

Submission by:

**Cambodia, Cameroon, Costa Rica, Democratic Republic of Congo,
Dominican Republic, Ecuador, Gabon, Ghana, Guyana, Myanmar,
Mexico, Papua New Guinea, Vietnam**

Subject:

- **Other issues arising from the implementation of the work programme of the Ad Hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol - Land use, land-use change and forestry;**

Call for Environmental Integrity

The above referenced Parties believe that for the following reasons the present LULUCF rules significantly erode the environmental integrity of the efforts made by Parties included in Annex B to fulfill their quantified emission limitation and reductions commitments under Article 3 of the Kyoto Protocol and compromise global efforts to achieve the ultimate objective of the Convention:

1. Parties included in Annex B are allowed to opt out of Article 3.4 of the Kyoto Protocol thereby avoiding to report on a significant portion of anthropogenic fluxes of greenhouse gases generated from their national territory. Indeed, Parties included in Annex B are required to report only anthropogenic fluxes of greenhouse gases from afforested/reforested and deforested areas (less than 1% of Annex B Parties total area);
2. Parties included in Annex B applying Article 3.4 are allowed to 'cherry pick' areas and activities for reporting within their national boundaries, thereby they are free not to report on land areas that are sources of emissions and report on areas where removals can be achieved. All the while incentivizing the leakage of emission from reported areas to excluded areas;
3. The bioenergy is accounted for with zero CO₂ emissions, so that Parties included in Annex B formally reduce their emissions increasing the production of bioenergy by depleting their carbon

stocks in lands not accounted for. This holds true although the total balance of anthropogenic emissions by sources and removals by sinks generated within the national boundaries shows a surplus of emissions due to the decrease in carbon stocks in those lands excluded from the accounting.

4. Methods to assess area and carbon stock changes in the context of mitigation measures exist and are continuously improving. Nevertheless, a common paradigm when mitigation options are promoted within the LULUCF sector is that high uncertainties in input data may seriously undermine the credibility of the estimates. This raises the issue of comparability of estimated emissions reductions / removals enhancements achieved in the LULUCF sector with those achieved under other sectors.

Considering those points, the above referenced Parties believe that Option A has three main threats to the environmental integrity of the Kyoto Protocol due to the ability of Parties to select portions of their national land for accounting as occurs with present rules. These threats are summarized in the following points:

1. the displacement of emissions from accounted areas to areas excluded from the accounting and from accounted sectors, such as bioenergy, to the unaccounted LULUCF;
2. the exclusion of sources from the accounting, by which the contribution of the LULUCF sector in emissions offsetting results higher than the true reduction in anthropogenic net emissions by the sector;
3. the generally higher uncertainty of estimates of LULUCF sector which raises the issue of comparability of achieved emissions reductions and removals enhancements of other sectors.

The displacement of emissions

Under the Kyoto Protocol, an incomplete accounting raises the issue of the displacement of emissions out of the boundary of the accounted set. Indeed, the reduced emissions accounted for a reported project or activity can be the result of a mere displacement of the source of the emission out of the boundary of that project or activity. Under Option A,

Parties are allowed to exclude from the accounting entire land uses or relevant portions of a land use (e.g. forest management could not coincide with forest land use). Moreover, Parties can achieve emissions reductions in the energy sector by overexploitation of their wooden carbon stocks so resulting in an overall reduction of accounted emissions because of the exclusion of the lands from the accounting (e.g. not electing forest management).

Therefore, the above referenced Parties want to add the following new paragraph in section "E. General" of Option A that addresses the displacement of emissions from forest land (18bis) and on other lands (18ter):

18bis. In case of anthropogenic greenhouse gas emissions by sources and removals by sinks on forest land are not completely accounted for because of no election of forest management or no coverage by elected LULUCF activities of the whole national area of forest land, anthropogenic emissions by sources and removals by sinks from land use, land-use change and forestry activities shall be adjusted for displacement of emissions. Displaced emissions are the anthropogenic greenhouse gas emissions by sources which occur in forest land and could be the consequence of reduction in emissions reported under an accounted category, as the biomass fuel combustion in the energy sector or the forest management in the LULUCF sector.

Moreover, the following definition of 'forest land', same as that reported under Option B, shall be added to Option A:

"Forest land" includes all land with woody vegetation which falls under the definition of forest;

18ter. For each reported LULUCF activity Parties included in Annex B shall report as leakage carbon stocks decreases and non-CO₂ emissions caused by the relevant activity out of its geographical boundaries during the commitment period. Carbon stocks decreases and non-CO₂ emissions shall not be reported as leakage in the case that they occur on lands reported under another LULUCF activity.

The over-offsetting of emissions

Under the Kyoto Protocol reductions in emissions obtained in a sector/activity/project can be used for offsetting the excess in emissions

reported under other sectors. Option A of Document FCCC/KP/AWG/2009/10/Add.3/Rev.1 allowing Parties included in Annex B to exclude anthropogenic sources of emissions results in an unbalanced accounting of anthropogenic emissions and removals under the LULUCF sector with the consequent issuance of a quantity of RMUs higher than due. Those undue credits may then be used by Parties to offset excesses of emissions reported under other sectors thus infringing the environmental integrity of the Kyoto Protocol.

To solve such threat paragraph 21*ter*- has been added to Option A but legal text still needs to be elaborated. Therefore, the above referenced Parties submit the following text to be considered under paragraph 21*ter* of Option A:

21*ter* For the second commitment period, the total of additions to a Party's assigned amount resulting from land use, land-use change and forestry following provisions set out in the Kyoto Protocol and in decision X/CMP.X (*former 16/CMP.1*) and in other relevant decisions of the Conference of the Parties serving as the meeting of the Parties shall not exceed X% of its quantified emission limitation and reduction commitment inscribed in Annex X (*former Annex B*).

The comparability of achieved reductions in emissions and enhancements in removals

The common metric system^[1] used under the UNFCCC is a robust and efficient instrument which deals with all potential national circumstances allowing countries to provide the best estimate for each reported variable i.e. the mean and its uncertainty. However, in accounting only the mean is used.

An instrument to deal with the issue of comparability is to use in accounting for an estimated variable a value determined by the reported mean and its uncertainty. The new value would be selected by applying the so-called **conservativeness principle**. Such principle is already present in the accounting provisions^[2] of the Kyoto Protocol although it has not yet been fully developed.

The conservativeness principle can be expressed as follows: when a standard level of uncertainty cannot be achieved for any given estimate, in order to avoid over-estimating credits and under-estimating debits, a

respectively lower or higher value than the one reported should be used for accounting.

Indeed, undesired unbalances in accounting arise only^[3] when: the reported emissions reduction / removals enhancement over-estimates the true one (in this case the conservative value would be lower than the one reported); and when the reported increase in emissions / decrease in removals under-estimates the true one (in this case the conservative value would be higher than the one reported).

Applying conservativeness would then require defining an acceptable maximum level of uncertainty (e.g. 10%), at a given confidence interval (e.g. 95%); if the uncertainty of a reported estimate is higher than the defined maximum level a new value for that estimate is then calculated. Doing so, it is possible to significantly increase the comparability of the accounted reductions in emissions / enhancements in removals and increases in emissions / decreases in removals in a straightforward and replicable manner. (see Annex I)

To fully implement the conservativeness principle in the accounting procedure, a few additional paragraphs should be added to the section of the negotiating text on LULUCF; a draft proposal is hereby provided.

Definitions:

X). emissions reduction or removals enhancement means that the reported level during the assessment period^[4] is lower than the reference level and is calculated subtracting the reference-level quantity from the quantity reported for the assessment period. [In the case of Afforestation, Reforestation, Deforestation and Forest management a zero value is assumed as reference level].

Y). increase in emissions / decrease in removals means that the reported level during the assessment period³ is higher than the reference level and is calculated subtracting the reference-level quantity from the quantity reported for the assessment period. [In the case of Afforestation, Reforestation, Deforestation and Forest management a zero value is assumed as reference level].

General:

22). In accounting for a land use, land use change and forestry [category][activity]:

- the reported emissions reduction or removals enhancement can be accounted for when the negative uncertainty, at a given confidence interval (e.g. 95%), is above *an acceptable level (e.g. 10%)*.**
- the reported increase in emissions or decrease in removals can be accounted for when the positive uncertainty, at a given confidence interval (e.g. 95%), is below *an acceptable level (e.g. 10%)*.**

In case that the uncertainty of the reported estimate is higher/larger than *the acceptable level*, then the reported value of the estimate shall be replaced in accounting by a newly calculated value which reduces either the positive or the negative uncertainty. Such a value has to be calculated according to relevant methodological guidance to be provided by the Conference of the Parties serving as Meeting of the Parties, on the basis of the advice received from the Subsidiary Body for Scientific and Technological Advice, including the use of most recent relevant IPCC guidelines.

22 bis). A Party in accounting for emissions reduction / removals enhancement or increases in emissions / decreases in removals from a land use, land use change and forestry [category][activity] which has been included in the calculation of its assigned amount pursuant to Article 3, paragraphs 7 and 8, shall add the value accounted for that [category][activity] within the assigned amount to the value calculated in accordance to paragraph 1 above, the resulting value being added to the aggregate anthropogenic carbon dioxide equivalent emissions of greenhouse gases of the Party.

Annex I

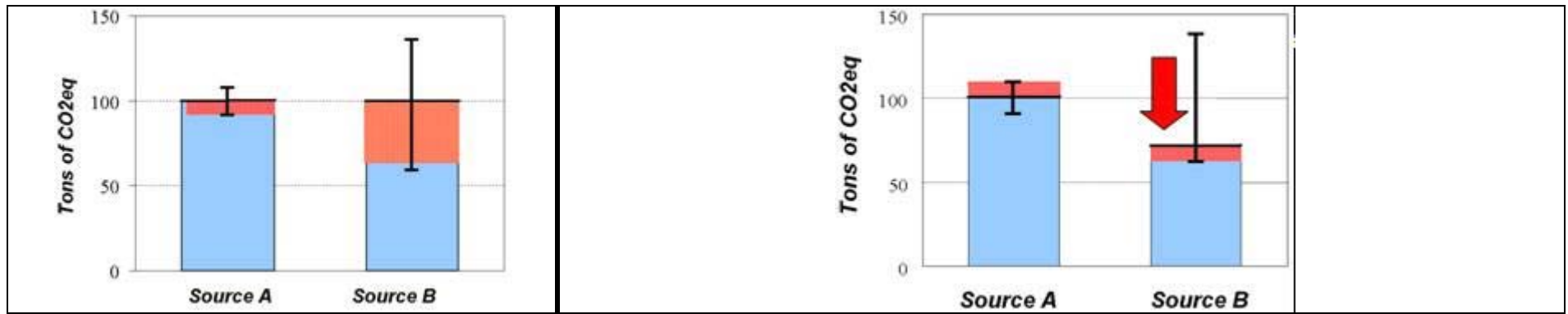


Figure 1. On the left, comparison between estimated values of emissions reduction for sources A and B: the bar indicates the estimate's uncertainty and the shadowed area indicates the potential over-estimation. On the right, the estimated value of emissions reductions from source B has been moved downward in order to make the two estimates comparable in terms of potential over-estimation.

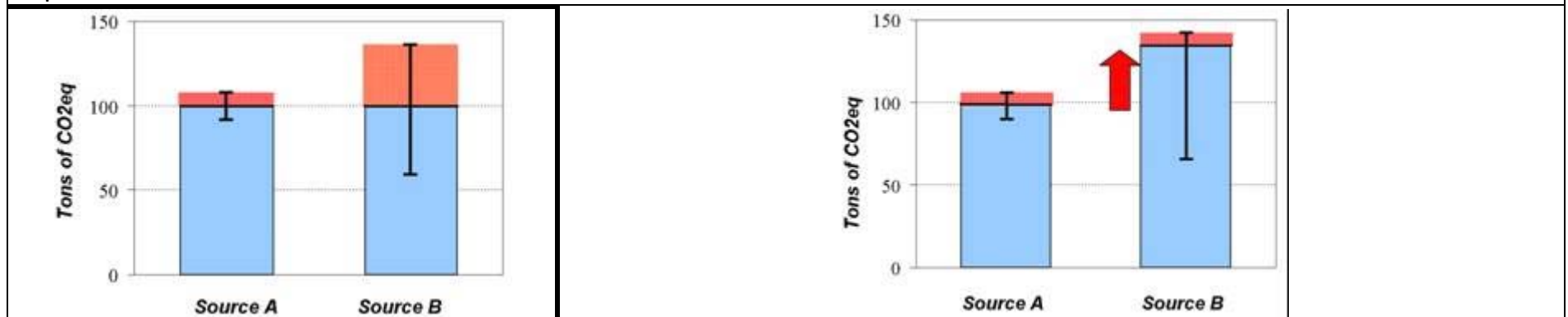


Figure 2. On the left, comparison between estimated values of increase in emissions for sources A and B: the bar indicates the related uncertainty and the shadowed area indicates the potential under-estimation. On the right, the estimated value of increase in emissions from source B has been moved upward in order to make the two estimates comparable in terms of potential under-estimation.

Estimates of emissions reduction (figure 1) and increase in emissions (figure 2) for two different sources A and B are compared. Although the reported value for the two estimates is equivalent (100), the uncertainty described by the bar is significantly larger for source B (10% and 40% for A and B respectively). With current rules, the accounting of both sources can deliver the same amount of credits/debits even if for source B the potential over- or under-estimation (the shadowed area) of tons of CO₂eq is considerably greater than for source A. Applying conservativeness to the present cases and having set the acceptable uncertainty to 10%, the newly calculated value for the B estimate is:

- For reductions in emissions (Figure 1) lowered to a value determined by equaling the potential over-estimation for A and B sources. In other words, the potential over-estimation in B is reduced, moving the accounted value toward the lower bound of the uncertainty level, to match the size of the potential over-estimation in A.
- For increases in emissions (Figure 2) increased to a value determined by equaling the potential under-estimation for both A and B sources. In other words, the potential over-estimation in B is reduced, moving the accounted value toward the higher bound of the uncertainty level, to match the size of potential over-estimation in A.

^[1]Informed by UNFCCC and IPCC guidelines

^[2]E.g. adjustment procedure, paragraph 21 of Decision 16/CMP.1

^[3]In the other case, a lower amount, than that which would have been issued by accounting the true value, would be issued so giving chance to access smaller financial incentive than that which the true value would ensure.

^[4]I.e. The whole commitment period or a year of the commitment period.

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