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SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Nineteenth session  
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Agenda item 4 (c)

METHODOLOGICAL ISSUES

**LAND USE, LAND-USE CHANGE AND FORESTRY: DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION ACTIVITIES UNDER ARTICLE 12 OF THE KYOTO PROTOCOL**

**Recommendation of the Subsidiary Body for Scientific and Technological Advice**

The Subsidiary Body for Scientific and Technological Advice, at its nineteenth session, decided to recommend the following draft decision for adoption by the Conference of the Parties at its ninth session:

**Draft decision -/CP.9**

**Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling its decisions 11/CP.7, 15/CP.7, 17/CP.7 and its annex, 19/CP.7, 20/CP.7, 21/CP.7, 22/CP.7, 23/CP.7, 21/CP.8 and 22/CP.8,*

*Cognizant of its decisions -/CP.9 (Guidance to the CDM Executive Board) and its annex II, and -/CP.9 (Good practice guidance for land use, land-use change and forestry in the preparation of national greenhouse gas inventories under the Convention),*

*Affirming the principles in the preamble to draft decision -/CMP.1 (Land use, land-use change and forestry), recommended by decision 11/CP.7,*

*Reiterating that decision 17/CP.7 applies mutatis mutandis to afforestation and reforestation project activities under the clean development mechanism,*

*Taking into account* the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, associated with afforestation and reforestation project activities under the clean development mechanism,

*Cognizant* of relevant provisions of international agreements that may apply to afforestation and reforestation project activities under the clean development mechanism,

*Reiterating* that the treatment of land use, land-use change and forestry project activities under the clean development mechanism in future commitment periods shall be decided as part of the negotiations on the second commitment period,

*Recognizing* that host Parties evaluate, in accordance with their national laws, risks associated with the use of potentially invasive alien species by afforestation and reforestation project activities and that Parties included in Annex I evaluate, in accordance with their national laws, the use of temporary certified emission reductions and/or long-term certified emission reductions generated from afforestation and reforestation project activities that make use of potentially invasive alien species,

*Recognizing* that host Parties evaluate, in accordance with their national laws, potential risks associated with the use of genetically modified organisms by afforestation and reforestation project activities and that Parties included in Annex I evaluate, in accordance with their national laws, the use of temporary certified emission reductions and/or long-term certified emission reductions generated from afforestation and reforestation project activities that make use of genetically modified organisms,

1. *Decides* to adopt the modalities and procedures for afforestation and reforestation project activities under the clean development mechanism contained in the annex to this decision, for the first commitment period of the Kyoto Protocol;

2. *Encourages* project participants to use, as appropriate and to the extent possible, the *Intergovernmental Panel on Climate Change Good Practice Guidance for Land Use, Land-Use Change and Forestry* and any relevant decisions of the Conference of the Parties or the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol with respect to good practice guidance for land use, land-use change and forestry, in the design and implementation of afforestation and reforestation project activities under the clean development mechanism;

3. *Invites* Parties and accredited observers to submit to the secretariat, by 28 February 2004, their views on simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism;

4. *Invites* Parties and accredited observers to submit to the secretariat, by 28 February 2004, their views on how to facilitate the implementation of small-scale afforestation and reforestation project activities under the clean development mechanism;

5. *Requests* the secretariat to prepare a technical paper on simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism, taking into account submissions referred to in paragraph 3 above and relevant work by the Executive Board, to be considered by the Subsidiary Body for Scientific and Technological Advice at its twentieth session;

6. *Requests* the Subsidiary Body for Scientific and Technological Advice:

(a) To recommend a draft decision on simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism, taking into account the submissions referred to in paragraph 3 above and the technical paper referred to in paragraph 5 above, for adoption by the Conference of the Parties at its tenth session;

(b) To recommend a draft decision on measures to facilitate the implementation of small-scale afforestation and reforestation project activities under the clean development mechanism, taking into account submissions referred to in paragraph 4 above, for adoption by the Conference of the Parties at its tenth session.

7. *Further requests* the Subsidiary Body for Scientific and Technological Advice, when elaborating, in accordance with paragraph 4 of decision 22/CP.8, a draft decision to be considered by the Conference of the Parties at its tenth session, and then to be forwarded to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, to ensure that the modalities and procedures specified in the annex to this decision are incorporated into the guidelines pertaining to Articles 7 and 8 of the Kyoto Protocol.

8. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopts the draft decision below.

**Draft decision -/CMP.1**

**Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Aware of its decisions -/CMP.1 (Mechanisms), -/CMP.1 (Article 12), -/CMP.1 (Land use, land-use change and forestry), -/CMP.1 (Good practice guidance for land use, land-use change and forestry in the preparation of national greenhouse gas inventories under the Convention), -/CMP.1 (Modalities for the accounting of assigned amounts under Article 7, paragraph 4, of the Kyoto Protocol), -/CMP.1 (Guidelines for national systems under Article 5, paragraph 1, of the Kyoto Protocol), -/CMP.1 (Good practice guidance and adjustments under Article 5 paragraph 2, of the Kyoto Protocol), -/CMP.1 (Guidance for the preparation of the information required under Article 7 of the Kyoto Protocol), and -/CMP.1 (Guidelines for review under Article 8 of the Kyoto Protocol),*

*Cognizant of decisions 11/CP.7, 15/CP.7, 17/CP.7, 19/CP.7, 20/CP.7, 21/CP.7, 22/CP.7, 23/CP.7, 21/CP.8, 22/CP.8, -/CP.9 (Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol), -/CP.9 (Guidance to the CDM Executive Board) and its annex II, and -/CP.9 (Good practice guidance for land use, land-use change and forestry in the preparation of national greenhouse gas inventories under the Convention),*

1. *Decides to confirm and give full effect to any actions taken pursuant to decision -/CP.9 (Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol);*
2. *Adopts the modalities and procedures for afforestation and reforestation project activities under the clean development mechanism contained in the annex to this decision, for the first commitment period of the Kyoto Protocol;*
3. *Decides that the treatment of land use, land-use change and forestry project activities under the clean development mechanism in future commitment periods shall be decided as part of the negotiations on the second commitment period and that any revision of the decision shall not affect afforestation and reforestation project activities under the clean development mechanism registered prior the end of the first commitment period;*
4. *Decides to periodically review the modalities and procedures for afforestation and reforestation project activities under the clean development mechanism, and that the first review shall be carried out no later than one year before the end of the first commitment period, based on recommendations by the Executive Board of the clean development mechanism and by the Subsidiary Body for Implementation, drawing on technical advice from the Subsidiary Body for Scientific and Technological Advice, as needed.*

## ANNEX

**Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism****A. Definitions**

1. For the purpose of this annex, the definitions in paragraph 1 of the annex to decision 17/CP.7 and the definitions of forest, reforestation and afforestation in paragraph 1 of the annex to draft decision -/CMP.1 (*Land use, land-use change and forestry*), shall apply. In addition:

(a) “Carbon pools” are those carbon pools referred to in paragraph 21 of the annex to draft decision -/CMP.1 (*Land use, land-use change and forestry*) and are: above-ground biomass, below-ground biomass, litter, dead wood and soil organic carbon;

(b) The “project boundary” geographically delineates the afforestation or reforestation project activity under the control of the project participants. The project activity may contain more than one discrete area of land;

(c) “Baseline net greenhouse gas removals by sinks” is the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the afforestation or reforestation project activity under the clean development mechanism (CDM);

(d) “Actual net greenhouse gas removals by sinks” is the sum of the verifiable changes in carbon stocks in the carbon pools within the project boundary, minus the increase in emissions of the greenhouse gases measured in CO<sub>2</sub> equivalents by the sources that are increased as a result of the implementation of the afforestation or reforestation project activity, while avoiding double counting, within the project boundary, attributable to the afforestation or reforestation project activity under the CDM;

(e) “Leakage” is the increase in greenhouse gas emissions by sources which occurs outside the boundary of an afforestation or reforestation project activity under the CDM which is measurable and attributable to the afforestation or reforestation project activity;

(f) “Net anthropogenic greenhouse gas removals by sinks” is the actual net greenhouse gas removals by sinks minus the baseline net greenhouse gas removals by sinks minus leakage;

(g) “Temporary CER” or “tCER” is a CER issued for an afforestation or reforestation project activity under the CDM which, subject to the provisions of section K below, expires at the end of the commitment period following the one during which it was issued;

(h) “Long-term CER” or “lCER” is a CER issued for an afforestation or reforestation project activity under the CDM which, subject to the provisions in section K below, expires at the end of the crediting period of the afforestation or reforestation project activity under the CDM for which it was issued;

(i) “Small-scale afforestation and reforestation project activities under the CDM” are those that are expected to result in net anthropogenic greenhouse gas removals by sinks of less than 8 kilotonnes of CO<sub>2</sub> per year and are developed or implemented by low-income communities and individuals as determined by the host Party. If a small-scale afforestation or reforestation project activity under the CDM results in net anthropogenic greenhouse gas removals by sinks greater than 8 kilotonnes of CO<sub>2</sub> per year, the excess removals will not be eligible for the issuance of tCERs or lCERs.

2. For the purposes of this annex, in the modalities and procedures for a CDM contained in the annex to decision 17/CP.7, where it reads CER, it should instead read tCER and/or ICER.

**B. Role of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol**

3. All provisions of section B of the modalities and procedures for a CDM, contained in the annex to decision 17/CP.7, shall apply mutatis mutandis to afforestation and reforestation project activities under the CDM.

**C. Executive Board**

4. All provisions of section C of the modalities and procedures for a CDM, contained in the annex to decision 17/CP.7, shall apply mutatis mutandis to afforestation and reforestation project activities under the CDM with the exception of provisions under paragraph 5 (e) on recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) relating to simplified modalities, procedures and definitions for small-scale project activities.

**D. Accreditation and designation of operational entities**

5. All provisions of section D of the modalities and procedures for a CDM, contained in the annex to decision 17/CP.7, shall apply mutatis mutandis to afforestation and reforestation project activities under the CDM.

**E. Designated operational entities**

6. All provisions of section E of the modalities and procedures for a CDM, contained in the annex to decision 17/CP.7, shall apply mutatis mutandis to afforestation and reforestation project activities under the CDM. In the case of afforestation and reforestation project activities under the CDM, a designated operational entity shall verify and certify net anthropogenic greenhouse gas removals by sinks.

**F. Participation requirements**

7. All provisions of section F of the modalities and procedures for a CDM, contained in the annex to decision 17/CP.7, shall apply mutatis mutandis to afforestation and reforestation project activities under the CDM.

8. A Party not included in Annex I may host an afforestation or reforestation project activity under the CDM if it has selected and reported to the Executive Board through its designated national authority for the CDM:

- (a) A single minimum tree crown cover value between 10 and 30 per cent; and
- (b) A single minimum land area value between 0.05 and 1 hectare; and
- (c) A single minimum tree height value between 2 and 5 metres.

9. The selected values referred to in paragraph 8 (a)–(c) above shall be fixed for all afforestation and reforestation project activities under the CDM registered prior to the end of the first commitment period.

**G. Validation and registration**

10. Validation is the process of independent evaluation of a proposed afforestation or reforestation project activity under the CDM by a designated operational entity against the requirements of

afforestation and reforestation project activities under the CDM as set out in decision -/CP.9 (*Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol*), the present annex and relevant decisions of the COP/MOP, on the basis of the project design document, as outlined in appendix B below.

11. Registration is the formal acceptance by the Executive Board of a validated project as an afforestation or reforestation project activity under the CDM. Registration is the prerequisite for the verification, certification and issuance of tCERs or ICERs relating to that project activity.

12. The designated operational entity selected by project participants to validate a proposed afforestation or reforestation project activity under the CDM, being under a contractual arrangement with them, shall review the project design document and any supporting documentation to confirm that the following requirements have been met:

(a) The participation requirements set out in paragraphs 28–30 of the annex to decision 17/CP.7 and paragraphs 8 and 9 above are satisfied;

(b) Comments by local stakeholders have been invited, a summary of the comments received has been provided, and a report to the designated operational entity on how due account was taken of any comments has been received;

(c) Project participants have submitted to the designated operational entity documentation on the analysis of the socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, and impacts outside the project boundary of the proposed afforestation or reforestation project activity under the CDM. If any negative impact is considered significant by the project participants or the host Party, project participants have undertaken a socio-economic impact assessment and/or an environmental impact assessment in accordance with the procedures required by the host Party. Project participants shall submit a statement that confirms that they have undertaken such an assessment in accordance with the procedures required by the host Party and include a description of the planned monitoring and remedial measures to address them;

(d) The proposed afforestation or reforestation project activity under the CDM is additional if the actual net greenhouse gas removals by sinks are increased above the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the registered CDM afforestation or reforestation project activity, in accordance with paragraphs 18–24 below;

(e) Management activities, including harvesting cycles, and verifications are chosen such that a systematic coincidence of verification and peaks in carbon stocks is avoided;

(f) Project participants have specified the approach proposed to address non-permanence in accordance with paragraph 38 below;

(g) The baseline and monitoring methodologies selected by project participants comply with requirements pertaining to:

(i) Methodologies previously approved by the Executive Board; or

(ii) Modalities and procedures for establishing a new methodology, as set out in paragraph 13 below;

(h) Provisions for monitoring, verification and reporting are in accordance with decision -/CP.9, the present annex and relevant decisions of the COP/MOP;

(i) The proposed project activity conforms to all other requirements for afforestation and reforestation project activities under the CDM in decision -/CP.9 (*Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol*), the present annex and relevant decisions by the COP/MOP and the Executive Board.

13. If the designated operational entity determines that the proposed afforestation or reforestation project activity under the CDM intends to use a new baseline or new monitoring methodology, as referred to in paragraph 12 (g) (ii) above, it shall, prior to a submission for registration of this project activity, forward the proposed baseline or monitoring methodology, together with the draft project design document, including a description of the project and identification of the project participants, to the Executive Board for review. The Executive Board shall expeditiously, if possible at its next meeting but not more than four months later, review the proposed new baseline or monitoring methodology in accordance with the modalities and procedures of the present annex. Once the Executive Board has approved the new baseline or monitoring methodology, it shall make it publicly available, together with any relevant guidance and the designated operational entity may proceed with the validation of the proposed afforestation or reforestation project activity under the CDM. In the event that the COP/MOP requests the revision of an approved methodology, no afforestation or reforestation project activity under the CDM may use this methodology. The project participants shall revise the methodology, as appropriate, taking into consideration any guidance received.

14. A revision of a methodology shall be carried out in accordance with the modalities and procedures for establishing new methodologies as set out in paragraph 13 above. Any revision to an approved methodology shall be applicable only to project activities registered subsequent to the date of revision and shall not affect existing registered project activities during their crediting periods.

15. The designated operational entity shall:

(a) Prior to the submission of the validation report to the Executive Board, have received from the project participants written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the proposed afforestation or reforestation project activity under the CDM assists it in achieving sustainable development;

(b) In accordance with provisions on confidentiality contained in paragraph 27 (h) of the annex to decision 17/CP.7, make the project design document publicly available;

(c) Receive, within 45 days, comments on the validation requirements from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available;

(d) After the deadline for receipt of comments, make a determination as to whether, on the basis of the information provided and taking into account the comments received, the proposed afforestation or reforestation project activity under the CDM should be validated;

(e) Inform project participants of its determination on the validation of the project activity. The notification to the project participants will include a confirmation of validation and the date of submission of the validation report to the Executive Board, or an explanation of reasons for non-acceptance if the proposed afforestation or reforestation project activity under the CDM, as documented, is judged not to fulfil the requirements for validation;



(f) Submit to the Executive Board, if it determines the proposed afforestation or reforestation project activity under the CDM to be valid, a request for registration in the form of a validation report including the project design document, the written approval of voluntary participation from the designated national authority of each Party involved, as referred to in paragraph 15 (a) above, and an explanation of how it has taken due account of comments received;

(g) Make this validation report publicly available upon transmission to the Executive Board.

16. The registration by the Executive Board shall be deemed final eight weeks after the date of receipt by the Executive Board of the request for registration, unless a Party involved in the proposed afforestation or reforestation project activity under the CDM, or at least three members of the Executive Board, request a review of the proposed afforestation or reforestation project activity under the CDM. The review by the Executive Board shall be made in accordance with the following provisions:

(a) It shall be related to issues associated with the validation requirements;

(b) It shall be finalized no later than at the second meeting following the request for review, with the decision and the reasons for it being communicated to the project participants and the public.

17. A proposed afforestation or reforestation project activity under the CDM that is not accepted may be reconsidered for validation and subsequent registration after appropriate revisions, provided that this afforestation or reforestation project activity follows the procedures and meets the requirements for validation and registration, including those relating to public comments.

18. An afforestation or reforestation project activity under the CDM is additional if the actual net greenhouse gas removals by sinks are increased above the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the registered CDM afforestation or reforestation project activity.

19. The baseline for a proposed afforestation or reforestation project activity under the CDM is the scenario that reasonably represents the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the proposed project activity. A baseline shall be deemed to reasonably represent the sum of the changes in carbon stocks in the carbon pools within the project boundary that would occur in the absence of the proposed afforestation or reforestation project activity under the CDM if it is derived using a baseline methodology referred to in paragraphs 12 and 13 above.

20. The baseline net greenhouse gas removals by sinks for a proposed afforestation or reforestation project under the CDM shall be established:

(a) By project participants in accordance with provisions for the use of approved and new baseline methodologies, contained in decision -/CP.9 (*Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol*), the present annex and relevant decisions of the COP/MOP;

(b) In a transparent and conservative manner regarding the choice of approaches, assumptions, methodologies, parameters, data sources, key factors and additionality, and taking into account uncertainty;

(c) On a project-specific basis;

(d) In the case of small-scale afforestation and reforestation project activities under the CDM, in accordance with simplified modalities and procedures developed for such activities;

(e) Taking into account relevant national and/or sectoral policies and circumstances, such as historical land uses, practices and economic trends.

21. In calculating the baseline net greenhouse gas removals by sinks and/or actual net greenhouse gas removals by sinks, project participants may choose not to account for one or more carbon pools, and/or emissions of the greenhouse gases measured in CO<sub>2</sub> equivalents, while avoiding double counting. This is subject to the provision of transparent and verifiable information that the choice will not increase the expected net anthropogenic greenhouse gas removals by sinks. Project participants shall otherwise account for all significant changes in carbon pools and/or emissions of the greenhouse gases measured in CO<sub>2</sub> equivalents by the sources that are increased as a result of the implementation of the afforestation or reforestation project activity, while avoiding double counting.

22. In choosing a baseline methodology for an afforestation or reforestation project activity under the CDM, project participants shall select from among the following approaches the one deemed most appropriate for the project activity, taking into account any guidance by the Executive Board, and justify the appropriateness of their choice:

(a) Existing or historical, as applicable, changes in carbon stocks in the carbon pools within the project boundary;

(b) Changes in carbon stocks in the carbon pools within the project boundary from a land use that represents an economically attractive course of action, taking into account barriers to investment;

(c) Changes in carbon stocks in the pools within the project boundary from the most likely land use at the time the project starts.

23. The crediting period shall begin at the start of the afforestation or reforestation project activity under the CDM. The crediting period for a proposed afforestation or reforestation project activity under the CDM shall be either:

(a) A maximum of 20 years which may be renewed at most two times, provided that, for each renewal, a designated operational entity determines and informs the Executive Board that the original project baseline is still valid or has been updated taking account of new data where applicable; or

(b) A maximum of 30 years.

24. An afforestation or reforestation project activity under the CDM shall be designed in such a manner as to minimize leakage.

#### **H. Monitoring**

25. Project participants shall include, as part of the project design document, a monitoring plan that provides for:

(a) The collection and archiving of all relevant data necessary for estimating or measuring the actual net greenhouse gas removals by sinks during the crediting period. The monitoring plan shall specify techniques and methods for sampling and measuring individual carbon pools and greenhouse gas emissions by sources included in the actual net greenhouse gas removals by sinks, that reflect commonly accepted principles and criteria concerning forest inventory;

(b) The collection and archiving of all relevant data necessary for determining the baseline net greenhouse gas removals by sinks during the crediting period. If the project uses control plots for

determining the baseline, the monitoring plan shall specify techniques and methods for sampling and measuring individual carbon pools and greenhouse gas emissions by sources;

(c) The identification of all potential sources of, and the collection and archiving of data on, leakage during the crediting period;

(d) The collection and archiving of information relating to the planned monitoring and remedial measures referred to in paragraph 12 (c) above;

(e) Collection of transparent and verifiable information to demonstrate that any choice made in paragraph 21 above does not increase the net anthropogenic greenhouse gas removals by sinks;

(f) Changes in circumstances within the project boundary that affect legal title to the land or rights of access to the carbon pools;

(g) Quality assurance and control procedures for the monitoring process;

(h) Procedures for the periodic calculation of the net anthropogenic greenhouse gas removals by sinks due to the afforestation or reforestation project activity and documentation of all steps involved in those calculations, and for the periodic review of implementation of activities and measures to minimize leakage.

26. A monitoring plan for a proposed afforestation or reforestation project activity under the CDM shall be based on a previously approved monitoring methodology or a new methodology appropriate to the afforestation or reforestation project activity, in accordance with paragraphs 12 and 13 above, that:

(a) Is determined by the designated operational entity as appropriate to the circumstances of the proposed afforestation or reforestation project activity;

(b) Reflects good monitoring practice appropriate to the type of afforestation or reforestation project activity;

(c) Takes into account uncertainties by appropriate choice of monitoring methods, such as number of samples, to achieve reliable estimates of net anthropogenic greenhouse gas removals by sinks;

(d) In the case of small-scale afforestation and reforestation project activities under the CDM, is in accordance with simplified modalities and procedures developed for such activities.

27. Project participants shall implement the monitoring plan contained in the registered project design document.

28. Revisions, if any, to the monitoring plan to improve the accuracy and/or completeness of information shall be justified by project participants and shall be submitted for validation to a designated operational entity.

29. The implementation of the registered monitoring plan and its revisions, as applicable, shall be a condition for verification, certification and the issuance of tCERs or ICERs.

30. The project participants shall provide to the designated operational entity contracted by the project participants to perform the verification, a monitoring report in accordance with the registered monitoring plan set out in paragraph 25 above for the purpose of verification and certification.

## **I. Verification and certification**

31. Verification is the periodic independent review and ex post determination by the designated operational entity of the net anthropogenic greenhouse gas removals by sinks achieved, since the start of the project, by an afforestation or reforestation project activity under the CDM. Certification is the written assurance by a designated operational entity that an afforestation or reforestation project activity under the CDM achieved the net anthropogenic greenhouse gas removals by sinks since the start of the project, as verified.

32. The initial verification and certification of an afforestation or reforestation project activity under the CDM may be undertaken at a time selected by the project participants. Thereafter, verification and certification shall be carried out every five years until the end of the crediting period.

33. In the case of afforestation or reforestation project activities under the CDM for which ICERs are issued, the CDM registry administrator shall record the date at which each certification report is received. The CDM registry administrator shall notify the Executive Board of cases where a certification report has not been provided within five years of the last certification, as required in paragraph 32 above. Upon receipt of such notification, the Executive Board shall forthwith notify the project participants of the requirement to provide the outstanding certification report. If the overdue certification report is not received within 120 days after receipt of the notification by the project participants, the Executive Board shall proceed in accordance with paragraph 50 below.

34. In accordance with the provisions on confidentiality in paragraph 27 (h) of the annex to decision 17/CP.7, the designated operational entity contracted by the project participants to perform the verification shall make the monitoring report publicly available, and shall:

(a) Determine whether the project documentation provided is in accordance with the requirements of the registered project design document and relevant provisions of decision -/CP.9 (*Modalities and procedures for afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol*), the present annex and relevant decisions of the COP/MOP;

(b) Conduct on-site inspections, as appropriate, that may comprise, inter alia, a review of performance records, interviews with project participants and local stakeholders, collection of measurements, observation of established practices and testing of the accuracy of monitoring equipment;

(c) Determine whether the socio-economic and environmental impacts were monitored in accordance with the monitoring plan;

(d) Determine whether there have been any changes in circumstances within the project boundary that affect legal title to the land or rights of access to the carbon pools;

(e) Review the management activities, including harvesting cycles, and the use of sample plots to determine whether the following have been avoided:

(i) A systematic coincidence of verification and peaks in carbon stocks; and

(ii) A major systematic error in data collection;

(f) If appropriate, use additional data from other sources;

(g) Review monitoring results and verify that the monitoring methodologies have been applied correctly and that their documentation is complete and transparent;

- (h) Recommend to the project participants appropriate changes to the monitoring plan;
- (i) Determine the net anthropogenic greenhouse gas removals by sinks, using monitored or other data referred to in paragraph 34 (a), (b), (f) and (g) above, as appropriate, and calculation procedures as contained in the registered project design document;
- (j) Identify and inform the project participants of any concerns relating to the conformity of the actual afforestation or reforestation project activity under the CDM and its operation with the registered project design document. Project participants shall address the concerns and supply relevant additional information;
- (k) Provide a verification report to the project participants, the Parties involved and the Executive Board. The report shall be made publicly available.

35. The designated operational entity shall, based on its verification report, certify in writing that, since its start, the afforestation or reforestation project activity under the CDM has achieved the net anthropogenic greenhouse gas removals by sinks. It shall inform the project participants, Parties involved and the Executive Board of its certification decision in writing immediately upon completion of the certification process, and make the certification report publicly available.

#### **J. Issuance of tCERs and ICERs**

36. The certification report shall constitute:

(a) Where project participants have chosen the tCER approach to account for non-permanence, a request to the Executive Board for issuance of tCERs equal to the verified amount of net anthropogenic greenhouse gas removals by sinks achieved by the afforestation or reforestation project activity under the CDM since the start of the project activity;

(b) Where project participants have chosen the ICER approach to account for non-permanence and:

- (i) Net anthropogenic greenhouse gas removals by sinks have increased since the previous certification report, a request to the Executive Board for issuance of ICERs equal to the verified amount of net anthropogenic greenhouse gas removals by sinks achieved by the afforestation or reforestation project activity under the CDM since the previous certification;
- (ii) Net anthropogenic greenhouse gas removals by sinks have decreased since the previous certification report, a notification to the Executive Board of the reversal of net anthropogenic greenhouse gas removals by sinks that has occurred at the afforestation or reforestation project activity under the CDM since the previous certification.

37. The issuance of tCERs or ICERs for afforestation and reforestation project activities under the CDM shall be subject to the provisions of paragraphs 65 and 66 of the modalities and procedures for a CDM, contained in the annex to decision 17/CP.7.

**K. Addressing non-permanence of afforestation and reforestation project activities under the CDM**

38. The project participants shall select one of the following approaches to addressing non-permanence of an afforestation or reforestation project activity under the CDM:

(a) Issuance of tCERs for the net anthropogenic greenhouse gas removals by sinks achieved by the project activity since the project start date in accordance with paragraphs 41–44 below; or

(b) Issuance of ICERs for the net anthropogenic greenhouse gas removals by sinks achieved by the project activity during each verification period, in accordance with paragraphs 45–50 below.

39. The approach chosen to address non-permanence shall remain fixed for the crediting period including any renewals.

40. All provisions of decision 18/CP.7, decision 19/CP.7, draft decision -/CMP.1 (*Modalities for the accounting of assigned amounts*) and its annex, decision 20/CP.7, draft decision -/CMP.1 (*Article 5.1*) and its annex, decision 22/CP.7, the annex to draft decision -/CMP.1 (*Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol*) and its annex, decision 23/CP.7 and its annex, draft decision -/CMP.1 (*Guidelines for review under Article 8 of the Kyoto Protocol*) and its annex, and decision 22/CP.8 and its annexes I–III, that pertain to CERs shall also apply to tCERs and ICERs, unless otherwise stated in this annex.

**1. Provisions governing tCERs**

41. A Party included in Annex I may use tCERs towards meeting its commitment for the commitment period for which they were issued. tCERs may not be carried over to a subsequent commitment period.

42. Each tCER shall expire at the end of the commitment period subsequent to the commitment period for which it was issued. The expiry date shall be included as an additional element in its serial number. An expired tCER may not be further transferred.

43. Each national registry shall include a tCER replacement account for each commitment period in order to cancel AAUs, CERs, ERUs, RMUs and/or tCERs for the purposes of replacing tCERs prior to expiry.

44. A tCER that has been transferred to the retirement account or the tCER replacement account of a Party included in Annex I shall be replaced before its expiry date. To this end, for each such tCER, the concerned Party shall transfer one AAU, CER, ERU, RMU or tCER to the tCER replacement account of the current commitment period.

**2. Provisions governing ICERs**

45. A Party included in Annex I may use ICERs towards meeting its commitment for the commitment period for which they were issued. ICERs may not be carried over to a subsequent commitment period.

46. Each ICER shall expire at the end of the crediting period or, where a renewable crediting period is chosen in accordance with paragraph 23 (a) above, at the end of the last crediting period of the project activity. The expiry date shall be included as an additional element in its serial number. An expired ICER may not be further transferred.

47. Each national registry shall include an ICER replacement account for each commitment period in order to cancel AAUs, CERs, ERUs and/or RMUs for the purposes of:

- (a) Replacing ICERs prior to their expiry date;
- (b) Replacing ICERs where the certification report of the designated operational entity indicates a reversal of net anthropogenic greenhouse gas removals by sinks since the previous certification;
- (c) Replacing ICERs where the certification report has not been provided in accordance with paragraph 33 above.

48. An ICER that has been transferred to the retirement account of a Party included in Annex I shall be replaced before its expiry date. To this end, for each such ICER, the concerned Party shall transfer one AAU, CER, ERU or RMU to the ICER replacement account for the current commitment period.

49. Where the certification report of the designated operational entity indicates a reversal of net anthropogenic greenhouse gas removals by sinks since the previous certification, an equivalent quantity of ICERs shall be replaced. To this end, the Executive Board shall:

- (a) Request the transaction log administrator to identify the quantity of ICERs issued for the project activity held in each registry not yet replaced or transferred to the ICER replacement account, distinguishing those held in retirement accounts for the current and previous commitment periods and in holding accounts;

- (b) Immediately notify the transaction log that, in accordance with these modalities, the ICERs identified in paragraph 49 (a) above as being in holding accounts are ineligible for transfer to holding or retirement accounts. When a Party has completed replacement of the required ICERs in accordance with 49 (d) below, the ICERs in the holding accounts of that Party are again eligible for transfer.

- (c) Calculate the proportion of ICERs from the project activity to be replaced by dividing the amount specified in the request for replacement by the amount identified in paragraph 49 (a) above;

- (d) Notify each Party concerned of the requirement to replace a quantity of ICERs equal to the proportion, as calculated in paragraph 49 (c) above, of the ICERs identified in paragraph 49 (a) above of that Party. To replace an ICER a Party shall transfer one AAU, CER, ERU, RMU or ICER from the same project activity to the ICER replacement account for the current commitment period within 30 days. If the requirement to replace involves a fraction of a unit that fraction of a unit shall be replaced by one AAU, CER, ERU, RMU or ICER from the same project activity.

50. Where the certification report has not been provided in accordance with paragraph 33 above, the ICERs issued for the project activity shall be replaced. To this end, the Executive Board shall:

- (a) Request the transaction log administrator to identify the quantity of ICERs issued for the project activity held in each registry not yet replaced or transferred to the ICER replacement account, distinguishing those held in retirement accounts for the current and previous commitment periods and in holding accounts;

- (b) Immediately notify the transaction log that, in accordance with these modalities, the ICERs identified in paragraph 50 (a) above as being in holding accounts are ineligible for transfer to holding or retirement accounts;

- (c) Notify the Parties concerned of the requirement to replace the ICERs identified in paragraph 50 (a) above. To replace an ICER a Party shall transfer one AAU, CER, ERU, RMU or ICER

from the same project activity to the ICER replacement account for the current commitment period within 30 days.

### 3. The transaction log

51. Each Party included in Annex I shall ensure that its net acquisitions of tCERs and ICERs do not exceed the limits established for that Party as set out in paragraph 14 of the annex to decision -/CMP.1 (*Land use, land-use change and forestry*).

52. tCERs and ICERs may not be transferred to cancellation accounts of Annex I Parties referred to in paragraph 21 (c) and (d) of the annex to decision -/CMP.1 (*Modalities for accounting of assigned amounts*) or, where excess CERs were issued, to the cancellation account of the CDM registry referred to in paragraph 3 (c) of appendix D to the annex to decision 17/CP.7.

53. Expired tCERs and ICERs held in holding accounts of registries, or the pending account of the CDM Registry, shall be transferred to a cancellation account.

54. The transaction log shall verify that there is no discrepancy with regard to the requirements of paragraphs 41 to 53 above as part of its automated checks set out in -/CMP.1 (*Modalities for the accounting of assigned amounts*).

55. The transaction log shall, one month prior to the expiry of each tCER or ICER in a retirement or in a replacement account, notify the Party included in Annex I concerned that a replacement of the tCER or ICER has to occur in accordance with paragraphs 45 or 48 above.

56. Where a Party included in Annex I does not replace tCERs or ICERs in accordance with paragraphs 44, 48, 49 and 50 above, the transaction log shall forward a record of non-replacement to the secretariat, for consideration as part of the review process for the relevant Party, under Article 8, to the Executive Board and to the Party concerned. The Executive Board shall make this information publicly available and include it in its reports to the COP/MOP.

### 4. Reporting and review

57. Each Party included in Annex I shall include the following information in its report referred to in paragraph 2, section I.E, of the annex to decision -CMP.1 (*Guidelines for the preparation of the information required under Article 7 of the Kyoto Protocol*):

- (a) The quantity of expired tCERs in its retirement account and tCER replacement account;
- (b) The quantity of expired ICERs in its retirement account;
- (c) The quantities of AAUs, CERs, ERUs, RMUs and tCERs transferred to the tCER replacement account;
- (d) The quantities of AAUs, CERs, ERUs, RMUs and ICERs transferred to the ICER replacement account.

58. The annual review referred to in paragraph 5, part III of the annex to decision -/CMP.1 (*Guidelines for review under Article 8 of the Kyoto Protocol*) shall include the assessment of whether tCERs and ICERs have been replaced, cancelled, retired or carried over in accordance with this annex.

59. The review upon expiration of the additional period for fulfilling commitments shall include an assessment of whether:



(a) The quantity of AAUs, CERs, ERUs, RMUs and tCERs transferred into the tCER replacement account for the commitment period is equal to the quantity of tCERs that were retired or transferred to the tCER replacement account for the previous commitment period;

(b) The quantity of AAUs, CERs, ERUs, RMUs and ICERs transferred into the ICER replacement account for the commitment period is equal to the quantity of ICERs that had to be replaced during that commitment period.

60. In its compilation and accounting database referred to in paragraph 50 of the annex to draft decision -/CMP.1 (*Modalities for accounting of assigned amounts*), the secretariat shall annually record for each Party included in Annex I the following information for the previous calendar year and to date for the commitment period, following completion of the annual review under Article 8, including the application of any corrections, and resolution of any relevant questions of implementation:

(a) The quantity of tCERs retired, including information on their expiry dates;

(b) The quantity of tCERs cancelled, including information on their expiry dates;

(c) The quantity of tCERs that expired in the retirement account or the tCER replacement account for the previous commitment period, including information on their expiry dates;

(d) The quantity of AAUs, CERs, ERUs, RMUs and tCERs transferred to the tCER replacement account to replace expiring tCERs, including information on the dates of expiry and cancellation;

(e) The quantity of ICERs retired, including information on their expiry dates;

(f) The quantity of ICERs cancelled, including information on their expiry dates;

(g) The quantity of ICERs that expired in the retirement account for previous commitment periods, including information on their expiry dates;

(h) The quantity of AAUs, CERs, ERUs, RMUs and ICERs transferred to the ICER replacement account to replace ICERs, including information on the dates of expiry and cancellation.

## APPENDIX A

### **Standards for the accreditation of operational entities in relation to afforestation and reforestation project activities under the CDM**

1. Paragraphs 1 and 2 of appendix A of the annex to decision 17/CP.7 on standards for the accreditation of operational entities shall apply, with the following changes:

(a) Paragraph 1 (f) (ii) is replaced with “Issues, in particular environmental and socio-economic, relevant to validation, verification and certification of afforestation and reforestation project activities under the CDM, as appropriate”;

(b) Paragraph 1 (f) (iii) is replaced with “The technical aspects of afforestation and reforestation project activities under the CDM relevant to environmental and socio-economic issues, including expertise in the setting of baseline net greenhouse gas removals by sinks and monitoring of emissions and removals”;

(c) Paragraph 1 (f) (v) is replaced with “Methodologies for accounting of greenhouse gas emissions by sources and removals by sinks”.

## APPENDIX B

### **Project design document for afforestation and reforestation project activities under the CDM**

1. The provisions of this appendix shall be interpreted in accordance with the present annex on modalities and procedures for afforestation and reforestation project activities under the CDM.

2. The purpose of this appendix is to outline the information required in the project design document. A project activity shall be described in detail in a project design document, taking into account the provisions for afforestation and reforestation project activities under the CDM as set out in the present annex, in particular, section G on validation and registration and section H on monitoring. The description shall include the following:

(a) A description of the afforestation or reforestation project activity comprising the project purpose; a technical description of the project activity, including species and varieties selected and how technology and know-how will be transferred, if appropriate; a description of the physical location and boundaries of the project activity; specification of the gases whose emissions will be part of the project activity;

(b) A description of the present environmental conditions of the area including a description of climate, hydrology, soils, ecosystems, and the possible presence of rare or endangered species and their habitats;

(c) A description of legal title to the land, rights of access to the sequestered carbon, current land tenure and land use;

(d) Carbon pools selected, as well as transparent and verifiable information, in accordance with paragraph 21 of the present annex;

(e) A proposed baseline methodology in accordance with the present annex, including:

(i) In the case of the application of an approved methodology:

- A statement of which approved methodology has been selected;
  - A description of how the approved methodology will be applied in the context of the proposed project activity.
- (ii) In the case of the application of a new methodology:
- A description of the baseline methodology and justification of choice, including an assessment of strengths and weaknesses of the methodology;
  - A description of key parameters, data sources and assumptions used in the baseline estimate, and assessment of uncertainties;
  - Projections of the baseline net greenhouse gas removals by sinks for a proposed project activity;
  - Potential sources of leakage attributable to the project activity.
- (iii) Other considerations, such as a description of how national and/or sectoral policies and circumstances have been taken into account and an explanation of how the baseline was established in a transparent and conservative manner.
- (f) Measures to be implemented to minimize potential leakage;
- (g) Start date for the project activity, with justification, and the choice of crediting periods during which the project activity is expected to result in net anthropogenic greenhouse gas removals by sinks;
- (h) Statement of which approach for addressing non-permanence was selected in accordance with paragraph 38 of the present annex;
- (i) Description of how the actual net greenhouse gas removals by sinks are increased above the sum of the changes in carbon stocks in the carbon pools within the project boundary that would have occurred in the absence of the registered CDM afforestation or reforestation project activity;
- (j) Environmental impacts of the project activity:
- (i) Documentation on the analysis of the environmental impacts, including impacts on biodiversity, natural ecosystems, and impacts outside the project boundary of the proposed afforestation or reforestation project activity under the CDM. This analysis should include, where applicable, information on, inter alia, hydrology, soils, risk of fires, pests and diseases;
  - (ii) If any negative impact is considered significant by the project participants or the host Party, a statement that project participants have undertaken an environmental impact assessment, in accordance with the procedures required by the host Party, including conclusions and all references to support documentation.
- (k) Socio-economic impacts of the project activity:
- (i) Documentation on the analysis of the socio-economic impacts, including impacts outside the project boundary of the proposed afforestation or reforestation

project activity under the CDM. This analysis should include, where applicable, information on, inter alia, local communities, indigenous peoples, land tenure, local employment, food production, cultural and religious sites, access to fuelwood and other forest products;

- (ii) If any negative impact is considered significant by the project participants or the host Party, a statement that project participants have undertaken a socio-economic impact assessment, in accordance with the procedures required by the host Party, including conclusions and all references to support documentation.
- (l) A description of planned monitoring and remedial measures to address significant impacts referred to in paragraphs 2 (j) (ii) and (k) (ii) above;
- (m) Information on sources of public funding for the project activity from Annex I Parties which shall provide an affirmation that such funding does not result in a diversion of official development assistance and is separate from and is not counted towards the financial obligations of those Parties;
- (n) Stakeholder comments, including a brief description of the process, a summary of the comments received, and a report on how due account was taken of any comments received;
- (o) A monitoring plan that meets the requirements of paragraph 25 of the present annex:
  - (i) Identification of data needs and data quality with regard to accuracy, comparability, completeness and validity;
  - (ii) Methodologies to be used for data collection and monitoring, including quality assurance and quality control provisions for monitoring, collecting, reporting, and assurance that verification does not coincide with peaks in carbon stocks;
  - (iii) In the case of a new monitoring methodology, a description of the methodology, including an assessment of strengths and weaknesses of the methodology and whether or not it has been applied successfully elsewhere;
  - (iv) Collection of other information as required to comply with paragraph 25 of the present annex.
- (p) Calculations, including a discussion of how uncertainties have been addressed:
  - (i) A description of formulae used to estimate the baseline net greenhouse gas removals by sinks for the project activity;
  - (ii) A description of formulae used to estimate leakage;
  - (iii) A description of formulae used to calculate the actual net greenhouse gas removals by sinks;
  - (iv) A description of formulae used to calculate the net anthropogenic greenhouse gas removals by sinks;
  - (v) References to support the above, if any.

## APPENDIX C

### **Terms of reference for establishing guidelines on baselines and monitoring methodologies for afforestation and reforestation project activities under the CDM**

1. All provisions of appendix C to the modalities and procedures for a CDM, contained in the annex to decision 17/CP.7, shall apply to afforestation and reforestation project activities.

## APPENDIX D

### **Additional requirements for the CDM registry to address afforestation and reforestation project activities**

1. The CDM registry established and maintained by the Executive Board shall be used to ensure the accurate accounting of the issuance, holding, transfer, acquisition and cancellation of tCERs and ICERs from afforestation and reforestation project activities under the CDM.
2. All provisions of appendix D to the annex to decision 17/CP.7 that apply to CERs shall also apply to tCERs and ICERs, unless stated otherwise in this appendix.
3. In addition to the registry accounts specified in paragraph 3 of appendix D to the annex of decision 17/CP.7, the CDM registry shall have a cancellation account to which tCERs and ICERs that have expired in a holding account of the CDM registry, and ICERs that have become ineligible in accordance with paragraphs 49 and 50 of the present annex, are transferred.
4. Each tCER and ICER shall have an expiry date, specifying day, month and year, as an additional element in its serial number.
5. The CDM registry administrator will record the date in which each certification report for an afforestation or reforestation project activity under the CDM is received. The CDM registry administrator shall notify the Executive Board of cases where a certification report for an afforestation or reforestation project activity for which ICER are issued, has not been provided within five years of the last certification.
6. All information referred to in paragraphs 9 to 12 of appendix D to the annex to decision 17/CP.7 that applies to tCERs and ICERs shall include, as an additional element, the expiry date of each such tCER and ICER.

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