

Compensated Reduction

A POSITIVE INCENTIVE FOR TACKLING THE
LARGEST SOURCE OF GREENHOUSE GAS EMISSIONS IN THE DEVELOPING WORLD

Compensated Reduction (CR) is an innovative proposal that provides positive incentives for developing countries to reduce deforestation rates on a voluntary basis and strengthen the global effort to mitigate climate change.

- According to the Intergovernmental Panel on Climate Change (IPCC, 2001) and the 2006 Stern Review, tropical deforestation accounts for approximately 20% of annual GHG emissions and is the largest source of emissions in the developing world.
- If current rates of deforestation in Brazil and Indonesia alone remained the same through 2012, the emissions from this deforestation would offset nearly 80% of the emission reductions of the Kyoto Protocol. (Santilli et al, Climatic Change (2005) 71: 267–276).

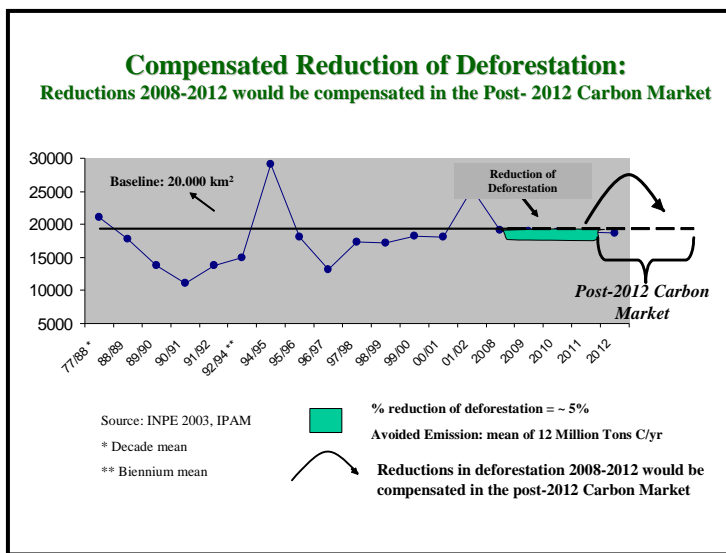
Compensated Reduction would reward countries that demonstrate a real decrease in deforestation. The concept is simple: Any nation that reduces national deforestation below a baseline (based on average historical deforestation rates) would be eligible for compensation, receiving emissions allowances tradable in the global carbon market.

- The compensation would be post facto. Successful countries would receive compensation after 2012 after real reductions were concretely measured; a portion of the tradable allowances would be held in an insurance reserve.
- To determine if real reductions occurred, a country's forests would be monitored by robust, reliable satellite imagery, supplemented by ground-truthing.
- At least one nation, Brazil, has already begun to demonstrate that it is possible, with serious and committed effort, to reduce deforestation.

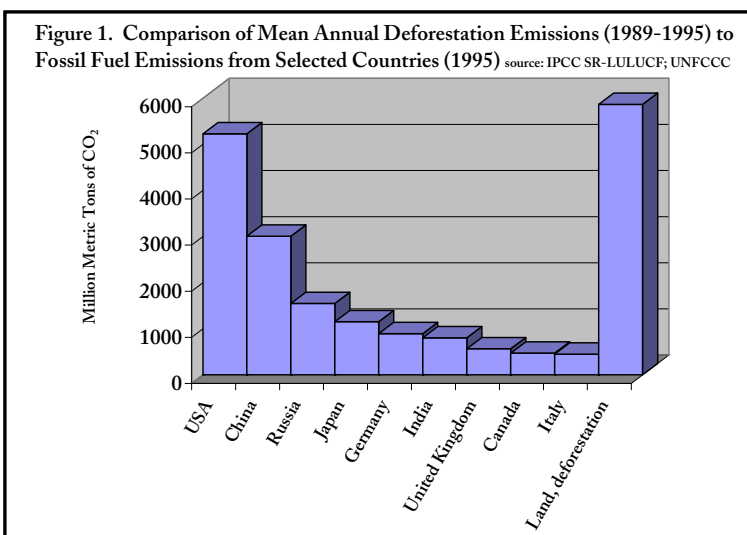
Compensated Reduction involves a nation's entire forest system, not just individual projects, thereby avoiding problems that have hindered consensus on forest issues.

- CR addresses key flaws in the Kyoto Protocol, enabling those developing nations that choose to do so to receive compensation – through the global carbon market – for reducing emissions.

- By harnessing market forces in favor of forest protection, building capacity and enhancing community involvement, and providing incentives for better monitoring, CR has the potential to engage orders of magnitude more financial support than even the most optimistic estimates of official development assistance (ODA) that could reasonably be expected from foreign aid. CR therefore supports both President Bush's Initiative Against Illegal Logging (see <http://www.whitehouse.gov/infocus/illegal-logging/piaail.html>) and the U.S. Senate's 2005 Resolution stating that it is time for Congress to enact mandatory, market-based limits and incentives to slow, stop, and reverse greenhouse gas emissions growth in a manner that will not significantly harm the U.S. economy; and will encourage comparable action by other nations that are major trading partners and key contributors to global emissions.
- A coalition of developing nations has formally asked to have the issue of reducing emissions from deforestation placed on the agenda for the Twelfth Conference of the Parties the UN Framework Convention on Climate Change.



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The largest share of developing country emissions is from the deforestation sector, an amount comparable to total US fossil fuel emissions.

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