



## GÖTEBORG UNIVERSITY

### To the UNFCCC Secretariat

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***Views on the implication of possibly changing the limit established for small-scale afforestation and reforestation clean development mechanism project activities***

To increase the limit for SSC AR CDM to 30 000 tCO<sub>2</sub>eq./year, which follows the recent development for small-scale energy CDM projects (type III), is a good and reasonable suggestions. The AR projects presently have significant disadvantages compared to energy related projects under the simplified modalities and procedures of the CDM.

The suggested change would allow for an increase number of potential SSC AR projects to use the simplified methodology, which would lead to a lower percentage of transaction costs compared to revenues, for larger SSC AR projects and possibly more AR projects would be initiated.

BUT

Note that changing this limit will not make AR CDM sequestering below 8 000 tCO<sub>2</sub>eq./year more economically feasible. Compared to large-scale projects, the small-scale forest projects commonly lead to more local benefits that is important for local acceptance (Palm et al, 2006), employment, involvement (Ostwald and Baral, 2000) and availability of non-timber forest products (Murdiyarso and Skutsch 2006), which has implications for the long-term success of a forest project. Long-term success has in turn co-benefits, such as decreased erosion,

increased soil productivity and soil moisture (Lal 2004). As pointed out in the proposal (Schlamadinger et al., 2006), the poor communities are possible winners with an increased limit since the average net income is increasing, leading to stronger economic incentives to host AR projects over several years.

On the other hand, with the increased limit the risk of over-looking small and local initiatives will increase. Therefore, the introduction of an increased limit should be accompanied with measures to improve the conditions for small and local-scale AR CDM under this new limit.

We propose two alternatives for consideration in association with the development of an increased limit for AR CDM activities:

- i) Promote bundling to lower the percentage of transaction costs compared to the revenues in order to stimulate small and local-scale AR CDM and hence increase local benefits.
- ii) We suggest that the Secretariat investigates the possibility of a sub-level of small-scale AR CDM with further simplified modalities and procedures and hence lower costs and quicker returns.

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