

**Submission to the AWG-LCA by Norway
30 September 2008**

**Reducing Emissions from Deforestation and Forest Degradation in
Developing Countries (REDD)**

Norway welcomes the invitation contained in the Bali Action Plan and in the conclusions of the first and second session of the AWG-LCA to submit views on the elements contained in paragraph 1 of decision 1/CP.13 (the Bali Action Plan), and note the conclusions of the third session of the AWG-LCA held in Accra 21-27 August where the group invited its chair to prepare a document assembling the ideas and proposals presented by Parties received by 30 September 2008.

1. Introduction

Emissions from deforestation in developing countries make up 20 percent of global greenhouse gas emissions. These emissions are so far neither regulated by the Kyoto Protocol nor effectively regulated by the UNFCCC.

Norway considers limiting the increase in global mean temperature to a maximum of 2 degrees compared to pre-industrial level to be essential, but not necessarily sufficient, in order to avoid the most serious damage to ecosystems, economy and society in accordance with Article 2 of the Convention. According to IPCC this means that global emissions have to be reduced by 50-85 percent from 2000 to 2050 and to peak no later than 2015. To follow this reduction scenario developed countries as a group must reduce their emissions by 25-40 percent below 1990 levels by 2020. In addition to these efforts, emissions in developing countries have to deviate below their projected baseline emissions within the next few decades.

Achievement of these goals will be impossible without significant reductions in emissions from deforestation and forest degradation in developing countries. In this regard, Norway underlines the need for early action through REDD in order for global emissions to peak by 2015. For Norway it is also a prerequisite that reduced emission from deforestation and forest degradation are additional to, and not a substitute for, deep cuts in developed countries' emissions.

The international response to this situation should be twofold:

- 1) The inclusion of a REDD mechanism in a post-2012 global climate change regime. The mechanism should ensure substantial, predictable, results based, and long term financial flows to developing countries that achieve measurable and verifiable reductions in emissions from deforestation and forest degradation.
- 2) An international support program for building REDD readiness in interested developing countries, to contribute to their ability to participate in the REDD mechanisms of a potential future global climate change regime.

In addition to emission reductions, a REDD-regime should promote sustainable forest management, contribute to the protection of biodiversity and secure the rights and involvement of local communities and indigenous peoples.

2. A REDD mechanism in a post-2012 global climate change regime

Programs to improve forest governance and management have existed for a long time. What is genuinely new in the current situation is the opportunity to secure substantial, predictable, results based and long term financial flows as compensation for such efforts. Establishing such flows should be the main focus of the mechanism. However, to ensure the integrity both of the mechanism itself and the broader regime, it is crucial that solid systems for monitoring, reporting and verification of emissions from deforestation and forest degradation are established, and that the mechanisms ensure transparent, global and long-term results.

Below are mentioned some issues which need to be addressed to establish a successful REDD mechanism.

2.1 *The overall architecture of a REDD mechanism*

A future REDD regime should first of all be able to deliver measurable, reportable and verifiable reductions in emission from deforestation and forest degradation, and hence the regime must establish:

- a reliable framework and capacity for monitoring, reporting and verification of emission reductions from deforestation and forest degradation; and
- a robust, effective and sustainable system for mobilizing financial resources, and a results based mechanism for the distribution of these resources to tropical forest countries willing and able to reduce emissions from deforestation and degradation or to conserve or enhance their forest carbon stocks.

A robust, effective and sustainable system for mobilizing financial resources, and a credible results based mechanism to distribute them, should be the cornerstone of a future REDD mechanism. Norway acknowledges the differences between developing countries with regard to capacity for monitoring and reporting, institutional arrangement and governance, underlying drivers, as well as the rate of deforestation and degradation. Hence, there is a need for differentiated use of incentives and policy approaches.

On this basis Norway believes a combination of markets and fund based mechanisms may be needed. A market based mechanism could be useful in mobilizing resources from the private sector, but could be less effective for countries with low rate of deforestation. Further, a market based mechanism would not be relevant for building up developing countries' capacity for implementing policy incentives, and for monitoring e.g. changes in forest carbon stocks. On the other hand, a fund based mechanism that solely relies on external aid donations would not necessarily be sustainable in the long run.

Independent of the type of incentive it is of the utmost importance that reduced emission from deforestation and forest degradation in developing countries are additional to deep cuts in developed countries' emissions. This implies that if a market based regime is

introduced with an offset mechanism for developed countries, the developed countries' need to reduce their collective emissions *more* than 25-40 percent in order to limit the increase in global mean temperature to a maximum of 2 degrees.

If a fund based mechanism is introduced, without an offset mechanism, it is essential that a robust, up-scaled, effective and sustainable system for mobilizing financial resources is established. A system for auctioning of allowances as proposed by Norway could be a source of revenue for meeting the financial need of a fund-based REDD mechanism.

2.2 Need for capacity building – a stepwise system

Norway finds it particularly important to develop incentives for enhancing national capacity related to monitoring and implementation of effective national REDD activities. This is already taking place through different initiatives (see chapter 4 in this submission), and it is crucial to create incentives for such activities which will encourage developing countries to participate.

A system for building capacity probably requires a stepwise approach, including a readiness phase, where developing countries are funded to develop capacity and institutional arrangements to monitor and report emissions and carbon stocks and implement REDD policy on the ground. Crediting of reduced emissions from deforestation and forest degradation should, however, only take place after reliable national systems for monitoring, reporting and verification have been established.

2.3 The scope of a REDD mechanism

Norway believes the focus should be on deforestation and forest degradation due to the high rate of emissions from these activities. However, in many countries the deforestation rates are historically low, but likely to increase in the future (such as countries in the Congo Basin), or the deforestation rate is very low since much of the forests already have been deforested. It is important to establish a regime where these countries, too, recognize incentives or policy approaches addressing their concern. Therefore, Norway supports a future regime that promotes both conservation of existing forests, sustainable management of forests and incentives to enhance carbon stocks in existing forests.

We also believe that a broad scope, where all activities aiming to preserve or enhance forest cover, including enhancement of carbon stocks through sustainable forests management, will reduce the risk for displacement of emissions (leakage) within countries since the coverage is more comprehensive.

2.4 Monitoring, reporting and verification

In order to deliver real and measurable emission reductions, it is essential to establish a reliable framework for monitoring, reporting and verification. In this regard, Norway believes that the methodologies included in guidelines developed by IPCC and approved by Parties must be the basis for a monitoring framework. There is a need, however, for capacity building and development of country specific parameters for countries that are to participate in a future REDD mechanism.

Capacity building for implementing and managing of national forest inventories will be crucial for monitoring forest areas and related biomass. Without ground based inventory systems, or systems combined with remote sensing, it will be very difficult to detect forest degradation and carbon stock changes in existing forests.

It will be impossible to establish a comprehensive monitoring system covering deforestation, degradation and forest management from “day one” in all countries. In most developing countries this will take several years. But it is essential that a post-2012 regime establishes clear incentives for developing countries to continuously improve their monitoring system. By following the IPCC tiered approach for greenhouse gas inventories developing countries would need to establish a system for continuous improvements. To further strengthen the incentives to improve the monitoring system an accounting system could be established which increases the credits as the accuracy of the monitoring system is improved and verified.

To ensure credibility Norway finds it particularly important to establish an independent verification system for reported emissions reductions as well as defined reference levels. We believe that a verification mechanism for REDD should be similar to the expert review system that Annex I countries have established under Article 8 of the Kyoto Protocol and in decision 19/CP.8 on inventory review guidelines under the UNFCCC. Broad inclusion of developing country experts in this system could be an effective means to promote exchange of experience and knowledge between these countries.

2.5 Reference level

In principle we believe the reference levels should be based on historical emission data. However, for many countries with low rates of deforestation and degradation such historical rates would not give a sufficiently strong indication of the threat for increased deforestation and degradation in the future. Norway would therefore be open to other approaches to setting reference levels, approaches that must be closely integrated with e.g. the financial architecture of the REDD regime.

2.6 National versus sub-national

We believe the focus should be on national approaches in order to reduce the risk of leakage of emissions within the country. Such a national approach would in the long run necessitate a monitoring system that covers all forests in the country. However, some countries would have difficulties in achieving such a comprehensive geographical coverage overnight. Transitional solutions may be needed to help countries in developing national approaches. Such transitional solutions must address the risk for intra-national leakages, e.g. by limiting credits from sub-national REDD activities to fund based approaches, without an offset mechanism. Sub-national transitional solutions should be of limited duration, and include clear schedules for progress and a sunset clause.

2.7 Leakage of emissions and non-permanence

If the REDD system focuses on national approaches, the risk for intra-national leakages would be reduced. The international leakages, however, would only be fully addressed through global participation in the regime. The REDD regime should address this problem, even if it is difficult. By aiming at a REDD regime that has the potential to

address emissions from deforestation and forest degradation in all developing countries, the risk for international leakages would be minimized. In the initial phase of a post-2012 REDD regime, when still a limited number of developing countries are taking part, it may be necessary to consider other approaches to address international leakages.

3. Biodiversity and involvement of indigenous peoples

Reduced deforestation and degradation would normally be effective means to secure biodiversity in the forests. However, incentives to enhance carbon stocks through forest management could have a negative influence on biodiversity if the policy is not carefully designed. Norway believes that a strong commitment to sustainable forest management, including spatial zoning, is necessary to ensure the protection of biodiversity.

Furthermore, we believe any regime should ensure the involvement of local communities and indigenous peoples in order to avoid that REDD actions lead to negative effects related to sustainable use of forest products and services. Even though a REDD mechanism should be adopted at a national level, many of the key decisions affecting the rate of deforestation and forest degradation are taken at the local level. The indigenous peoples live in or depend on the forests and are already suffering the effects of global climate change, and should be involved in the construction of mechanisms that compensate them for the forest protection they promote.

4. International support for REDD readiness and implementation efforts

Undoubtedly there is a need for immediate support for capacity-building both at technical and institutional level in developing countries. In order to facilitate and expedite a system of support for capacity-building, we believe there is a need for an effective, efficient and coordinated international architecture for REDD support.

Significant REDD readiness and implementation support programs are in the process of being implemented through the establishment of programs such as the United Nations Collaborative Program on REDD (UN REDD), the Forest Carbon Partnership Facility (FCPF) and the Forest Investment Program by the World Bank, and the establishment by the African Development Bank of the Congo Basin Forest Fund (CBFF). We believe there will be great benefits arising from a close coordination and integration of these efforts.

These initiatives should not be seen as a substitute for any REDD mechanism under the UNFCCC. Rather they should be seen as contributions to stimulate early action, generation of experiences and capacity-building on national REDD strategy development and implementation. The role of these initiatives in a post-2012 regime will have to be adjusted according to the outcome of the negotiations. Norway expects that there will be a long-term need for support for readiness activities in developing countries also after a post-2012 REDD mechanism under the UNFCCC has been implemented.