

Save the climate by saving forests

The ecological, political, and financial stars are aligned for governments to take meaningful action on behalf of the climate, forests, and impoverished communities around the world.

Standing forests are a tremendous carbon storehouse that must be maintained to avoid runaway global warming. Governments and corporations are looking for cost-effective ways to reduce greenhouse gas emissions.

These realities create an unprecedented opportunity to protect the climate, preserve vanishing tropical forests, and protect forest-dependent communities with a system that allows developed nations to pay for a portion of their Kyoto Emission Permits by supporting a fund to protect the world's forests. This briefing outlines Greenpeace's plan for a fund that will protect the climate by preserving forests.

The Problem

Throughout the developing world, loggers or farmers burn or cut trees for logs, pasture, and farmland at the astonishing rate of 13 million hectares per year. As those trees burn and rot they release carbon dioxide into the atmosphere—around 500 tonnes a hectare.

All told, deforestation is responsible for about 20% of greenhouse gas emissions. That's more than all the emissions from the United States and more than all the pollution from the world's cars, trucks, and aeroplanes. At the same time, the loss inflicts incalculable damage to ecosystems, displaces forest-dependent communities, and destroys the world's most important carbon storage devices: pristine forests.

In short, solving global warming requires saving the world's forests.

The Opportunity

Today, it is worth more to a logging company or a farmer to clear rainforest than to let it stand. According to a World Bank report¹, one hectare of forest converted to pasture or crops yields, on average, USD 200 to USD 500, a mere fraction of the land's value as a storage for carbon.

On European markets, allowances to emit one tonne of carbon dioxide trades at around USD 20. With rainforests storing 500 tonnes of carbon for each hectare this figure translates to USD 10,000 per hectare, creating the potential to transform the economics of deforestation. "In other words, farmers are destroying a USD 10,000 asset to create one worth USD 200," the report points out.

1 World Bank report "At Loggerheads" about global finance and protecting tropical forests": www-ws.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2006/10/19/000112742_20061019150049/additional/194209PRRALch07web.pdf

How it Works

Greenpeace has proposed a plan where industrialised nations pay for a portion of their Kyoto Emissions Permits by supporting a dedicated forest preservation fund. It is estimated that around USD 30-40 billion per year (a small portion of anticipated proceeds under a comprehensive emissions reduction system) could eliminate deforestation by 2015.

What's more, the revenue would stimulate the economies of developing countries, create hundreds of thousands of jobs, and ensure local populations do not respond to the economic downturn by accelerating the present over-exploitation of their natural resources.

The plan is based on the Polluter Pays Principle (PPP), an equitable system where industrialised nations are required to contribute a fixed portion (around 5%) of their Kyoto Emissions Permits to the fund. The structure creates an incentive for nations to reduce emissions at home because the less they pollute the less money they owe. Scientists say this dual approach to tackling global warming, cutting emissions at home and saving forests, is needed to avoid the worst impacts of global warming.

Now is the time for the upcoming UN Climate Conference at Poznan to pave the way for a forest agreement to be taken by its successor in Copenhagen December 2009:

- **to reduce deforestation and forest degradation globally as rapidly as possible aiming to halt deforestation no later than 2015 without creating loopholes for continued industrial emissions; and**
- **to save forest biodiversity and strengthen forest peoples rights and livelihoods at the same time.**

It is important to recognise that in order for the fund to be successful, its design and operation must follow guidelines that address a number complex scientific, technological, and methodological and equity issues, including:

- The potential scale effects of deforestation on the carbon market. Directly connecting efforts to reduce deforestation to the Kyoto trading system carries a risk that high volumes of low cost deforestation credits enter the market, increasing supply and lowering the price and poses a substantial risk of destabilising the carbon market.
- System needs to focus on capacity building for countries to develop a national emissions approach with effective monitoring and verification and institutional support is essential for any mechanism.
- Uncertainty in deforestation emission estimates exceeds uncertainty in measuring industrial greenhouse gases.
- The system should ensure that only the carbon losses from deforestation activities are taken into account in the estimation of emissions and not any potential carbon gains resulting from subsequent land uses.
- The need to protect the rights of indigenous and forest peoples and to ensure that these peoples receive an equitable and fair share of the incentives and rewards for reducing deforestation.
- The need to avoid perverse incentives. It is important that any mechanism does not create incentives to increase the rates of deforestation before the system starts.
- The need to address the drivers of deforestation and assist developing countries to implement national policies and measures to ensure effective governance for forest protection.

Useful References

See Greenpeace's full Forests For Climate plan at:

<http://www.greenpeace.org.uk/media/reports/tropical-rainforest-emissions-reduction-mechanism-tderm-a-discussion-paper>

The UK Treasury Department's Stern Review also provides excellent information about the financial potential of forest conservation:

http://www.hm-treasury.gov.uk/media/9/5/Chapter_25_Reversing_Emissions_from_Land_Use_Change.pdf

Intergovernmental Panel on Climate Change assessment report on forestry:

<http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-chapter9.pdf>

US EPA – Greenhouse Gas Mitigation Potential in US Forestry and Agriculture:

<http://www.epa.gov/sequestration/pdf/greenhousegas2005.pdf>

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