



## **SUBMISSION BY GREECE AND THE EUROPEAN COMMISSION ON BEHALF OF THE EUROPEAN UNION AND ITS MEMBER STATES**

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

Athens, 27 February 2014

**Subject: Views on specific possible additional land use, land-use change and forestry activities and specific alternative approaches to addressing the risk of non-permanence under the clean development mechanism.**

The EU welcomes this opportunity to submit its views on specific possible additional LULUCF activities under the CDM and specific alternative approaches to addressing the risk of non-permanence under the CDM, to be included in the consideration of modalities and procedures for possible additional LULUCF activities under the clean development mechanism (CDM) and modalities and procedures for alternative approaches to addressing the risk of non-permanence under the CDM. This invitation for submitting views has been included in document FCCC/SBSTA/2013/3, paragraph 143 and document FCCC/SBSTA/2013/L.26, paragraph 5.

The EU is of the view that any amendments to CDM LULUCF projects have to be considered as part of and in relation to the overall CDM review, the LULUCF accounting rules, the “Warsaw Framework for REDD+”, and other issues related to mitigation being discussed in the UNFCCC arena (NAMAs, new market mechanisms, non-market approaches,...). It is important to recognize that there is a significant “gap” in mitigation objectives, and consequently, the international carbon market is negatively impacted by problems related to the imbalance between demand and supply. In addition to this, much of the focus during last years has been on progressing in mitigation options at broader scales than project level, in particular, and in relation to LULUCF, REDD+ has been the main focus of attention.

With regard to the longer term perspective, those discussions should also be seen in the context of the potential treatment of the land use sector in the 2015 Agreement.

### **1. Background**

Since Parties started the discussions on the rules for the second commitment period of the Kyoto Protocol, the possibility of including new LULUCF activities under the CDM and revisiting the approach to address the non-permanence of the carbon stocks in these projects has been present. In Durban (2011), the COP/MOP requested the SBSTA to initiate two work programmes: the first one to consider and, as appropriate, develop and recommend modalities and procedures for possible additional LULUCF activities under the CDM, and a second one to consider and, as appropriate, develop and recommend modalities and procedures for alternative approaches to addressing the risk of non-permanence under the CDM.

In the EU's view, the information on possible new activities and on alternative approaches to addressing non-permanence provided by Parties until now is not yet detailed enough to assess the implications of possible inclusion of those new activities or the effects of applying alternative approaches for non permanence. The absence of the workshop on these topics mandated by SBSTA in June 2013 to be held before or in conjunction with SBSTA 39, to address the possible additional LULUCF activities and alternative approaches to addressing the risk of non-permanence under the CDM, has not helped Parties to exchange views.

In Warsaw (SBSTA 39, 2013) Parties had the chance to see some last minute submissions that were more detailed than previous ones, revealing that there could be opportunities for detailed technical discussions on specific activities and approaches for non-permanence.

On this basis, the EU considers that it would be worthwhile to leave the opportunity for discussion open with a view to hearing concrete proposals from other parties having in mind that, as stated in the past, the EU is not seeking the expansion of the LULUCF project activities under the CDM.

This submission contains principles and necessary information that, in the EUs view, are the minimum requirements for analysing the proposals on potential new activities as well as on alternative methods for addressing non-permanence.

## **2. Principles that should govern the LULUCF projects in CDM**

It is the EU position that certain principles should guide LULUCF project activities under the CDM, and that they need to be taken into account when discussing possible new activities or alternative approaches for non permanence in relation with this type of projects. These principles include the following:

- All the existing principles and provisions governing CDM (3/CMP.1), and A/R CDM project (5/CMP.1), including those stating that emissions and removals to be accounted for shall be additional to those that would have happened in the absence of the project activity and that leakage has to be addressed and accounted in timely manner
- Clear rules for long term liabilities of removals and emission reductions achieved via the project activity (clear linkage to non-permanence discussions)
- Benefits related to the mitigation of climate change must be real, measurable, and long-term
- Robust and practical rules and methodologies aimed to facilitate engagement of all countries in the CDM, in particular Least Developed Countries
- Coherence with the political framework for REDD+ and the ability to integrate any relevant CDM LULUCF activity in this framework should be guaranteed, while avoiding any double counting
- Policies in the LULUCF sector are often directed to fulfil basic societal needs (e.g. food security, fuel supply, employment). For this reason the EU supports the development of principles, comparable to those referred to in paragraph 2 of appendix I to decision 1/CP.16 (REDD+ safeguards).
- Respect and conservation of natural forests and biological diversity, as well as other environmental safeguards – also comparable to those referred to in paragraph 2 of appendix I to decision 1/CP.16 (REDD+ safeguards) – should also be considered



- Contribution to sustainable development and avoidance of perverse incentives must be guaranteed.

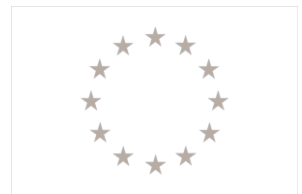
Any proposal of new activities or approaches to address non-permanence should explain how these principles are respected.

### **3. Information needed to analyse possible New LULUCF Activities under the CDM**

As mentioned before, with current rules, only afforestation and reforestation are eligible as LULUCF activities under the CDM.

The EU believes that, in order to have sufficient information available to assess the proposals on possible new activities that could be presented, these proposals should contain, at least, the following information:

- Description of activities, including
  - Baseline scenario: current activities and management practices and the present environmental and social conditions of the areas concerned by the proposed activities in the countries/regions/areas where the activity could take place
  - New activities scenario: management changes proposed and environmental and social impacts of the proposed activities
  - Specify requirements for land eligibility for the proposed activities (how and why the project area would be selected)
  - How do the proposed activities improve sustainable land management
  - Possible leakages and how to minimize them
  - Duration and suggested crediting period of the foreseen projects
- Additionality:
  - the information should explain when projects under new activities are considered to be additional:
  - What is the range of increased sequestration/reduced emissions annually resulting from the proposed activities over the lifetime of the projects
- Scale of activities proposed (small project; normal project; programme of activities; all sector/national)
- Methodologies for monitoring of activities, including pools, gases, timing, etc.
- Risks related to non-permanence of the specific proposed activities
- Impacts: possible social and environmental impacts and ways to reduce/mitigate them.
- Information on the expected co-benefits and perverse incentives that can derive from proposed activities



#### **4. Information needed to analyse possible new approaches for non-permanence**

The EU recognizes the existence of advantages and disadvantages associated with the current approach and that it pursues to ensure the environmental integrity of the carbon accounting related to these projects. Alternative approaches to address non-permanence that could be proposed should, at least, improve upon the level of environmental integrity that the current approach has achieved.

The EU believes that proposals on possible alternative ways to address non permanence should explain how these proposed approaches:

- Address the risk of non-permanence in a technically sound and reliable manner, while strengthen permanence and reduce the risks of reversal
- Effectively account for the failure to achieve removals and the reversal of removals
- Ensure long term liabilities of removals and emission reductions achieved via the projects and credits issued
- Secure the integrity of the CDM mechanism.
- Promote mitigation in the land use sector in a sustainable manner, and secure the integrity of accounting.
- Avoid creating a system that transfers obligations into the future.
- Avoid negative impacts or interferences on the performance of REDD+ actions

The type of information that the EU would like to see in relation to alternative approaches to address non-permanence would include:

- who would be responsible/liable for the reversals, in particular in the longer term, and how the avoidance of these reversals is strengthen
- in case of specific requirements (buffers, insurances, etc), detailed information on how they would work
- how would the units issued under the new approach would work:
  - types of units to be generated (if new units have to be created)
  - relation with the registry (need for additional accounts, rules for retirement, expiration, etc.)
  - how to use these credits for compliance (in case there is any specific requirement)