries develop the systems needed to underpin

¹ Decision 2/CP.13, Reducing emissions from deforestation in developing countries: approaches to stimulate action

further action. Incentives will also be needed for developing countries to reduce emissions from deforestation and forest degradation.

Methodological workplan

In order to progress action on reducing emissions from deforestation and forest degradation in developing countries and reach agreement at the Fifteenth session of the Conference of the Parties, and Fourth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol in December 2009, Australia suggests methodological workplan outlined below (see also appendix 1).

Twenty-eighth session of the Subsidiary Body for Scientific and Technological Advice

Determine a forward workplan on reducing emissions from deforestation and forest degradation in developing countries, including agreement on potential additional workshops. This workplan should take account of the very pressing need to reach agreement in the short time leading up to the Fifteenth session of the Conference of the Parties, and Fourth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol in December 2009.

Workshop on Methodological Issues relating to Reducing Emissions from Deforestation and Forest Degradation in Developing Countries to be held in Tokyo, 25-27 June 2008

Discussion of key technical and policy issues, including:

- . carbon accounting and monitoring, including:
 - how national carbon accounting and monitoring systems can be internationally consistent;
 - how carbon accounting and monitoring can support policy solutions (e.g. to leakage and permanence); and
 - how carbon accounting and monitoring can assist the assessment of the effectiveness of actions and criteria for evaluating actions.
- . designing baselines/reference emissions levels, including:
 - how to design baselines to avoid perverse incentives;
 - how to ensure international consistency in baselines while also taking national circumstances into account; and
 - implications of national and subnational approaches, including how these approaches can be used to address leakage.

- . how to design demonstration activities so that they best inform the negotiations on reducing emissions from deforestation and forest degradation in developing countries.

Ad Hoc Working Group on Long-Term Cooperative Action under the Convention (top down consideration of reducing emissions from deforestation and forest degradation in developing countries)

Consideration of how reducing emissions from deforestation and forest degradation in developing countries can be included in a future climate change framework.

Fourteenth session of the Conference of the Parties, and Fourth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol

General agreement on key underpinning technical and policy issues.

Additional workshop

Australia believes that one workshop in 2008, while useful, will not be sufficient to resolve the many issues that are under discussion. An additional workshop would provide an opportunity for further discussions on outstanding technical and policy issues which could include leakage, permanence and additionality.

Australia understands that this workshop would put pressure on the resources of some Parties, and is willing to consider options for supporting this workshop.

Thirtieth session of the Subsidiary Body for Scientific and Technological Advice

Further discussion of demonstration activities and commence discussion on decision text.

Conference of the Parties, Fifteenth session and Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, Fifth session

Full agreement by Parties on the decision text.

Preconditions for a market-based approach to reducing emissions from deforestation and forest degradation in developing countries

Australia believes that for both Parties and the market to have confidence that emissions reductions from deforestation are credible several preconditions will need to be met, including:

- . forest carbon monitoring and accounting systems that provide robust, timely and transparent information give both parties and investors certainty that emission reductions from forest activities are credible and genuine. To be robust these systems should be flexible to fit national circumstances and will need minimum requirements. To this end, systems should:
 - be national level and spatially explicit;
 - be real time (or near real time);
 - be wall to wall;
 - be Intergovernmental Panel on Climate Change (IPCC) Tier 3 and consistent with all IPCC guidelines;
 - be certain, transparent and continuous in the areas of data acquisition, processing emissions estimation and accounting;
 - include an assessment of forest degradation to the extent possible; and
 - have the capacity to deal with the issues of permanence and leakage.
- . parties will need to consider further how to determine baselines (emissions reference levels) as their credibility will be critical to the success of a market-based approach. Australia believes that in order to be credible, baselines should be designed to avoid the risk of perverse incentives and that calculation of baselines should take into factors including:
 - national circumstances;
 - an appropriately long time series of deforestation and carbon stock data (or selection of a sufficient number of base years);
 - inter-annual variability resulting from factors such as drought, fire or pest invasion;
 - historical rates of deforestation and other relevant factors; and
 - consideration of climate change impacts through vulnerability assessments at national and regional levels.
- . developed and developing parties participating in a market-based approach will need appropriate governance, policy, law enforcement and regulatory frameworks that support reducing emissions from deforestation and forest degradation in developing countries and a national sustainable forest management framework.

- . Australia believes that Parties should, where it does not detract or delay action on reducing emissions from deforestation and forest degradation in developing countries, maximise the co-benefits of action to address deforestation. This includes in areas such as biodiversity conservation, air, soil and water pollution reduction and the improvement of rights of indigenous and forest dependent peoples.
- . Australia believes that, in order to maximise current international experience in forest and climate issues, where relevant, and where it does not impede progress in the UNFCCC, Parties should consider information and lessons learnt in other international fora, including inter alia the Convention on Biological Diversity, the United Nations Forum on Forests, the Non-legally Binding Instrument on All Types of Forests, the Food and Agriculture Organization and the International Tropical Timber Organization.

Demonstration activities

At COP13, Parties agreed to ‘explore a range of actions ... including demonstration activities to address the drivers of deforestation ... with a view to reducing emissions from deforestation and forest degradation and thus enhancing forest carbon stocks due to sustainable management of forests’.²

Australia believes that Parties and relevant organisations, with the involvement of civil society and the private sector where appropriate, should progress demonstration activities as a priority in order to show how deforestation can be included in a future international climate change framework. Australia believes that demonstration activities should be guided by the following principles.

- . Demonstration activities should provide a means to test methodologies including the systems outlined above.
- . While individual demonstration activities may not meet all the requirements for future actions, they will provide useful lessons in certain areas. To this end, they should show how to effectively achieve outcomes and determine minimum requirements.
- . Parties should share their experiences—as well as the relevant lessons learnt by the voluntary market—in order to maximise the results of demonstration activities.

² Decision 2/CP.13, Reducing emissions from deforestation in developing countries: approaches to stimulate action

- . Demonstration activities should reflect national circumstances and be developed with the full involvement and support of host countries.

Australia is working in partnership with Indonesia and Papua New Guinea on practical activities to reduce emissions from deforestation and forest degradation in the context of sustainable forest management. This includes the development, in partnership with the Government of the Republic of Indonesia, of a demonstration activity as part of the Kalimantan Forests and Climate Partnership and long term cooperation with the Government of Papua New Guinea on reducing greenhouse gas emissions from deforestation and forest degradation through the Papua New Guinea – Australia Forest Carbon Partnership. Australia will consider expanding on these activities as appropriate.

Appendix 1

Suggested workplan for reducing emissions from deforestation and forest degradation in developing countries

Date	Meeting	Items for discussion
4-13 June 2008	Twenty-eighth session of the Subsidiary Body for Scientific and Technological Advice	Forward workplan and additional workshops
25-27 June 2008	Workshop on Methodological Issues relating to Reducing Emissions from Deforestation and Forest Degradation in Developing Countries	<p>Key underpinning technical and policy issues, including:</p> <ul style="list-style-type: none"> . Carbon accounting and monitoring, including: <ul style="list-style-type: none"> – how national carbon accounting and monitoring systems can be internationally consistent; – how carbon accounting and monitoring can support policy solutions (e.g. to leakage and permanence); and – how carbon accounting and monitoring can assist the assessment of the effectiveness of actions and criteria for evaluating actions. . Designing baselines/reference emissions levels, including: <ul style="list-style-type: none"> – how to design baselines to avoid perverse incentives; – how to ensure internationally consistency in baselines while also taking national circumstances into account; and – implications of national and subnational approaches, including how these approaches can be used to address leakage. . How to design demonstration activities so that they best inform the negotiations on reducing emissions from deforestation and forest degradation in developing countries.
August 2008	<i>Ad Hoc Working Group On Long-Term Cooperative Action Under The Convention</i>	<i>How consideration on how reducing emissions from deforestation and forest degradation in developing countries can be included in a future climate change framework</i>

1-12 December 2008	Conference of the Parties (COP), Fourteenth session and Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), Fourth session	General agreement on key underpinning technical and policy issues.
Early 2009	Additional workshop	Further discussions on technical and policy issues which could include leakage, permanence and additionality.
June 2009	Thirtieth session of the Subsidiary Body for Scientific and Technological Advice	Discussion of demonstration activities, commence discussion on decision text
December 2009	Conference of the Parties (COP), Fifteenth session and Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), Fifth session	Agreement on decision text