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SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Twenty-first session

Buenos Aires, 6–14 December 2004

Item 5 (b) of the provisional agenda

Methodological issues

**Small-scale afforestation and reforestation project activities
under the clean development mechanism**

**Proposal for a draft decision on simplified modalities and procedures for
small-scale afforestation and reforestation project activities under the
clean development mechanism and measures to facilitate the implementation
of these project activities**

Note by the Chair of the Subsidiary Body for Scientific and Technological Advice

Summary

The Subsidiary Body for Scientific and Technological Advice (SBSTA), at its twentieth session, requested its Chair, with the assistance of the secretariat and on the basis of submissions by Parties contained in documents FCCC/SBSTA/2004/MISC.3 and FCCC/SBSTA/2004/MISC.4, and of inputs by Parties during the twentieth session of the SBSTA, to prepare a draft text for a decision on simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism and on measures to facilitate the implementation of these project activities, for consideration by the SBSTA at its twenty-first session. This note contains a proposed draft text for such a decision.

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I. Mandate

1. The Conference of the Parties (COP), by its decision 19/CP.9, adopted modalities and procedures for afforestation and reforestation project activities under the clean development mechanism (CDM) in the first commitment period of the Kyoto Protocol. Paragraph 1 (i) of the annex to that decision defines small-scale afforestation and reforestation project activities under the CDM as those that are expected to result in net anthropogenic greenhouse gas (GHG) removals by sinks of less than 8 kilotonnes (kt) of carbon dioxide (CO₂) per year and are developed or implemented by low-income communities and individuals as determined by the host Party.

2. The COP requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to recommend a draft decision on simplified modalities and procedures for small-scale afforestation and reforestation project activities under the CDM and on measures to facilitate the implementation of these project activities, for adoption by the COP, at its tenth session.

3. The SBSTA, at its twentieth session, having made progress in its consideration of simplified modalities and procedures for small-scale afforestation and reforestation project activities under the CDM, requested its Chair, with the assistance of the secretariat and on the basis of submissions by Parties contained in documents FCCC/SBSTA/2004/MISC.3 and FCCC/SBSTA/2004/MISC.4, and of inputs by Parties during the twentieth session of the SBSTA, to prepare a draft text for the decision mentioned in paragraph 2 above, for consideration by the SBSTA at its twenty-first session.

4. The SBSTA requested the secretariat to prepare documentation on any administrative and budgetary implications, in accordance with decision 16/CP.9, resulting from the adoption of a decision on simplified modalities and procedures for small-scale afforestation and reforestation project activities under the CDM and on measures to facilitate the implementation of these project activities, for consideration by the SBSTA at its twenty-first session.

II. Scope of the note

5. The draft text for the decision referred to in paragraphs 2 and 3 above is presented in the annex. Some of the proposals for text included in the submissions by Parties have been edited in order to achieve consistency in style. Provisions from decisions 19/CP.9 and 17/CP.7 are also reflected.

6. Major budgetary implications arise from several proposals made by Parties or groups of Parties. This is notably the case for proposals requesting the CDM Executive Board and/or the secretariat to implement tasks directly on their own, or indirectly by being involved in endeavours in which international organizations are to participate. Such requests are found in paragraphs 2, 3 and 7 (b) of the proposal for a draft COP decision, and paragraph 3 of the draft COP/MOP decision. An exact quantification of the resources required is not possible at this stage, as the nature and scope of the activities are first to be clarified during the negotiations at the twenty-first session of the SBSTA. A first estimate, based on the activities as currently proposed, showed that more than USD 1 million would be needed in the period 2005–2006 to cover all the tasks proposed by Parties or groups of Parties. Documentation on administrative and budgetary implications resulting from the adoption of such a decision will be presented during the consideration of the draft decision by the SBSTA at its twenty-first session.

III. Possible action by the Subsidiary Body for Scientific and Technological Advice

7. The SBSTA may wish to forward a draft decision on simplified modalities and procedures for small-scale afforestation and reforestation projects under the CDM and on measures to facilitate the implementation of these project activities, for adoption by the COP at its tenth session.

8. In considering the provisions included in the draft decision which assign tasks to the CDM Executive Board and/or the secretariat, Parties may wish to bear in mind that, in accordance with decision 17/CP.7 and its annex on CDM modalities and procedures, the CDM Executive Board is carrying out the function of overseeing the CDM, and that the secretariat services the CDM Executive Board with regard to this function. The performance of tasks which may imply or be interpreted to imply a direct promotion of specific projects may therefore not be compatible with oversight and related servicing functions.

Annex**Draft decision -/CP.10****Simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol and measures to facilitate their implementation**

The Conference of the Parties,

Recalling its decisions 15/CP.7, 17/CP.7 and its annex, 21/CP.8 and its annex II, and 19/CP.9 and its annex,

Reaffirming 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,

Emphasizing that public funding for small-scale afforestation and reforestation project activities under the clean development mechanism from Parties included in Annex I is not to result in the diversion of official development assistance and is to be separate from and not counted towards the financial obligations of those Parties,

1. *Decides:*
 - (a) To adopt the simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol contained in the annex¹ to this decision;
 - (b) [Option 1: That a small-scale afforestation or reforestation project activity under the clean development mechanism will result in net anthropogenic greenhouse gas removals by sinks of less than 8 kilotonnes of carbon dioxide per year if the projected net anthropogenic greenhouse gas removals by sinks do not exceed 8 kilotonnes of carbon dioxide equivalent in any year during its chosen crediting period;

Option 2: That a small-scale afforestation or reforestation project activity under the clean development mechanism will result in net anthropogenic greenhouse gas removals by sinks of less than 8 kilotonnes of carbon dioxide per year if the average projected net anthropogenic greenhouse gas removals by sinks over the entire crediting period do not exceed 8 kilotonnes of carbon dioxide equivalent per year;]
 - (c) [That small-scale afforestation and reforestation project activities under the clean development mechanism shall be [exempt from the share of proceeds][subject to a lower share of proceeds] to be used to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation];

¹ A draft negotiating text for this annex is contained in document FCCC/SBSTA/2004/6/Add.1, chapter I.

- (d) That small-scale afforestation and reforestation project activities under the clean development mechanism shall be entitled to a reduced level of the non-reimbursable fees for requesting registration and a reduced rate of the share of proceeds to cover administrative expenses of the clean development mechanism;

2. *Requests* the Executive Board:

- (a) To develop, for consideration by the Conference of the Parties at its eleventh session, default factors for assessing the existing carbon stocks and for simplified baseline methodologies, taking into account, as appropriate, types of soils, lifetime of the project and climatic conditions;
- (b) To develop, for consideration by the Conference of the Parties at its eleventh session, simplified monitoring methodologies based on appropriate statistical methods, to estimate or measure the actual net greenhouse gas removals by sinks; as appropriate, the Executive Board may indicate different methods for different types of afforestation and reforestation project activities and propose default factors, if any, to facilitate the estimation or measurement of actual net greenhouse gas removals by sinks;

(Note: In considering paragraph 3 below, Parties need to clarify the role of the secretariat, bearing in mind that the secretariat is to service the CDM Executive Board).

3. [*Requests* the secretariat, subject to the availability of supplementary funding:

- (a) To facilitate the exchange of information on the measures undertaken under this decision;
- (b) To develop web-based tools for small-scale afforestation and reforestation project activities to assist in project development, including small-scale forestry options and their quantified carbon sequestration potential, satellite/aerial images, carbon assessment models and market information for these project activities;
- (c) To organize regional workshops, in collaboration with relevant international organizations and institutions, to facilitate the development and implementation of small-scale afforestation and reforestation project activities under the clean development mechanism;]

4. [*Encourages* host Parties to establish, at the national and subnational levels, measures to facilitate the implementation of small-scale afforestation and reforestation project activities, such as linking small-scale afforestation and reforestation project activities to sustainable development and poverty reduction strategies;]

5. [*Invites* Parties to provide support for those project participants interested in coordinating the submission of several small-scale afforestation and reforestation project activities with a view to reducing the costs of validation and verification by designated operational entities;]

6. [*Invites* Parties included in Annex I to provide [all the necessary] assistance to host Parties for:

- (a) The application of the simplified modalities and procedures contained in the annex to this decision and for the implementation of small-scale afforestation and reforestation project activities under the clean development mechanism;

- (b) The application of designated operational entities from Parties not included in Annex I;]

7. [[*Invites*] [*Encourages*] relevant multilateral agencies, intergovernmental organizations and non-governmental organizations:

- (a) To formulate, develop and implement programmes to support capacity-building activities to assist low-income communities and individuals in the development and implementation of small-scale afforestation and reforestation project activities;
- (b) In coordination with the UNFCCC, to establish an on-line engine for the technical step-by-step assistance in the formulation of small-scale afforestation and reforestation projects.]

(Note: In considering paragraph 7 (b) above, Parties may wish to clarify what is meant by “UNFCCC” and an “on-line engine”).

8. *Recommends* that 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

Simplified modalities and procedures for small-scale afforestation and reforestation project activities in the first commitment period of the Kyoto Protocol under the clean development mechanism and measures to facilitate their implementation

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), and -/CMP.1 (Modalities and procedures for afforestation and reforestation project activities under the CDM in the first commitment period of the Kyoto Protocol),

Cognizant of decisions 11/CP.7, 15/CP.7, 17/CP.7, 21/CP.8, 18/CP.9 and its annex II, 19/CP.9 and -/CP.10 (Simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism and measures to facilitate their implementation),

1. *Adopts* the simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol as contained in the annex¹ below;

2. *Invites* the Executive Board to review the simplified modalities and procedures for small-scale afforestation and reforestation project activities and, if necessary, make appropriate recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

3. *Invites* the Executive Board to review the measures to facilitate the implementation of small-scale afforestation and reforestation project activities referred to in decision -/CP.10 (*Simplified modalities and procedures for small-scale afforestation and reforestation project activities under the clean development mechanism in the first commitment period of the Kyoto Protocol and measures to facilitate their implementation*) and, if necessary, make appropriate recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

¹ A draft negotiating text for this annex is contained in document FCCC/SBSTA/2004/6/Add.1, chapter I.