

Deforestation Reduction and Climate Adaptation in U.S. Climate Legislation

The American Clean Energy and Security Act (ACES), passed by the U.S. House of Representatives on June 26, marks the first major step toward reducing heat-trapping emissions and avoiding the most dangerous impacts of global warming. ACES, also known as the Waxman-Markey bill, combines energy efficiency and renewable electricity standards with a first-ever nationwide cap on carbon emissions. In addition, this bill helps cost-effectively address global warming at the international level by providing the framework and funding for reducing tropical deforestation—a large contributor to global warming—and helping developing countries adapt to the unavoidable effects of climate change.

Protecting Tropical Forests

Tropical deforestation and degradation represent about 15 percent of global warming pollution—more than is generated by all transportation sources worldwide. This deforestation is happening at an alarming rate—one acre per second. For relatively little money,¹ the United States can help protect tropical forests, which would not only keep global warming pollution out of the atmosphere but also preserve biodiversity and promote sustainable development. This support is also critical in securing passage of a comprehensive international climate agreement.

Reducing Emissions from Deforestation

ACES provides funding for tropical countries to prepare and implement plans to reduce deforestation, as well as for achieving these reduction goals. To be eligible for funding, countries must first establish nationwide forest emissions “baseline” levels against which emissions reductions from forest protection can be calculated. The timeframe for establishing a baseline is determined by a country’s size (i.e., larger countries must establish a baseline sooner than smaller countries); however, every country must have a plan to move toward zero net deforestation within 20 years of establishing its baseline. Because the majority of the funding is given to

tropical countries only after they make real, verified reductions in their deforestation, this legislation is an important step forward in making an impact on climate change around the world.

Countries must also include certain provisions in their deforestation reduction plans to be eligible for funding. They must have domestic legal regimes and other safeguards for indigenous and forest-dependent peoples. For example, they must respect the rights and

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interests of these peoples, promote their full participation in planning and implementation, and encourage equitable sharing of benefits with them. Countries must also ensure their forest protection plans include environmental safeguards such as not planting invasive species, and planting trees in such a manner as to avoid erosion.

Financing

ACES draws funding from two sources, private and public, to protect tropical forests and reduce heat-trapping emissions from tropical deforestation.

Private financing: ACES includes provisions that allow U.S. emitters to “offset” their emissions by purchasing credits from countries that have reduced their deforestation-related emissions. Companies buying credits can increase their emissions beyond the amount that they could have otherwise, while still reducing emissions overall. Starting in 2016, for every five



tons of international credits purchased, U.S. emitters can increase their emissions by four tons of carbon dioxide (CO₂). Total international offsets (after applying the 5:4 ratio) are limited to 1 billion tons of CO₂ annually, but this can be increased to 1.5 billion if the supply of domestic offsets (from sustainable forestry and farming practices, methane capture from livestock, etc.) falls short of its 1 billion ton limit.

The bill establishes stringent eligibility criteria for offsets to ensure they are of high quality, including provisions relating to leakage (i.e., reducing emissions from one source but increasing them elsewhere) and additionality (i.e., ensuring that emissions reductions go beyond what would have occurred without funding). It also ensures that projects intended to reduce global warming emissions don't re-release the emissions into the atmosphere in the future (e.g., planting trees to sequester carbon and then harvesting them years later).

The American Clean Energy and Security Act provides both a framework through which the world can reduce emissions from deforestation, and funding that will go toward these efforts.

Public financing comes from a set-aside of 5 percent of the revenue from emissions allowances purchased under the cap-and-trade program. This funding, which would be additional to any money raised from the purchase of offsets, is to be used for capacity building (i.e., providing countries with the tools and training they need to measure and



monitor deforestation and to use this information to shape forest protection efforts), pilot deforestation reduction projects (e.g., replacing wood-burning stoves with solar stoves), preventing emissions leakage, paying for emissions reductions, and a variety of other initiatives. UCS estimates that the 5 percent set-aside will yield annual funding of more than \$3 billion in 2012, rising to more than \$6 billion in 2020, and then declining after 2025. As a result of this funding, emissions will be reduced by an amount equal to 10 percent of the United States' 2005 emissions (720 million tons of CO₂) in 2020.

International Adaptation

The world's poorest nations are the most vulnerable to the effects of climate change. For example, low-lying and small island nations are in danger of being inundated as a result of rising sea levels, and some could disappear before the end of the 21st century. Responding to these threats is called adaptation. The United Nations estimates that between now and 2015, developing countries will require \$86 billion a year for adaptation efforts and, by 2030, will require

\$28 billion to \$67 billion annually.²

ACES establishes an International Climate Change Adaptation Program within the U.S. Agency for International Development to provide adaptation assistance to the most vulnerable developing countries. To fund this program, the bill allocates 1 percent of cap-and-trade revenue (approximately \$1 billion annually) for the years 2012 through 2021, 2 percent (\$3 billion) for 2022 through 2026, and 4 percent (\$6 billion) for 2027 through 2050. Given that the United States is responsible for the majority of the world's global warming pollution, we must increase this funding—especially in the first decade—to reflect our responsibility and the urgent need to assist developing nations.

Looking Forward

The American Clean Energy and Security Act provides a framework through which the world can reduce emissions from deforestation and, most important, provides funding that will go toward these efforts. By supporting—and increasing—this funding in the years ahead, we will ensure that we not only reach our needed emissions reduction goals, but also help developing countries adapt to the impacts of climate change and provide a foundation for strong international negotiations on global warming.

ENDNOTES

- 1 Boucher, D. *Out of the woods: A realistic role for tropical forests in curbing global warming*. Cambridge, MA: Union of Concerned Scientists. Online at www.ucsusa.org/assets/documents/global_warming/UCS-REDD-Boucher-report.pdf.
- 2 United Nations Development Programme. 2007. Human Development Report 2007/2008. *Fighting climate change: Human solidarity in a divided world*. Online at http://hdr.undp.org/en/medial_HDR_20072008_EN_Complete.pdf.



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