



SPECIAL BULLETIN

PART 4 • NOVEMBER 2011

CLIMATE CHANGE

CALL FOR TRUTH IN TARGETS

■ DURBAN DECISION TIME — ‘BETTER THE DEVIL YOU KNOW...’

Annex I countries want even bigger loopholes to avoid accounting for LULUCF emissions when setting their national emissions reduction targets

Developed countries are in a stampede towards ‘loophole heaven’ as they rush to lock in new accounting rules governing forest management (logging) in Durban. If accepted, their proposed new LULUCF loopholes would further undermine the integrity of Annex I countries’ commitments to emissions reduction targets by allowing them to keep about 1 billion tonnes CO₂eq/year of greenhouse gas emissions in total out of their national accounts (existing LULUCF loopholes allow them to keep about half a billion tonnes out of their accounts).

The world needs ‘Truth in Targets’ if dangerous climate change is to be avoided, delayed or mitigated. In closing statements at the recent Panama preparatory meeting, African and Small Island states — the poorest and most vulnerable of states — bravely stood their ground in opposing use of any LULUCF accounting loopholes by developed countries. We call on other developing countries — and any developed countries with commitments to environmental integrity — to support them.

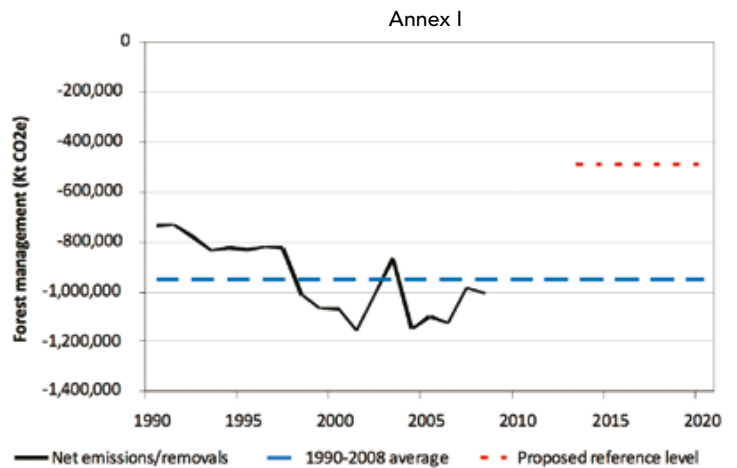
A country’s emissions reduction target is not worth the paper it’s written on if it is based on a deception. Of what use to the warming planet and its inhabitants is a better-looking target that is not actually delivering the results it promises? Far better that Annex I countries should reduce their national targets to reflect emissions reality than to inflate them with lots of LULUCF ‘hot air’ just so that they can look good for domestic voters. Unfortunately, few national negotiators take the trouble to understand the niceties of LULUCF rules such that unmasking the perverse sophistries of forest managers remains a hard task.

Annex I countries’ LULUCF negotiators also prey upon the fears of developing countries that, if they stand in the way of Kyoto Protocol rules for forest management preferred by developed countries, they risk losing the Protocol altogether. We face a situation where developing countries are being bullied into quietly accepting ‘anything goes’ accounting rule changes for LULUCF as part of the price of keeping the Protocol for a second commitment period.



Many developed countries intend to increase logging but will not account for the increased emissions. © Shutterstock.com/Ton Lammerts.

The LULUCF loophole for forest management accounting: 460 Mt CO₂e



The solid black line in the figure shows aggregate net emissions/removals from forest management in Annex I countries from 1990-2008. The heavy dashed blue line shows the 1990-2008 average. The light dashed red line shows the aggregate proposed reference levels for the second commitment period. The gap between the 1990-2008 historical average and the proposed reference levels is approximately 460 Mt CO₂e. This analysis by CAN LULUCF group 2010 is based on Annex I Parties’ 2010 submissions to the UNFCCC.

How do the LULUCF loopholes arise?

The ‘Land Use, Land Use Change and Forestry’ (LULUCF) sector is a notorious component of the Kyoto Protocol for its lack of robust rules for comprehensively and transparently addressing emissions attributable to land management activities. In the Kyoto Protocol’s first commitment period, only three LULUCF activities are mandatory for accounting purposes. Annex I countries are still obliged to report all their emissions and removals but only greenhouse gas fluxes associated with deforestation, afforestation and reforestation have to be included in national accounts for emissions reduction target setting purposes. This requirement is set out in Article 3 paragraph 3 of the Protocol.

Note that all three ‘mandatory’ activities relate to ‘land use change’. Emissions attributable to land use management activities that do not result in land use change, such as forest management, grazing land management or crop land management may be voluntarily accounted for (see Article 3 paragraph 4 of the Protocol). Not surprisingly, Annex I countries with negative numbers usually choose not to include them in their accounts — here lies the half a billion tonne loophole!

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WELCOME TO THE FOURTH SPECIAL BULLETIN ON TRUTH IN TARGETS. It focuses on decisions needed at the Conference of the Parties to the UNFCCC in Durban this December, and the path forward from Durban. Closing the LULUCF loopholes and accounting for bioenergy emissions are vital.

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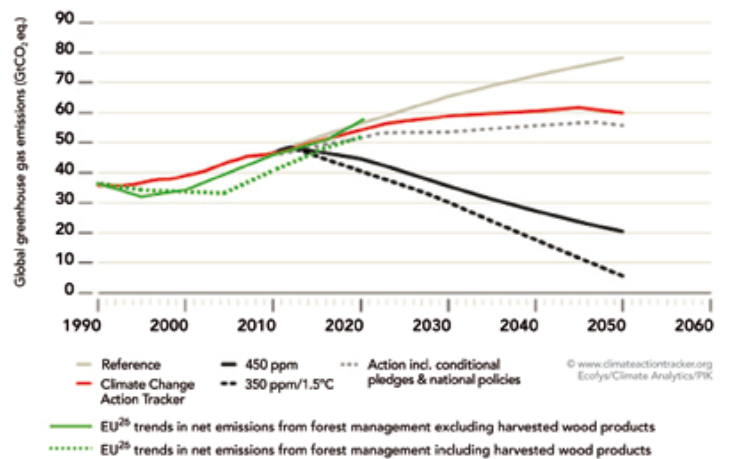
The half billion tonne ‘forward-looking baseline’ loophole

As awareness grows that emissions from the LULUCF sector are too large to ignore, the pressure is on to make it mandatory to account for these emissions, especially from ‘forest management’ (mostly industrial-scale logging of native forests, conversion of native forests to plantations and use of drained swamp forest peat soils). Unfortunately, Annex I countries’ LULUCF negotiators have responded to this pressure with a proposal to allow an even more perverse loophole — use of ‘forward-looking’ baselines.

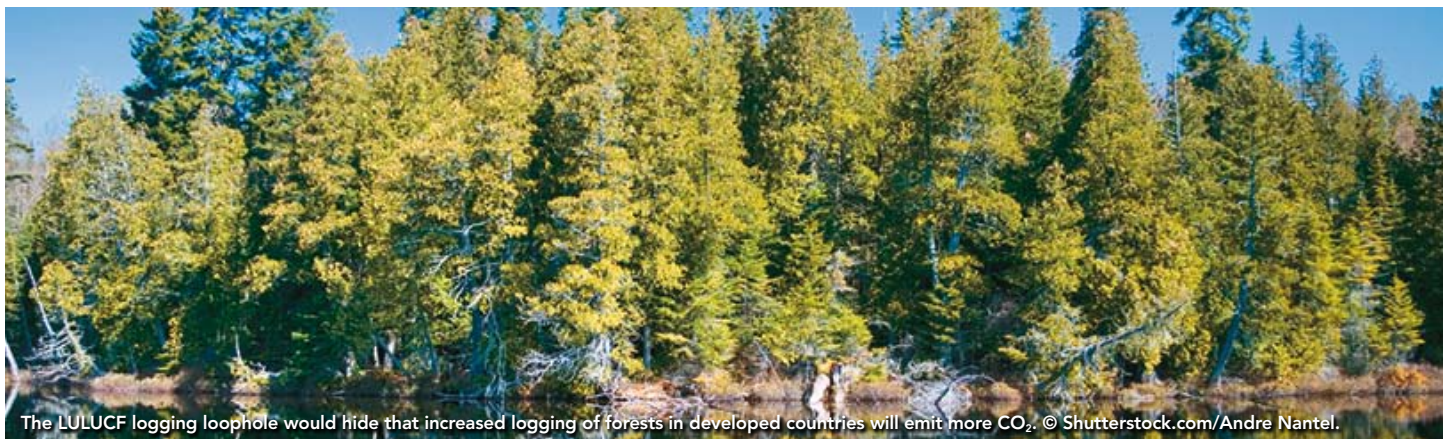
For all other sectors of their economies, Annex I countries report and account for their emissions against an ‘historical’ 1990 base year (regardless of how individual countries might express their emissions reduction targets, such targets are compared by reference to the standard 1990 baseline). This comparability standard is obviously necessary if sensible conversations are to be had as to whether countries are making effective progress towards meeting their emissions reduction targets.

For the ‘forest management’ sector, however, a special scam is being cooked up. Annex I countries’ LULUCF negotiators want to be able to use anticipated future ‘business as usual’ emissions, based on current policy settings, as their baseline for accounting purposes. In other words, even if actual emissions from ‘forest management’ increase as anticipated, they would be accounted for as ‘zero’. If emissions growth is greater than anticipated, the accounts would show a negative value and an accounting debit would result. In a preposterous perversity, however, if actual growth in emissions turned out to be less than anticipated, their accounts would show a positive value — despite the fact that emissions had actually increased. They would be able to claim windfall accounting credits for not having done as badly as intended.

To illustrate this perversity, consider the diagram below. The aggregate numbers reported by the EU (minus Poland) show plans to increase net emissions from the ‘forest management’ sector (see the solid green line) at much the same rate as in recent years. If actual net emissions growth matches these plans, then the accounts would show ‘zero’ if they were allowed to take such a ‘forward looking baseline’ approach. For Annex I countries together, this is a half billion tonne a year scam — and they should not be allowed to get away with it.



Note that a significant driver of this anticipated increase in emissions from Europe’s supposedly ‘sustainably managed’ forests is attributable to more intensive logging on shorter rotations to feed growing demand for ‘bioenergy’. This shift is, in turn, driven by the EU’s renewable energy directive that perversely encourages this increase in emissions by pretending that they do not exist. This is discussed further in the next article.



The LULUCF logging loophole would hide that increased logging of forests in developed countries will emit more CO₂. © Shutterstock.com/Andre Nantel.

Why caps won't fix the problem

As labyrinthine LULUCF negotiations have failed to give the planet a guarantee that developed countries will be properly accountable in this sector, imposition of a 'semi-symmetrical' cap (one that caps the scale of variations between emissions plans and subsequent reality that can be included in national accounts) has been proposed to limit the damage to the integrity of those national accounts.

Why not just wear our cap at a jaunty angle and carry on? Very tempting but, unfortunately, it doesn't help. A cap can limit credits and/or debits if actual emissions deviate from expectations but it does nothing to retrieve all those emissions that have been hidden from the accounts by use of a business-as-usual, 'forward-looking baseline' in the first place. A cap cannot make an emission loophole disappear. It cannot bring missing emissions into the accounts. But it can fool the uninitiated into erroneously thinking that the problem has been contained when it has not.

Better the Devil you know...

Right now, we face the awful prospect that the LULUCF emissions loophole will be doubled in size — from half a billion to a billion tonnes of emission missing from Annex I countries' national accounts. No doubt, government spin doctors will seek to publicly portray making 'forest management' accounting mandatory as a positive step forward — while failing to mention that nothing will be accounted for. **We have reluctantly reached the conclusion that it is far better to stick with the moderately perverse LULUCF accounting regime we currently have** — and to make a commitment to design a new, loophole-free regime. Moving to a more perverse accounting regime is definitely not the way to go.

Land-based accounting needed to fix the loophole problem

It is vital that the Durban COP decides that land-based accounting will be mandatory for all countries with commitments for whatever agreement is negotiated beyond a second commitment period for the Kyoto Protocol (whether that might be a new KP commitment period or a new LCA agreement). Only by insisting that all countries adopt mandatory, comprehensive, land-based accounting can we remove the incentive to come up with accounting scams for activities. More importantly for the planet and its inhabitants, we can build up a true picture of the changing nature and scale of terrestrial emissions from different land areas and land use activities and changes — for both mitigation and adaptation purposes.

Additionally, the Durban COP needs to request SBSTA to adopt a work programme that will ensure all countries have adopted and implemented land-based accounting in good time before mandatory accounting is required. To ease the SBSTA work load, we suggest that the proposed SBSTA work programme for REDD+ (set out in Annex II to the Cancun LCA decision 1) be expanded to include LULUCF considerations as well. Additionally, request to SBSTA should be for 'urgent advice' to COP 18 and CMP 8 in 2012. Commendably, a 'hot spots' approach has been proposed to allow countries with limited capacity to implement land-based accounting to 'tier 3' standards to do so progressively by concentrating on those areas where emissions are concentrated — like peat soils and wet forests.

This is not a trivial or marginal consideration. It is worth remembering that Canada, Russia and Japan have all cited unease at how LULUCF emissions might be included in national accounts, and the subsequent impact on national emission targets, as one of the reasons for not committing to a second Kyoto Protocol commitment period.



Demand and consumption in developed countries leads to deforestation and forest degradation. © iStockphoto.com/Ulet ifansasti.



Intact natural forest at carbon carrying capacity.



BIOENERGY — TIME TO TRACK, AND TAKE RESPONSIBILITY FOR, ITS CARBON FOOTPRINT

Q: When is renewable energy not carbon neutral?

A: When it's bioenergy — especially when derived from intact natural forest, swamp forest or cropped from drained soil.

Under IPCC guidelines, emissions from burning biomass for 'bioenergy' or 'biopower' can be accounted for as 'zero' in the energy sector by Annex I countries. This accounting rule is based on the unsafe assumption that any negative emissions will be accounted for in the LULUCF sector. This is unsafe for two principal reasons:

- If a developed, Annex I, country is the source of the biomass, current LULUCF rules allow that country not to account for the emissions associated with the 'forest management' or 'cropland management' involved in biomass production and harvesting — and, not surprisingly, most exercise this option.
- If a developing, non-Annex I, country is the source of the biomass, there is no obligation to account for emissions associated with its production.

As a result, emissions associated with harvesting and burning biomass are not accounted for — anywhere by anyone.

UNFCCC perverse incentives to expand use of bioenergy

A widely espoused misinterpretation of this IPCC guidance is that bioenergy is 'carbon neutral'. This interpretation is unfounded in that greenhouse gas emissions from burning bioenergy obviously have exactly the same impacts on the atmosphere as emissions from burning any other carbon-based fuel — failing to account for emissions is not the same thing as having no emissions. The atmosphere can't tell the difference between CO₂ from burning wood and CO₂ from burning coal.

Yet this fanciful notion of 'carbon neutrality' underpins many countries' policies promoting and subsidising the production and use of bioenergy — a classic example of perverse subsidy. It is time to recognise not only expansion in the industrial use of bioenergy but also the perversity of UNFCCC accounting rules and IPCC guidance as major drivers of deforestation and forest degradation — and especially of the draining of peat soils.

This perverse incentive has already been built into the new LULUCF accounting rules being proposed by Annex I countries — by the simple expedient of including intended increases in emissions associated with more biomass harvesting, to meet demand from an expanding bioenergy industry, in their 'forward-looking baselines' — thus ensuring that the impact of such growth in emissions on their national accounts is zero.

This issue is important and urgent

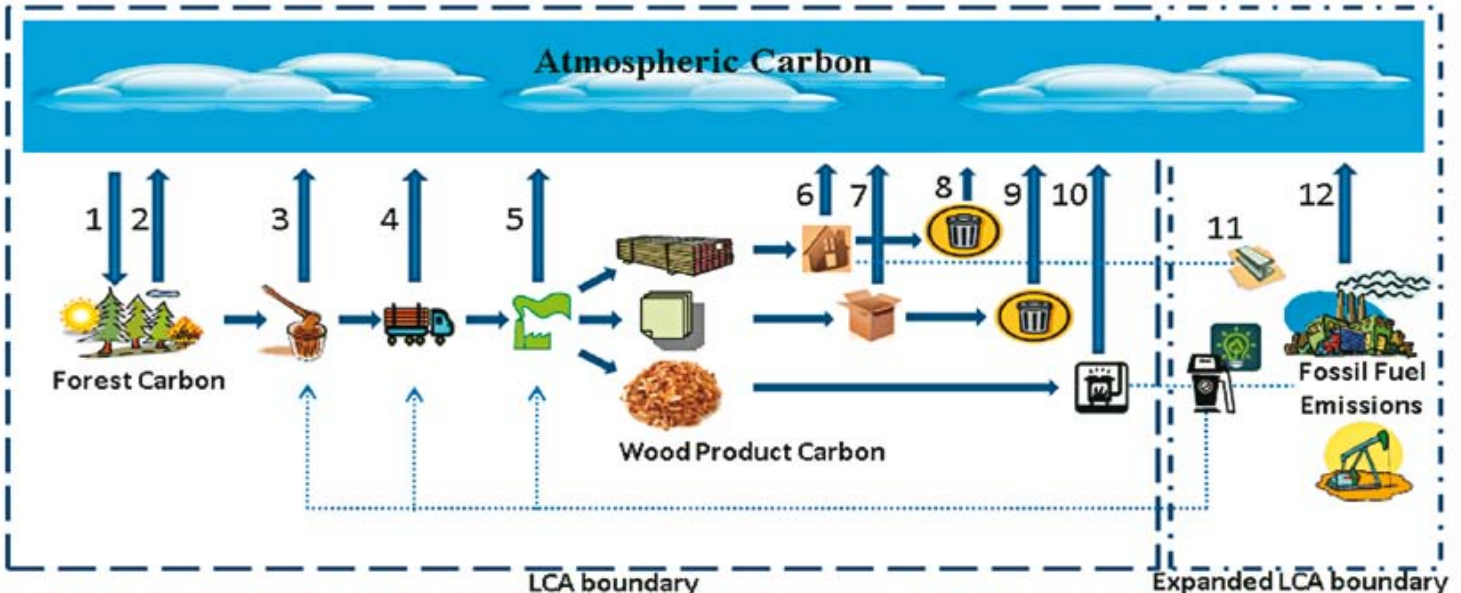
A huge increase in industrial production of bioenergy is being planned for in developed countries. This is being driven by these perverse and misguided climate policies. Bioenergy use as a substitute for fossil fuel doesn't have to be perverse but careful analysis of the climate effects of bioenergy production and use — along the whole supply chain — is needed if perverse outcomes are to be avoided. The 'carbon footprint' of bioenergy, based on lifecycle analysis, needs to be carefully and transparently established.

Consumer countries must make sure that all the emissions resulting from bioenergy production and use (its carbon footprint) are not only properly calculated but also fully accounted for — by them at the point and time of their combustion. If emissions associated with production are being fully accounted for in the LULUCF sector of the producer country, then it is fair that an equal amount of emissions can be deducted from accounts in the energy sector of the consumer country — but only if such LULUCF accounting obligations exist — and are implemented! Letting the energy sector get away with blindly assuming that bioenergy emissions are accounted for elsewhere, even when everyone knows they are not, must stop!

It is a very simple proposition to avoid double-counting of emissions by using input-output matrices, as is common practice for analysing the flows of money and materials between economies and between sectors within economies — it's not rocket science! Such an approach would also serve as a credible substitute for the LULUCF sector's disgraceful attempts to reclaim credit for 'harvested wood products' transferred to other sectors but not yet converted into greenhouse gases and released to atmosphere. It is hard to comprehend how the LULUCF sector, having sold wood to another sector of the economy, can claim what's left of that wood as a credit in their sector of origin — rather than it being a credit attributable to the sector where it can actually be found.

Forests and atmospheric carbon:

A complete "life cycle analysis" (LCA) outlines the various ways that wood products can be used and their influence on atmospheric carbon. (Graphic courtesy of Oregon State University).



BIOENERGY — A RAPIDLY ESCALATING THREAT TO NATURAL FORESTS — GLOBALLY

Huge demand is building for wood-fired electricity generation, driven by policies that indiscriminately promote bioenergy as ‘renewable’. This poses an immediate, extreme and growing threat to natural forests across the globe.

In the UK, planned increase in installed bioenergy capacity mean that there will be a growing dependence on imported biomass — by 2020, imports are expected to be about thirty times greater than they were in 2010 and wood imports will constitute two thirds of total supply¹.

That adds up to an expectation that some 32 million tpa of wood will be burnt and 27 million tonnes will be imported. These are huge amounts compared to the current UK trade in wood products. The UK is already planning and building new bioenergy power plants near ports in anticipation of this influx.

Under the EU’s Renewable Energy Directive, all member states have developed national action plans where expanded bioenergy production features strongly. The US is also planning substantial increases in bioenergy production and use — and the outlook for bioenergy use in Japan is being reworked in response to the Fukushima nuclear accident. China is also expected to increase their industrial use of bioenergy, especially by co-firing in existing coal-fired power plants, based on wood arising from clearing forest lands in Africa.

A recent industry conference in Singapore on international wood fibre supply and demand heard of dramatic projections for increased consumption of wood for electricity production that cannot be supplied from currently established or proposed plantations at anywhere near the volumes envisaged, even if it were economic to do so.

Clearly, natural forests are on the chopping block all around the world in response to this surging interest in bioenergy — the demand simply cannot be met from anywhere else. Canada, Russia, South America and Africa are all being named by industry as anticipated sources. Indonesia is pushing exports of oil palm waste for bioenergy, despite the enormous carbon footprint associated with establishment and maintenance of oil palm plantations.

Bioenergy is emerging as a big new driver of deforestation and forest degradation. No longer is bioenergy derived from secondary ‘residues’ or ‘logging waste’ — it is becoming the primary driver of destruction of forests that would otherwise be sub-economic to log for solid timber or even pulpwood fibre supply.

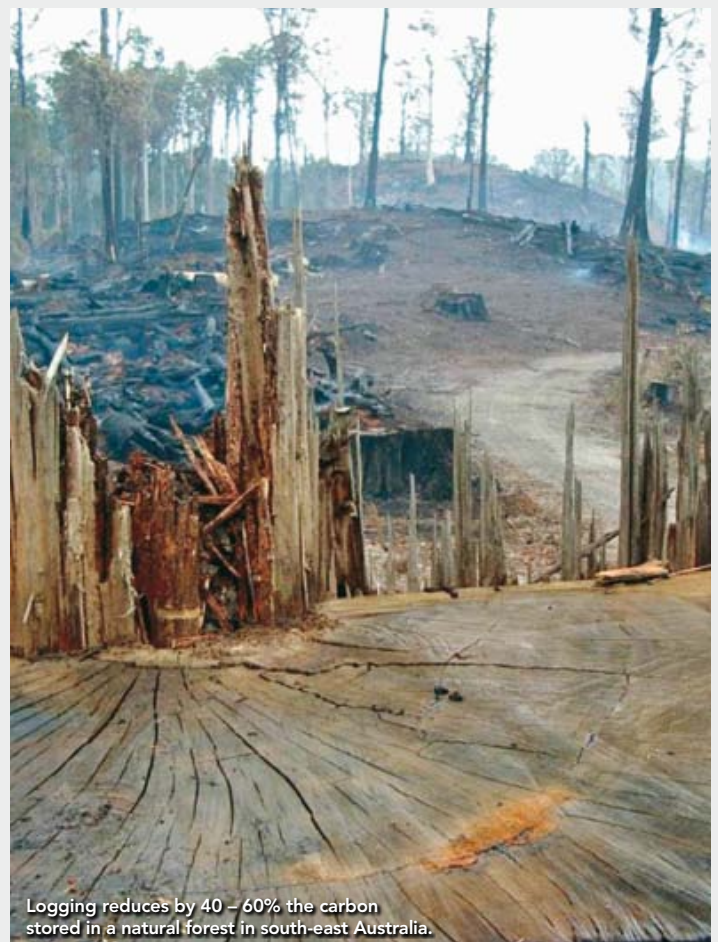
In being perversely promoted as ‘good for climate change’, industrial bioenergy is bad for the climate, bad for the forests and bad for forest communities — and, in many situations, has a bigger carbon footprint than fossil fuels.

A recent ‘Science Daily’ story (3 November 2011) for instance, notes that, “if these improved estimates [of biodiesel emissiveness from the University of Leicester] are applied to recent International Food Policy Research Institute modelling of the European biofuel market, they imply that on average biofuels in Europe will be as carbon intensive as petrol, with all biodiesel from food crops worse than fossil diesel and the biggest impact being a 60% increase in the land use emissions resulting from palm oil diesel. Biodiesel from waste cooking oil, on the other hand, could still offer carbon savings.”

¹ RSPB, ‘Bioenergy: A Burning Issue’, September 2011



A logging road into intact natural forest, Florentine Valley Tasmania. Will extraction of wood for bioenergy contribute to destruction of this forest and make the logging profitable?



Logging reduces by 40 – 60% the carbon stored in a natural forest in south-east Australia.



URGENT FOR SBSTA — TIME TO ELABORATE THE 'FOREST' DEFINITION

Use of the FAO definition of a 'forest' was adopted by the UNFCCC for application to LULUCF as part of the Marrakesh Accords. Failure to use the FAO categories that differentiate between complex biodiverse natural forests and planted crops of monoculture perennial woody plants ("plantations"), however, leads to perverse accounting outcomes in LULUCF.

It obscures the conversion of natural forests to plantations, and forest degradation (caused by industrial logging, for example). The conversion of a natural forest to a plantation is not defined as deforestation and hence this is not necessarily accounted for by developed countries, despite being the cause of increased emissions.

There is serious concern that adopting this undifferentiated definition for REDD+ would also undermine efforts to reduce emissions from forest degradation. Of particular concern is the need for a sophisticated categorisation to allow effective implementation of the biodiversity safeguard, especially the prohibition against conversion. There is a risk that financing of conversion to plantations in the name of climate protection could eventuate.

The same concern applies to peatswamp forests which are being drained for conversion to plantations at an alarming rate. Furthermore, emissions from ongoing draining of already deforested peatswamps may not be captured in the baseline with the current forest definition. Already deforested peatswamps may therefore need a specific subcategory in the forest definition of 'temporarily destocked naturally regenerated forests' as they will naturally regenerate to forests in the absence of drainage and fires.

Although problems with using the undifferentiated definition were identified years ago and Parties formally requested SBSTA to develop a biome-based definition, this has not been done.

The range of FAO categories of forest that sit under the FAO definition of forest allow critical distinctions to be made, and more sophisticated policy to be applied accordingly¹. The principal categories are: primary forest, other naturally regenerated forest, and planted forest.

It is imperative, and urgent, for the UNFCCC to adopt the FAO categorisation, in its entirety, so as to enable changes in carbon stocks, and emissions, associated with activities within 'forest' such as plantation conversion and forest degradation to be estimated, reported and accounted for.

¹ Forestry Department, FAO Working Paper 135, Global Forest Assessment 2010, Specification of National Reporting Tables

VRD — THE VOLUNTARY REDD+ DATABASE

The REDD+ Partnership continues to progress. A key element of its early work programme is the compilation of a database, on a voluntary basis, of all REDD+ projects and associated financial commitments and flows associated with each project — the 'voluntary REDD+ database', or VRD. Responses to secretariat questionnaires are still patchy and incomplete but some interesting issues are emerging:

- Countries and institutions handling REDD+ monies are having difficulty producing reconcilable numbers — many do not differentiate between promising to spend money and actually doing so. It is encouraging that further work to resolve discrepancies is an important priority.
- Institutions appear slow to respond apparently out of some nervousness that the numbers will show a high degree of internal expenditure relative to external disbursement despite this only to be expected in REDD-readiness phases.
- REDD-readiness expenditure is driving systematic planning exercises in parts of some recipient countries which, of themselves, are expected to

deliver some 'results' outcomes — in other words, it may be necessary to rethink the conceptual boundary between what is preparatory expenditure and what is 'results based' expenditure.

- Recipient countries and their communities are becoming very frustrated at the long gaps opening up between their investing in REDD-readiness arrangements and their hopes of compensatory funding as a result — REDD risks being stillborn unless someone gives it a good slap on the backside.

We encourage the REDD+ Partnership and its secretariat to pursue the VRD — it has the potential to become a remarkable case study in transparency for the transfer and disbursement of aid and development funds — involving some 90 countries and 64 institutions. Should UNFCCC discussions fail to resolve the question of financial arrangements to launch payments for 'results-based actions', the REDD+ Partnership membership represents the obvious grouping of like-minded states with an interest in establishing a mechanism, anyway — and we encourage members to sue the Partnership as a forum for such discussions.

EQUITABLE SHARING OF ATMOSPHERIC SPACE NEEDS A CONSUMPTION-BASED APPROACH

Since Cancun, various Annex I parties to the Kyoto Protocol have been repeatedly pointing out that, collectively, the shrinking number of countries that have committed to a second commitment period now represent less than 20% of global emissions (no USA, no BASICs, no Canada, Russia or Japan). It's obvious that necessary reductions in emissions to avoid dangerous climate change cannot be made by those remaining Annex I countries acting alone.

So, what's the new paradigm that makes it fair to extend obligations from remaining Annex I countries to all countries? That there is going to be a new 'LCA' agreement for all has been clear since many countries made pledges and commitments in the aftermath of the Copenhagen COP. There will need to be a transition path from the Kyoto Protocol — but what to?

The Kyoto Protocol is based on taking a 'supply-side' approach — and has been spectacularly ineffective in curbing growth in global emissions — let alone in actually reducing emissions. The reason for this, of course is that little has been done to persuade — or help — consumers to reduce their carbon footprint. Perhaps it's time to take a fresh look at the problem — from a 'demand-side' approach.

The US state of Oregon recently published a 'Consumption-based greenhouse gas emissions inventory for Oregon — 2005' (August 2011) prepared for its Department of Environmental Quality by the Stockholm Environment Institute. The study found that only about half of the emissions associated with consumption of goods and services in Oregon (78 Mtpa) occur within the state (36 Mtpa). The rest occur in other states of the US (24 Mtpa) or internationally (18 Mtpa).

This seems to us to be the proper perspective to take — the citizens of Oregon are collectively responsible for twice their local emissions. As a result, those elsewhere in the US and around the world are responsible for a little less of their own emissions. This is as it should be — Oregon consumers would have to work out for themselves that if they swap their gas-guzzling car using Texas oil for an electric car using electricity from Utah coal they'll have a bigger carbon footprint than before — while simply driving less reduces it a whole lot.

In the twenty-odd years since the UNFCCC was negotiated, 'globalisation' has established new global norms — and, whatever our views on the wisdom and benefit of having done so, we're stuck with them, for a while at least. Globalisation provides the perfect paradigm for shifting responsibility for emissions from producers to consumers — using carbon footprint life cycle analysis to identify who is responsible for what — with the ultimate consumer of goods and services bearing ultimate responsibility. The power of this perspective is that the analysis works the same at any scale — individual, household, community, city, province, country — or corporation. Those entities with bigger carbon footprints are more responsible, regardless of where they are.

This does not mean an end to obligations for the more developed to reduce their emissions or to help the less developed — far from it! As the climate change problem becomes more acute, the need for more developed entities to reduce emissions, and so free up shrinking 'atmospheric space' for the development aspirations of others, becomes an ever more pressing arithmetic reality. Consumers in all countries, however, share an equal responsibility to appreciate their carbon footprint. What to do about it — whether to reduce it, moderate its growth or ignore it, depends on how big it is and what the realistic alternatives are, not where it is.

CHECKLIST OF LULUCF RELATED DECISIONS NEEDED IN DURBAN

✕ Land-based accounting — the Durban COP needs to make it mandatory for all countries with commitments for the Kyoto Protocol 3rd commitment period or LCA agreement that might be negotiated, and SBSTA needs to be asked for urgent advice and guidance on how to introduce it. Party submissions on the content and scheduling of SBSTA work to deliver on this commitment will need to be called for. Methodological guidance on using a 'hotspot' approach to drive progressive, cost-effective implementation will be important.

✕ LULUCF loopholes — the Durban COP/CMP needs to decide, now, that there will be no more loopholes — and to insist on the use of historical baselines and land-based accounting for all (no forward-looking baseline loopholes or 'natural disturbance' excuses). This is decision-time — will the LULUCF sector be brought to heel or allowed to continue to escape its emissions reduction responsibilities.

✕ REDD+ Drivers — the Cancun COP asked SBSTA to look at links between LULUCF and REDD+ drivers and, now, the Durban COP needs to ask that it be done urgently and report back to the 2012 COP/CMP next year. The SBSTA needs to call for submissions from Parties so that they have something to talk about at their June 2012 meeting. It will be important to ensure the mandate is broad enough not only to allow international drivers associated with commodity trade to be included but also financial and investment flows.

✕ Reference Levels — the Durban COP needs to ask SBSTA to provide urgent advice and methodological guidance on how to develop effective reference levels to underpin a credible REDD+ mechanism (including clear separation between technical reference levels based on emission reporting and their political transposition into compensation baselines for any incentive arrangements). Taking a carbon carrying capacity and forest carbon degradation approach will be more important than merely tracking deforestation using current, unhelpful definitions. Party submissions in time for the June SBSTA meeting need to be called for.

✕ Agriculture — the Durban COP needs to ask SBSTA to initiate a work programme to help work out how best to bring agricultural landscapes into UNFCCC arrangements. It is inconceivable that an African-based COP can fail to do this but it will be important to make sure adaptation for local community food security remains the principal element of any agricultural arrangement with mitigation playing only a secondary role. Calling for Party submissions to help inform procedural and scheduling discussions at SBSTA in June next year would be a good start.

✕ REDD+ Mechanism — and, most importantly, the Durban COP needs to decide on financial arrangements so that a REDD Mechanism can be formally launched. If the COP cannot make a clear decision that explicitly establishes a REDD Mechanism, including an open-market financial component, it will be tempting to encourage like-minded countries to go off and negotiate a stand-alone agreement to establish it without waiting for the UNFCCC to sort itself out.



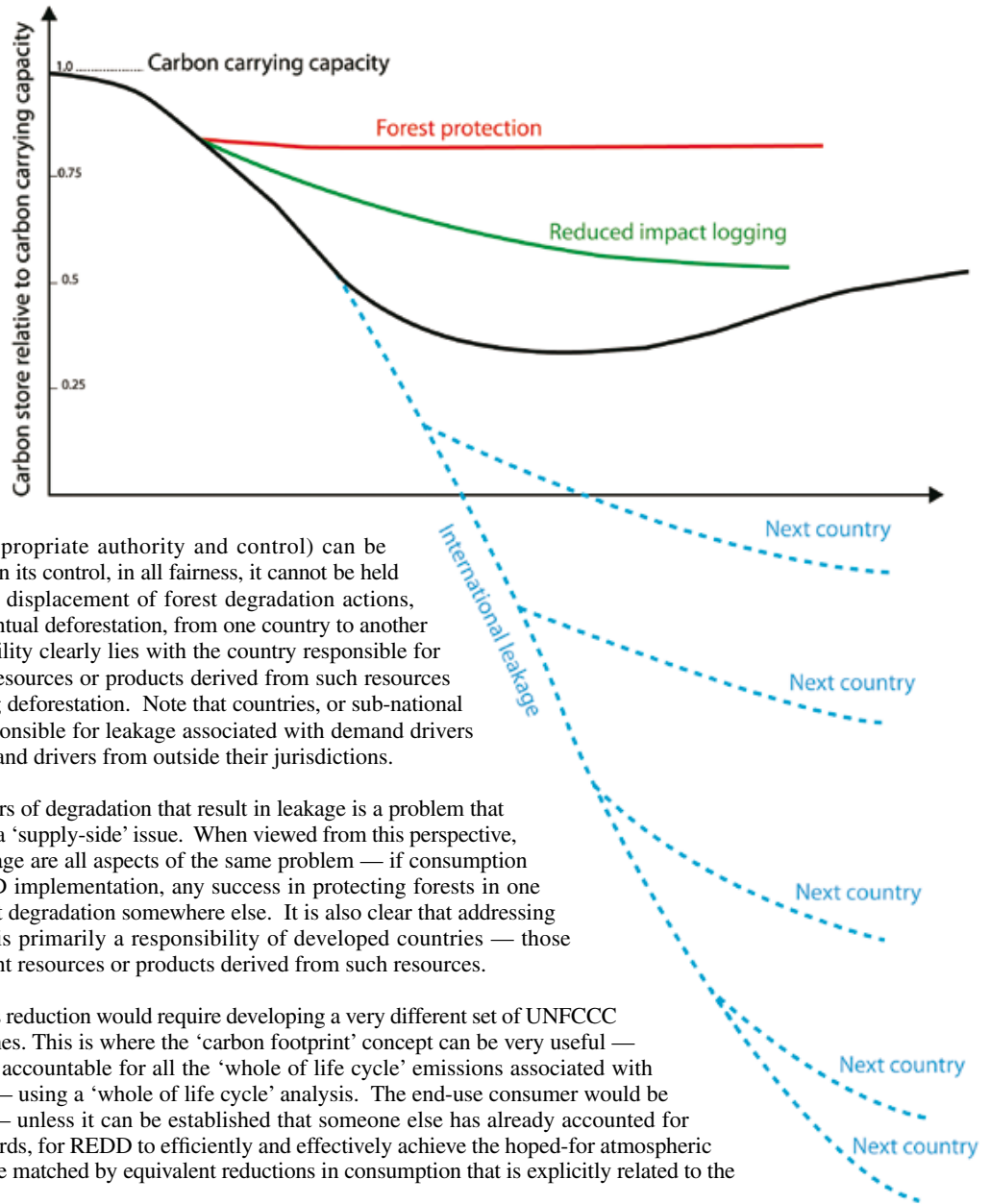
CONSUMPTION, LEAKAGE AND DRIVERS — DIFFERENT ASPECTS OF THE SAME PROBLEM

Our modified forest transition curve showing how using ‘loss of carbon relative to carbon carrying capacity’ as an indicator, rather than Angelsen’s original choice of ‘loss of forest cover’, allows differentiation between logging and protection. This is why taking the second D in REDD, ‘forest degradation’, seriously is so important. The figure also illustrates how any success in moderating loss of forest cover in one country does little to stop the drivers of that loss simply popping up in other countries (see the blue dotted lines).

While responsibility for ensuring permanence and additionality can fairly be laid at the door of developing country landholders and/or communities receiving benefits through any REDD mechanism, leakage is a different issue. While any country (or sub-national province with appropriate authority and control) can be expected to address those issues that are within its control, in all fairness, it cannot be held responsible for international leakage — the displacement of forest degradation actions, including those resulting in immediate or eventual deforestation, from one country to another as a result of REDD actions. This responsibility clearly lies with the country responsible for the underlying demand for relevant natural resources or products derived from such resources — the drivers of forest degradation, including deforestation. Note that countries, or sub-national provinces, would still be expected to be responsible for leakage associated with demand drivers within their jurisdictions — just not for demand drivers from outside their jurisdictions.

It seems obvious to us that international drivers of degradation that result in leakage is a problem that must be tackled as a ‘demand-side’ issue, not a ‘supply-side’ issue. When viewed from this perspective, it is clear that consumption, drivers and leakage are all aspects of the same problem — if consumption is not addressed as an integral part of REDD implementation, any success in protecting forests in one place risks being negated by increasing forest degradation somewhere else. It is also clear that addressing consumption driving international leakage is primarily a responsibility of developed countries — those importing and consuming most of the relevant resources or products derived from such resources.

Taking a ‘demand-side’ approach to emissions reduction would require developing a very different set of UNFCCC mechanisms than the current ‘supply-side’ ones. This is where the ‘carbon footprint’ concept can be very useful — consuming entities would be expected to be accountable for all the ‘whole of life cycle’ emissions associated with use and consumption of goods and services — using a ‘whole of life cycle’ analysis. The end-use consumer would be expected to account for all such emissions — unless it can be established that someone else has already accounted for some of the identified emissions. In other words, for REDD to efficiently and effectively achieve the hoped-for atmospheric benefits, any gains in forest protection must be matched by equivalent reductions in consumption that is explicitly related to the drivers of degradation being displaced.



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