"International Climate Change Negotiations: Bali and the Path toward a Post-2012 Climate Treaty"

Hearing before the
Senate Foreign Relations Committee

January 24th, 2008

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Good afternoon, Mr. Chairman and members of the Committee. I am Glenn T. Prickett, Senior Vice President and Executive Director of the Center for Environmental Leadership in Business at Conservation International. I lead CI's team on global climate change, which involves scientists, economists, policy analysts, and communicators from our many country programs around the world. Thank you for the opportunity to testify today.

Conservation International and Climate Change

Conservation International believes that the Earth's natural heritage must be maintained if future generations are to thrive spiritually, culturally, and economically. Our mission is to conserve the Earth's living heritage, our global biodiversity, and to demonstrate that human societies can live harmoniously with nature.

CI is an international organization with a board and a staff of nearly 1000 people drawn from more than 45 countries where we work in the Americas, Africa, Asia, and the Pacific. We employ cutting-edge science to conserve threatened species and ecosystems in ways that contribute to human well-being, both of the communities where we work and of people around the world. We work in partnership with local governments, communities, non-governmental organizations, and the private sector. Business partnerships are a particularly important to us. We work with corporate leaders ranging from Wal-Mart, to Starbucks, to Bank of America to demonstrate that the private sector can be a force for conservation and economic growth through better business practices.

Climate change is one of our highest institutional priorities, both because climate change threatens biodiversity and the benefits that people derive from healthy ecosystems, and because the loss of biodiversity—especially the destruction of tropical forests—is one of the largest causes of human-induced climate change. We have been a leader for nearly a decade in helping to address both the impacts of climate change on biodiversity—how to anticipate those impacts and design appropriate conservation responses—and to reduce emissions from deforestation and land-use change.

The Bali Conference was a watershed event in creating new momentum for a global solution to climate change. CI had a significant presence in Bali, primarily to advise and support national delegations from

the countries in which we work. Many important questions were on the table in Bali, including emissions targets, technology transfer, funding for adaptation and others. While CI has an interest and a point of view on all of these issues, at the request of the committee, I will focus my comments on the issue of forests.

Importance of Healthy Ecosystems

All people and all societies depend on the Earth's natural bounty for survival. Of the 1.2 billion people living in extreme poverty worldwide, nearly 90 percent depend on forest ecosystems and the services they provide, such as freshwater, protection from storms and floods, and crop pollination, for their livelihoods. Forests provide billions of dollars in benefits to the rural poor that would otherwise be required from local governments or international assistance organizations.

Healthy natural ecosystems and the services they provide will be increasingly important in helping poor communities adapt to the impacts of climate change, which will include more frequent or intense droughts, floods, and coastal storms, and disease outbreaks. Natural forests and biodiverse landscapes help to moderate droughts, severe storms, floods and the spread of pests and diseases. As tragic examples of this, neither Hurricane Katrina nor the Asian tsunami would have been as devastating to coastal communities had mangroves and coral reefs not been cleared years earlier.

This committee was among the first to recognize the strategic value of healthy tropical forests and other ecosystems over two decades ago. In enacting sections 117 and 118 of the Foreign Assistance Act, the Congress expressed its concern about

> [T]he continuing and accelerating alteration, destruction, and loss of tropical forests in developing countries, which pose a serious threat to development and the environment. Tropical forest destruction and loss…can result in…destabilization of the earth's climate. Properly managed tropical forests provide a sustained flow of resources essential to the economic growth of developing countries.

Climate Change Impacts

Human-induced global climate change[1]--upsetting the balance of nature – is the greatest threat to our long-term health and security. The IPCC's fourth assessment report documents impacts that are already occurring and will worsen in coming decades. Sea level rise and warming of the oceans subject coastal areas to flooding and more intense storms. Changes in climate, particularly rainfall patterns, threaten food security in some of the world's poorest regions. Expanded ranges for infectious diseases worsen public health crises. As these incidents escalate, they will tax global humanitarian efforts and scarce funding sources, as well as threaten global security and diplomatic relations.

A large and expanding body of scientific evidence indicates that biological and ecological systems may be among the most sensitive to climate change. CI believes that stabilizing the concentration of carbon dioxide in the atmosphere at or below 450 ppmv[2] is crucial in order to restrict temperature increases to less than 2^{o}C above pre-industrial levels. Limiting climate change to this degree will help avoid significant risk of intolerable environmental disruptions and irreversible species loss. Every day we postpone reductions in CO_2 emissions and maintain current trends, we increase the need for more costly and restrictive emissions reductions. Stabilization will require immediate, aggressive and innovative action.

Even with immediate, aggressive, and innovative climate change mitigation actions, we know that significant climate change is expected due to the one trillion tons of greenhouse gas emissions released to the atmosphere over the past two centuries. As a result, the world is already committed to at least a 1 ^{o}C global mean temperature rise, with some regions potentially experiencing several times higher temperature increases.

Signs that climate change is already occurring, and having drastic impacts on biodiversity and human welfare, include:

- Amphibian extinctions in Costa Rica resulting from changing rainfall and air temperature patterns;

[1] "Global warming" is most traditionally used to refer to the increase of the Earth's average surface temperature, due to a build-up of greenhouse gases in the atmosphere. "Climate change" is a broader term that most often refers to long-term changes in climate, including average temperature and precipitation.
[2] ppmv (parts per million by volume)

- Drastic reductions in Adelie penguin populations around Antarctica due to ecosystem changes resulting from melting polar ice;
- Listing of the polar bear on the US endangered species list due to decreased polar ice coverage;
- Threats to livelihood strategies of artic peoples from melting ice shields and permafrost
- Increasing desertification impacting rural lifestyles in Africa

Putting Nature's Technology to Work:

We stand at a critical point in history. The twin challenges of climate change and energy security require us to innovate, to reduce our environmental footprint, and to become more efficient and productive in the way we use energy and natural resources. As we pursue new technologies to tackle these challenges, we must not overlook the opportunity to harness nature's own technology—the biological diversity of species, genes, and ecosystems—to help the global community mitigate and adapt to climate change cost effectively and immediately. If we don't take immediate action to incorporate forests and biodiversity into our approach to climate change, we run the risk of missing major opportunities to reduce emissions and undermining the efforts of poor communities to adapt.

Few people realize that the burning and clearing of tropical forests and other land use changes is the second largest source of greenhouse gas emissions, after electricity generation. Tropical forests store more carbon than any other terrestrial ecosystem. When they are destroyed, the carbon they contain is released into the atmosphere and contributes to global warming. With 19 million tons of CO_2 entering the atmosphere from deforestation each day, tropical deforestation and other land use changes produce some 20 percent of all the world's greenhouse gas emissions. To put that in perspective, tropical deforestation accounts for more than twice the emissions produced by all the cars and trucks in the world.

For many developing countries, deforestation is the largest source of greenhouse gas emissions, and in many instances, these deforestation emissions are globally significant. Brazil and Indonesia, for example, are the third and fourth largest sources of greenhouse gas emissions, after the U.S. and China, and land use change accounts for 70-90 percent of their total emissions. If deforestation in Brazil and Indonesia continues at current

rates, their emissions alone could counteract ~80 percent of the carbon emissions reductions agreed to in the Kyoto Protocol.[3]

According to the IPCC, forest conservation, reforestation, and improved forest management, particularly in developing countries, can provide up to 25 percent of the emissions reductions needed in the coming decades. The Stern Review reinforced this finding and concluded that "curbing deforestation is a highly cost-effective way of reducing greenhouse gas emissions and has the potential to offer significant reductions fairly quickly." Protection and expansion of forests will also provide numerous additional environmental, economic, and social benefits, particularly in some of the world's poorest countries, including protection of biodiversity, restoration of degraded lands and watersheds, clean water, and enhanced and diversified incomes for the rural poor (which may provide communities with a safety net to protect against the impacts of climate change).

What happened in Bali?

In December, two important events– one international and one domestic – created new momentum behind using nature's technology to combat climate change by protecting and restoring forests.

- In Bali, the Parties to the U.N. Framework Convention on Climate Change (UNFCCC) adopted the "Bali Action Plan," which outlines the scope, timeline, and process for governments to reach agreement over the next two years on a Post-2012 international framework to avoid dangerous impacts from climate change. A key element of this Action Plan will be negotiation on the role that forests will play in a post-Kyoto agreement, including incentives to reduce emissions from deforestation and forest degradation (REDD). While we recognize that there are still tough decisions to be made on the road to Copenhagen in 2009, this is a tremendously important development for climate stabilization, sustainable development, and biodiversity protection.

- In Washington, the Senate Committee for Environment and Public Works voted to advance America's Climate Security Act. The bill includes significant steps to reduce emissions from a variety of

[3] Santilli – Laura, do you know the exact citation?

sources, including measures aimed at preventing deforestation and promoting forest restoration. While we believe that these provisions can be strengthened, the Committee's vote sent an important signal to the negotiators in Bali that protecting tropical forests can and should play an important role in the world's response to climate change.

This important new focus on forests should not distract attention from the need to reduce emissions in the energy sector through improved energy efficiency and the development and deployment of low-carbon energy technologies. We need a comprehensive set of strategies to take on what may be the greatest challenge of our time with every tool at our disposal.

Creating an Effective Program to Reduce Emissions from Deforestation and Forest Degradation (REDD)

The inclusion of REDD in the Bali Action Plan is a welcome sign that all governments are committed to a more prominent role for forest conservation as a legitimate mitigation strategy in a post-2012 agreement. The discussions at Bali highlighted a number of outstanding questions about how such a system would operate, which will need to be resolved in the negotiations over the next several years. It will be important for the United States to have a clear position on these questions to ensure that the REDD mechanism results in effective forest protection on the ground that makes a measurable difference for the climate, for local communities, and for biodiversity. These questions include:

Should the financial incentives to compensate for reduced deforestation come from market or non-market sources, or both? Market sources offer the most promising, long-term and sustainable financing flows to compensate REDD activities in developing countries. There may be circumstances, however, where non-market financial sources are more appropriate. For the United States, this should mean an increase in the bilateral and multilateral support that we provide for forest conservation and restoration. It will be essential to develop a REDD mechanism that: a) delivers real and verifiable emissions reductions that abate climate change; b) generates confidence in the carbon markets to promote investment in these types of mitigation strategies; c) delivers fair and competitive prices for REDD credits, on par with fossil fuel-based credits; and d) is designed in such a way that biodiversity and people are positively impacted. In particular, the interests and rights of forest peoples and other poor and

vulnerable groups that depend on forests must be addressed and they must be included in the discussions.

Greenhouse Gas Accounting – should national reference scenarios be the only baseline reference, or should there be a combination of national and sub-national approaches? Leakage[4] is one of several issues that must be incorporated into a REDD framework. National reference scenarios offer a viable structure that can help minimize the risk of leakage within a given country; however, getting to national reference scenarios may take time, and in that time period, significant forests will be lost. The recent Bali decisions on REDD include modalities to test national and subnational approaches, based on country circumstances. We believe that these provisions are critical to allow participation of countries that are unable to assess and mitigate deforestation at the national level immediately; however, these activities would need to be carefully measured, monitored, and reported to ensure they lead to overall national emissions reductions.

Given the magnitude of current deforestation emissions and the threat of continued and even increasing emissions, and given that the knowledge and technology exists to stop deforestation and thereby drastically reduce GHG emissions immediately, we strongly recommend a system that:

- Allows and rewards early action to encourage governments to take steps to reduce deforestation quickly. Without this incentive for early action, significant time (and biodiversity) will be lost and potential emissions avoided will not be realized as quickly and at the scale required.

- Requires forest protection activities to produce broad benefits for the environment, including biodiversity protection, and to promote sustainable development objectives to the greatest extent possible.

- Assures that forest carbon credits are of high quality in order to bolster a strong overall emissions cap by requiring that such credits represent real, permanent, and verifiable emissions reductions, with reliable measuring and monitoring and appropriate accounting for leakage.

[4] Leakage: Changes in emissions that take place beyond the boundary of the project but are attributable to the project activity are called emissions leakage. We need to quantify new and additional emissions occurring off-site and take them into account in assessing the emissions reductions achieved.

- Ensures that REDD credits are included and tradable in existing and new market-based mechanisms to stimulate emissions reductions.

- Makes international funding available to help build the capacity of developing countries to participate in REDD activities and in forest carbon markets more generally, which will allow for more rapid and effective emissions reductions. Others are beginning to act:
    - The United Kingdom, Norway, Germany, Australia, Japan and other countries are directing large sums of money toward international forest protection and adaptation efforts.
    - The World Bank's Forest Carbon Partnership Facility is one global mechanism that will support capacity building for national-level activities.

- Involves indigenous and other forest-dependent peoples in the process of decision-making, planning and implementation related to REDD, including benefit distributions, and addresses traditional and formal tenure.

Conservation International's Forest Carbon Project Experience:

The conclusions and recommendations detailed above are drawn from CI's extensive experience providing leadership and working with diverse partners to understand the important role of forests and to develop effective and innovative mechanisms to optimize their potential for climate change mitigation and adaptation. Our engagement covers a broad spectrum, including:

- Partnerships with governments, NGOs, and other groups on over 20 innovative forest carbon initiatives underway or in-development across three continents (Africa, Asia, and South America). These include forest protection, restoration and reforestation activities.

- A partnership to develop the first approved small-scale afforestation/reforestation project under UNFCCC's Clean Development Mechanism, a native forest restoration project in China. With the Government of Madagascar and local partners, CI also

contributed to the development of the first avoided deforestation project selected by the World Bank's BioCarbon Fund.

- Convener and founding member of the Climate, Community & Biodiversity Alliance (CCBA), a partnership among some of the world's leading companies, NGOs, and research institutions. This Alliance produced and promotes a set of standards that can be used to evaluate land-based carbon mitigation projects in the early stages of development. The CCB Standards foster the integration of best-practice and multiple-benefit approaches into project design and evolution. To earn approval under the CCB Standards, projects must satisfy 15 required criteria to demonstrate compelling net benefits for fighting climate change, conserving biodiversity, and improving socio-economic conditions for local communities. They are now the leading international standards giving assurance of high quality of multiple-benefit forestry, agroforestry and avoided deforestation carbon projects.

- Establishment of the Indigenous and Traditional Peoples Initiative (ITPI) which focuses specifically on the intersection of Indigenous issues, rights and policy, and conservation. Currently ITPI is working with international and regional indigenous groups to build a coalition to address indigenous capacity on climate change related topics at local to international scales.

The Role of the United States

The inclusion of international forest protection and restoration in a post-Kyoto Framework and in U.S. climate policy will enable the world to achieve far deeper emissions reductions, at a reasonable cost, than would otherwise be possible. It will allow developing nations to benefit economically by protecting their forests—rewarding them for a global service they currently provide for free—and it will reduce the financial incentive to liquidate vital natural resources for short-term gain. It will also allow developing countries to contribute to abating climate change without sacrificing economic development. The United States should be a strong advocate for including effective, environmentally sound, and socially equitable mechanisms to protect and restore forests in a post-2012 agreement.

The Bali Action Plan also emphasizes the need to support developing countries in their adaptation efforts. Healthy, diverse ecosystems will play a vital role in helping both people and nature cope with the inevitable impacts of climate change. Ensuring adequate funding, and a strong programmatic focus on biodiversity protection, through the Adaptation Fund and other mechanisms should be a priority for the United States.

At this time, there is a great need for the international community to come together, and particularly for the major economies to develop a common approach, to ensure that we provide a stable climate and a livable Earth for our children and for future generations. In the year ahead, there will be important opportunities to discuss with other nations goals, targets and strategies needed to reduce emissions. These opportunities include the U.S.-led Major Economies Meetings, the G-8 Summit in Japan, and many intercessional meetings of the UNFCCC. The goal of the United States in all of these meetings should be to provide leadership to encourage adoption by governments of an aggressive target and effective strategies to reduce emissions significantly in the years to come.

Outside of the international negotiating process, the United States should renew its leadership in providing support to developing countries to protect forests and biodiversity, to improve energy efficiency, and to develop and deploy environmentally sound, low-carbon energy technologies. The United States led the world as one of the first donor nations to recognize the importance of these investments for developing countries themselves and for the world. Sadly, we have fallen behind in our commitment to these vital priorities. We can and should restore our leadership on international conservation.

As a global leader, the United States has an opportunity to promote new and innovative climate solutions—both in scope and scale—that are cost effective and efficient. This should be done here at home, in our bilateral relationships, and as a key player in the international process.

We look forward to working with the Administration and with Congress to ensure that a comprehensive, inclusive and verifiable structure is put in place to achieve these multiple benefits to the global community.

Thank you.