

WRI FACT SHEET

Climate Change, Forests and Finance

Q: Why is preserving tropical forests essential to curbing and adapting to climate change?

A: Healthy forests are critical both to mitigating climate change and helping people and communities adjust to the impacts of climate change. Deforestation increases greenhouse gases, contributing to climate change, but intact forests can store carbon and thus can be part of the solution.

Maintaining healthy forests will be important to help increase human resilience to climate change. As weather patterns become more unpredictable and extreme, the role of forest ecosystems in regulating watershed quality and quantity, rainfall, erosion and other services will be increasingly important for sustaining agriculture, energy production, and drinkable water supplies. More than one in four of the world's poor people depend on forests for their livelihood, medication and shelter, and many more are reliant on the vital services forests provide.

Preserving forests to achieve these climate mitigation and adaptation goals requires not only *reducing rates* of deforestation (and related emissions), but also *maintaining* today's healthy forest cover.

Q: So what should the United States do to maintain tropical forest cover?

A: Most of the world's remaining forests are in developing countries. Forest degradation and deforestation is the biggest source of greenhouse gas emissions in many of these emerging nations. Recognizing this, developing countries have proposed (in the United Nations climate negotiations) that they can be part of the climate solution by reducing forest-related emissions and maintaining healthy forests, but to do that they need help. Some need new technologies and training to monitor and combat forest fires and illegal logging activities. Others need administrative and institutional capacity to help clarify land tenure rights and implement legal reform processes. Many countries need to develop more sustainable and efficient agricultural practices to reduce pressure on forests while meeting national food and fuel needs.

The United States and other developed countries can support these types of activities by providing reliable, long-term funding, with the goal of reducing global greenhouse gas emissions.

The United States can also help by reviewing and addressing market conditions that drive deforestation and make it difficult for developing countries to protect their forests from illegal logging activities. For example, Congress recently passed an amendment to the Lacey

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- Carbon stored worldwide in forest biomass, deadwood, litter and soil totals one trillion tons, roughly fifty percent more than the amount found in the atmosphere.
- Emissions from deforestation and forest degradation represent roughly 25 percent of global anthropogenic GHG emissions.
- Global forest loss equates to one football field a second or 86,400 football fields a day.
- In Brazil, Cameroon, and Ghana, emissions from deforestation represent between 80% – 92% of their total national greenhouse gas emissions.

Sources: FAO 2006; Houghton 2005, CAIT 2009.

Act¹ prohibiting the import of timber produced in contravention of the laws of timber-exporting countries. Congress can ensure that there is sufficient funding to implement the new Lacey Act provisions, recognizing that it may take several years to significantly alter developing country institutional capacity as well as developed country forest product markets.

1. 16 U.S.C. 3371, Section 8204

Q: Where would the money come from to help maintain tropical forests?

A: Funding could be generated directly from revenues raised through a U.S. cap-and-trade program. Provisions to either appropriate allowances or revenue from selling allowances to industries for this purpose are included in climate bills currently before Congress, including the Waxman-Markey American Clean Energy and Security Act.

Q: How can we make sure developing countries use the money to make real changes to reduce their deforestation and maintain healthy forests?

A: There will need to be criteria and transparent performance metrics to qualify developing countries for access to international funding. In addition, countries will need to report and verify that they are spending it on activities that reduce deforestation and maintain healthy forests. These criteria are already being discussed in various venues and include:

- Showing leadership and commitment through comprehensive national forest action plans
- Measuring progress in governance and legal reform as well as improved stewardship practices to demonstrate implementation of national plans
- Establishing national land use sector inventories and tracking national land use emissions

Q: Can we reduce deforestation through offsets?

A: Reducing deforestation and degradation using a carbon credit or “offset” is an area of active discussion in the international climate negotiations and in U.S. climate legislation, offering promising support and a new market for reducing deforestation and degradation. It is important to note that several key criteria must be achieved to ensure the environmental credibility of offsets.

First, offsets must be real, additional, verifiable, and enforceable. Ensuring this entails collecting detailed data to set credible national-level emissions baselines, and then implementing sophisticated monitoring to measure performance. For example, deforestation and forest degradation activities could shift from one part of a country to a different part of the country, and it must be transparent and reported when this occurs. Most importantly, countries providing forest offsets will need sufficient institutional capacity to develop, implement, and enforce policies that ensure the permanence of such emissions reductions over time.

For most countries, creating credible offsets that can meet these conditions will require assistance to develop adequate institutional capacity. Countries will need processes to clarify land tenure (including the right to own the carbon dioxide stored on the land), protect human rights, put in place administrative systems for transparently and accurately tracking all land transactions, and to ensure reliable court systems to deal with criminals involved in forest-related activity.

Developing countries’ institutional capacity to implement policies and programs can be undertaken in parallel with, or as part of, actions to reduce deforestation and forest degradation. But many countries will not have sufficient existing resources to do so without upfront support in the form of financing from developed countries. For these countries to play their part, reliable, long-term funding from developed countries, including the United States, is a critical part of the equation.

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