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Item 12(b) of the provisional agenda

Methodological issues under the Kyoto Protocol

**Land use, land-use change and forestry under Article 3, paragraphs 3 and 4,
of the Kyoto Protocol and under the clean development mechanism**

**Views on issues relating to modalities and procedures for
applying the concept of additionality**

Submissions from Parties and admitted observer organizations

1. The Subsidiary Body for Scientific and Technological Advice (SBSTA), at its thirty-eighth session, agreed to continue, at SBSTA 39, its consideration of issues relating to modalities and procedures for applying the concept of additionality, with a view to forwarding a draft decision on that matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) for adoption at CMP 9.¹
2. The SBSTA invited Parties and admitted observer organizations to submit to the secretariat, by 2 September 2013, their views on the issues referred to in paragraph 1 above, and requested the secretariat to compile those submissions into a miscellaneous document for consideration at SBSTA 39.²
3. The secretariat has received four such submissions from Parties. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced* in the languages in which they were received and without formal editing.³
4. There have been no submissions received from admitted observer organizations.

¹ FCCC/SBSTA/2013/3, paragraph 145.

² FCCC/SBSTA/2013/3, paragraph 146.

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

³ Also available at <unfccc.int/5901>.

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* This submission is supported by Albania, Bosnia and Herzegovina, Iceland, Montenegro, Serbia and the former Yugoslav Republic of Macedonia.

**China's Submission on the Issues Related to the Agenda
Item on LULUCF under SBSTA**

In response to the call from SBSTA37 and SBSTA38 in its respective conclusions for submissions on views of **the issues** related to comprehensive accounting of anthropogenic emissions by sources and removals by sinks from land use, land use change and forestry (LULUCF), **the issues** related to modalities and procedures for alternative approaches to addressing the risk of non-permanence under the clean development mechanism (CDM), **the issues** related to modalities and procedures for possible additional LULUCF activities under the CDM and **the issues** related to modalities and procedures for applying the concept of additionality, China welcomes this opportunity and would like to submit the following views as preliminary inputs for stimulating further discussions on these issues.

A. the issues related to a more comprehensive accounting of anthropogenic emissions by sources and removals by sinks from land use, land use change and forestry (LULUCF), including through a more inclusive activity-based approach or a land-based approach, as referred to in decision 2/CMP.7, paragraph 5

1. At current stage, China suggests "a more comprehensive accounting approach" be understood as either a more inclusive activity-based approach or a land-based approach. It should be an inclusive approach that gives due consideration of different national circumstances, and fits into the existing national data collection system. The accounting of emissions or removals from direct human-induced activities and actions should be the general focus of the chosen approach, which should also explore the possibility to cover as many activities as possible including those of lands, pools and gases. On the other hand, if the land-based approach is to be taken, Parties should further consider whether or not to exclude the natural disturbances happened on managed land from accounting since the anthropogenic greenhouse gas emissions and removals by sinks are defined as all those occurring on "managed land" and the "managed land" is taken as a proxy for anthropogenic effects.

2. It is important for Parties to form a common understanding of the definition and a common recognition of the pros and cons of the chosen approach. It is also beneficial for Parties to share experiences and lessons in the application of accounting rules from the practice of the Kyoto Protocol, as defined in Decision 16/CMP1, and in the application of the IPCC guideline and guidance for reporting GHG under the Convention.

3. China thinks, in addition to the accounting principles as defined in Decision 16/CMP, the final approach on a more comprehensive accounting shall:

- a) Be as simple as possible;
- b) Incentivize the sustainable management of land use and forest resource in the changing landscape;
- c) Maximize the mitigation potential of LULUCF;
- d) Improve data collection and availability and methodologies;

- e) Maintain the consistency and comparability between the reporting under the Convention and the Kyoto Protocol, as well as the reporting and accounting between the first and second commitment periods of the Kyoto Protocol;
- f) Contribute to cost reduction in the accounting process;
- g) Enhancing the synergy of mitigation and adaptation in LULUCF;
- h) Avoid potential loopholes.

4. Considering the fact that this agenda item was mandated by the CMP7 in Durban, South Africa, all related issues under this agenda item should be addressed in the context of the Kyoto protocol. Any prejudgment or attempt to apply the "more comprehensive accounting" to other broader context, e.g. the ongoing negotiations for 2020 onward, will only hamper the current discussion of relevant technical issues and thus shall be avoided. As the advisory body to the UNFCCC, SBSTA should follow the mandate from CMP7 and focus its discussion on relevant technical issues and eventually provide recommendations to the COP/CMP with firm and confident conclusions reached under such discussion.

B. the issues related to modalities and procedures for alternative approaches to addressing the risk of non-permanence under the clean development mechanism (CDM), in accordance with decision 2/CMP.7, paragraph 7

1. The current approach for addressing the risk of non-permanence under CDM is by issuing tCER or ICER, which China does not consider as a perfect solution since it has dramatically limited market demand on carbon credits from AR activities under the CDM. An effective approach shall increase the fungibility and value of credits generated from the eligible activities under the CDM.

2. The global voluntary carbon market has provided several existing approaches that may be considered as alternatives to address non-permanence issues under the CDM, including buffer, insurance, country guarantee, buffer backed by insurance, buffer backed by country guarantee, and insurance fund. China suggests that Parties can assess all these approaches in comparison with tCER and ICER, and allow those host countries involved with eligible LULUCF activities under the CDM to choose its own alternative approach based on its specific national circumstances.

3. China believes a fair approach should be established in non-permanence risk-sharing between Annex I parties and non-Annex I Parties. The current implementation of the CDM A/R project has put almost all responsibilities of reversal of carbon sequestered in CDM A/R project on developing countries, which should be corrected in a timely manner and avoided in the future.

4. To address the risk of non-permanence, China suggests that a basic risk rate could be used as a benchmark to assess the potential risk of non-permanence in identified eligible LULUCF projects under the CDM before the commencement of a project. Namely, if the potential risk in the presumed project exceeds the pre-calculated basic risk rate, the project should not be allowed to implement or a specific guarantee must be provided.

5. It is presumed that a well-designed project with effective participation of local effectively reduce the risk of non-permanence. Therefore, as an important step in initiating an eligible LULUCF project, it is important to first identify presumed project area with lower risk of non-permanence. However, since force majeure has been integrated into the accounting rules of LULUCF activities in the second commitment period, the risk of non-permanence or unintentional loss of carbon caused by force majeure may be tackled

separately by applying similar concept and methods of carbon equivalent forests as defined in Decision 2/CMP.7.

6. After a confident and reliable alternative approach is identified to address the risk of non-permanence, CERs generated from an eligible LULUCF project, such as CDM A/R, can be then regarded as permanent and fully fungible in the carbon market under the Kyoto Protocol.

7. It should be cautioned that an effective monitoring plan for the presumed project should be carefully designed and implemented throughout the project period, regardless of the alternative approaches to be taken. The insurance of carbon credit should be based on the final outcomes of the practical monitoring in the field.

C. the issues related to modalities and procedures for possible additional LULUCF activities under the CDM

China believes that it is important for eligible LULUCF activities under CDM in the second commitment period of the Kyoto Protocol to focus on afforestation and reforestation activities. Currently, the potentials of CDM A/R have not been fully realized, and the market demand on CERs in the second commitment period of the Kyoto Protocol is very limited due to weak emission reduction targets committed by Annex I parties. China is open to discussions on additional eligible LULUCF activities, such as forest management and revegetation under the CDM. In general, additional LULUCF activities under the CDM in the second commitment period of the Kyoto Protocol should follow the *Modalities and Procedures for Afforestation and Reforestation Project Activities under the Clean Development Mechanism in the First Commitment Period of the Kyoto Protocol* in Decision 5/CMP.1, except new alternative approaches to addressing the risk of non-permanence adopted.

D. the issues related to modalities and procedures for applying the concept of additionality

The concept of additionality has been addressed in the LULUCF accounting rules adopted, especially in rules adopted for guiding the implementation of the eligible LULUCF activities under the CDM and JI. Thus, China sees no necessity to discuss it again.

This submission is supported by Albania, Bosnia and Herzegovina, Iceland, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia.

Vilnius, 12 September 2013

**Subject: Land use, land-use change and forestry under Article 3, paragraphs 3 and 4 of the Kyoto Protocol and under the clean development mechanism (SBSTA)
Views on issues relating to modalities and procedures for applying the concept of additionality**

At its 37th session, the SBSTA invited Parties to submit views on issues relating to modalities and procedures for applying the concept of additionality. The EU welcomes the opportunity to submit its views on this topic.

The EU notes that additionality, in the context of the Kyoto Protocol, is only required in the context of Articles 6 and 12 of the Kyoto Protocol, and the concept is not required in relation to Annex I Parties. Despite this, the EU believes that the concept of additionality is adequately considered in land use, land use change and forestry (LULUCF) accounting rules for developed and developing countries, with existing rules¹ applicable up to 2020 in the Kyoto framework.

In EU's view, there is no need for new or additional modalities and procedures for applying this concept to LULUCF activities neither in Annex I Parties, nor under the CDM, for the second commitment period of the Kyoto Protocol.

LULUCF is a crucial part of the calculation of QELROs, and Parties did their best efforts to agree LULUCF rules before targets to avoid uncertainties in these calculations. The EU is of the view that opening discussions on possible amendment to the agreed rules for LULUCF accounting in the second commitment period could jeopardize the ratification processes of Annex I Parties, and could, consequently, delay the ratification processes to the Kyoto Protocol.

The EU therefore requests the closure of the work programme to develop and recommend modalities and procedures for applying the concept of additionality, as this is not an issue that requires further consideration in this SBSTA agenda item, and will create serious problems for Annex I Parties in their ratification of the second commitment period. Any new concepts for accounting related to the land use sector in the context of the post-2020 agreement should be considered in the ADP discussions or incorporated into the work programme on more comprehensive accounting framework for LULUCF.

¹ Decisions 2/CMP.7, 3/CMP.1, 5/CMP.1 and 6/CMP.1

Submission by Nepal on behalf of the Least Developed Countries Group with respect to Modalities and Procedures for Applying the Concept of Additionality as called for in FCCC/SBSTA/2013/L.5

Nepal, on behalf of the Least Developed Countries Group (LDC Group), offers the following views with respect to modalities and procedures for applying the concept of additionality as called for in FCCC/SBSTA/2013/L.5 para 5.

The concept of additionality has been well established within the context of the Clean Development Mechanism (CDM). In essence, it refers to actions that have been taken to reduce anthropogenic emissions of greenhouse gases by sources or the enhancement of sinks that are in addition to those that would have occurred in the absence of the registered CDM project activity. This is generally measured against a business as usual baseline.

In the context of land use, land-use change and forestry (LULUCF) activities undertaken by Annex I Parties in the context of Article 3.4, the concept of additionality has particular relevance for the setting of reference levels for the accounting of forest management in the second and subsequent commitment periods. As Parties agreed in Decision 2/CMP.7, forest management would be based on the establishment of reference levels.

In the footnote to paragraph 12 of the Annex to Decision 2/CMP.7 there is reference to the requirement to take into account "...(c) forest management activities already undertaken". This is where the concept of additionality should apply. It is our view that Annex I Parties may not account for business as usual activities. They need to clearly demonstrate in a verifiable manner that activities accounted for under forest management are in addition to a business as usual scenario. Such information should be indicated in National Inventory Reports.

In its ongoing work SBSTA may need to give guidance on how Annex I Parties would report on their achievement of additionality as required under Decision 2/CMP.7. SBSTA should undertake this work rapidly to ensure that there is no undue delay in the implementation of the second commitment period.

Взгляды и предложения в соответствии с документом Вспомогательного органа по научным и техническим аспектам, 38ой сессии, по Землепользованию, изменению землепользования и лесному хозяйству в рамках статьи 3, пунктов 3 и 4 Киотского протокола и механизмов чистого развития (FCCC/SBSTA/2013/L.5, параграф 8)

Российская Федерация выражает признательность в возможности представления своих взглядов и предложений по вопросам, касающимся условий и процедур для применения концепции дополнительного характера, согласно параграфу 10 решения 2/СМР.7.

В соответствии с параграфом 10 решения 2/СМР.7 ВОКНТА необходимо «начать программу работы для разработки и рекомендации условий и процедур применения концепции дополнительного характера в целях препровождения проекта решения по этому вопросу Конференции Сторон, действующей в качестве совещания Сторон Киотского протокола, для его принятия на ее девятой сессии».

В этой связи Российская Федерация считает необходимым отметить следующее:

- содержание «концепции дополнительного характера» никогда не обсуждалось в течение предыдущих переговорных сессий и не было разъяснено предложившей ее Стороной;
- окончательный вариант решения 2/СМР.7 не рассматривался Сторонами на седьмой сессии совещания Сторон Киотского Протокола (28.11-11.12.2011, Дурбан) по отдельным параграфам(в частности, параграф 10) и был принят в качестве целого пакета решений. Однако Приложение к данному решению в значительной мере отражает консенсус мнений Сторон по всем вопросам, связанным с определениями, условиями, правилами и руководящими принципами для отчетности в ходе второго периода действия обязательств по сектору ЗИЗЛХ.

Учитывая полноту охвата согласованных правил и принципов отчетности для второго периода выполнения обязательств (содержащимся в Приложении к решению 2/СМР.7) и крайний дефицит времени до начала этой отчетности Российская Федерация не видит необходимости никаких дополнительных подходов, за исключением рассмотрения дополнительных видов деятельности по сектору ЗИЗЛХ для включения в механизмы чистого развития.

Submission in accordance to document of Subsidiary Body for Scientific and Technological Advice, 38th session, Land use, land-use change and forestry under Article 3, paragraphs 3 and 4, of the Kyoto Protocol and under the clean development mechanism (FCCC/SBSTA/2013/L.5, paragraph 8)

Russian Federation acknowledges the possibility to submit its views on issues relating to modalities and procedures for applying the concept of additionality in accordance to paragraph 10, decision 2/CMP.7.

Consistent with paragraph 10, decision 2/CMP.7, SBSTA is invited “to initiate a work programme to develop and recommend modalities and procedures for applying the concept of additionality, with a view to forwarding a draft decision on this matter to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for adoption at its ninth session”.

In this context Russian Federation considers necessity to highlight following:

- a substance of “concept of additionality” has never been discussed by Parties during previous negotiation sessions nor has been explained by proposed it Party;
- the final version of decision 2/CMP.7 has not been considered on “paragraph by paragraph” base by Parties (particularly paragraph 10) during Seventh session of Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (28.11-11.12.2011, Durban) and has been adopted as a whole package of decisions. However the Annex to decision 2/CMP.7 to the great extend captures overall consensus achieved among Parties on issues related to definitions, modalities, rules and guidelines relating to land use, land-use change and forestry activities for reporting within the second commitment period.

Taking in to account a complete coverage of agreed rules and principles for reporting and accounting during the second commitment period (as contained in the Annex to decision 2/CMP.7) and due to extreme limit of the time until beginning of that reporting, Russian Federation does not see a necessity in any additional approaches with exception for additional LULUCF activities to be included in clean development mechanism.
