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

Measures to facilitate the implementation of small-scale afforestation and reforestation project activities under the clean development mechanism

Submissions from accredited organizations

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. It 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 these project activities, for adoption by the COP at its tenth session. The COP invited Parties and accredited observers to submit to the secretariat, by 28 February 2004, their views on how to facilitate the implementation of small-scale afforestation and reforestation project activities under the CDM.
2. The secretariat has received 10 such submissions from Parties; these submissions can be found in document FCCC/STSTA/2004/MISC.3.
3. The secretariat has also received two submissions from intergovernmental organizations; these submissions are attached and reproduced* in the language in which they were received and without formal editing.

* 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.

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Views on

Facilitation of small-scale afforestation and reforestation projects activities under the Clean Development Mechanism

Facilitating small-scale projects by lowering transaction costs

High transaction costs are the major hurdle for small-scale forestry projects

- ❖ The simplified conditions will lower transaction costs to some extent.
- ❖ Capacity building (Donors, UN specialized agencies, CIFOR, ICRAF, IUCN and other NGO's, Bio-Carbon Fund, National Forest Programme Facility at FAO) might facilitate small-scale projects by assisting with e.g.
 - Assessment regional / national / sub national sequestration potentials
 - Assessing prerequisite efforts for national capacity, institutions, e.g. DNA;
 - Fit with and integration into National Forest Programmes
 - Mediating national stakeholder decisions about small-scale CDM
 - Fit with national legal systems
 - Awareness raising about small-scale projects
 - Regional pilot projects with dissipation
 - Contract templates by project category
 - Analysis of past A&R efforts; lessons to be learned
 - Economic feasibility of small-scale projects
 - Locating and mapping project areas; soil / site mapping
 - Rapid carbon inventory methods by local people
 - Research on parameters for easy carbon assessment
 - Extension services (Bundling, species matching, site mapping, nurseries, marketing, negotiations, project idea formulation, acquisition)
 - Micro lending
 - Baselines methods and establishment
 - training of a national DOE
 - Small-scale carbon marketing, including forest certification, fair trade etc.

Small-Scale Afforestation and Reforestation Projects: Facilitation of their Implementation

Submission by the World Bank, Carbon Finance Business*

Summary Suggestions

- 3-1** Relevant international organizations and donor countries, in coordination with the UNFCCC, should provide financial and technical assistance resources to small-scale project promoters, at the lowest cost possible and through a transparent financial mechanism, for pre-feasibility feasibility and baseline studies of small-scale A&R project activities.
- 3-2** Relevant international organizations and donor countries, in coordination with the UNFCCC, should provide means and instruments for technical assistance in formulation and monitoring of small-scale A&R project activities with IT technologies and remote sensing tools, as applicable, to these activities.
- 3-3** Relevant international organizations and donor countries, in coordination with the UNFCCC, should provide thorough training, at the adequate level, to local and regional experts, as well as to local communities involved in the implementation of projects.

Measures and means to facilitate the implementation of A & R small-scale project activities in the CDM

Paragraph 4 of Decision 19/CP.9 also asks Parties and accredited observers to submit views on “*how to facilitate*” the implementation of small-scale project activities under the CDM. These means could include any sort of assistance, from financial assistance to technical instruments that could lower transaction or operative costs for these small-scale project activities. Among these means, the following could be implemented in the remaining lead-time to implement small-scale project activities in the first commitment period:

3.1 Financial assistance for pre-feasibility, feasibility and baseline studies

The major bottleneck for the greater part of project activities, intended to be proposed to the CDM has proven to be the existence of fresh financial resources to undertake the pre-feasibility or the feasibility study, especially the resources needed for field studies and the calculation of local factors for GHG emissions and/or removals. A Fund for the provision of these resources to low-income communities implementing project activities should be established, to provide the necessary funding to finalize these studies, including the monitoring plans and the monitoring protocols derived consequently. The Fund should operate expeditiously and provide funding upon presentation of a properly developed project idea, and the tenure, use or property rights appropriate for the project in question. Therefore, the correct placing of the Fund and the resources should be discussed carefully.

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The window for the provision of these resources to small-scale projects should ideally be operated through multilateral agencies or a multilateral fund. Fresh and additional ODA should be allowed to be part of this fund, independently of the fact of other governments and agencies establishing parallel mechanisms for the same purpose.

Suggestion 3.1

Relevant international organizations and donor countries, in coordination with the UNFCCC, should provide financial and technical assistance resources to small-scale project promoters, at the lowest cost possible and through a transparent financial mechanism, for pre-feasibility feasibility and baseline studies of small-scale A&R project activities.

3.2 IT instruments for technical assistance in the formulation of small – scale A & R project activities

Sometimes, the knowledge needed for the formulation of CDM projects needs a hands-on, learning-by-doing training that allows would-be project participants to work the proposals while learning to calculate the different variables considered necessary to write a project design document. An On – line engine could be established where project designers could have a step-by-step practical guide for the formulation of small-scale projects, in which they could receive information about the type of information required, the calculations that have to be performed, and also store the project information as they progress in its formulation.

A valuable on-line service or service on request for areas where internet is not accessible would be the provision of standardized values for the average carbon uptake of certain tree species. Ideally, project proponents would only have to determine easy to monitor variables such as age, species, location and average diameter at breast height (dbh) of trees and revert to tables with default values to determine the carbon uptake of their plot.

Furthermore, In the case of the TIST project in Tanzania, project participants are provided with GPS devices to mark the position of individual trees or patches of forest. This is an example of the technical means that could be provided to project participants, in a cost-effective way, in such a manner as to reduce the operative costs of the project. On-site training in the use of these technical means could also be provided by a DOE at a very low cost.

In the same manner, software for calculations and measuring equipment could be developed to facilitate the calculations in the field, included in monitoring plans, and be transferred free of cost or at a nominal fee to project participants of project activities formally registered by the Executive Board.

Additionally, one of the most expensive, but also most effective, instruments to define a baseline for small-scale LULUCF project activities, as well as for monitoring the overall coverage of forests on the project areas, is the use of remote sensing. The resolution level of these images will have to be fine enough to clearly determine the forest cover using the forest definition adopted for SSA&R. This fine-tuning of the resolution of imagery is also expected to result in an increase of the costs of the use of this instrument by A&R projects.

Similar to the case of the on-line engine for technical assistance in the formulation of project activities, a comparable on-line engine could be established where project participants could

download satellite and/or aerial imagery applicable to the areas in which they are implementing their project activities, for a low fee or no fee¹. This could also substantially improve the cost – benefit ratio for the SSA&R project activities².

Suggestion 3.2.

Relevant international organizations and donor countries, in coordination with the UNFCCC, should provide means and instruments for technical assistance in formulation and monitoring of small-scale A&R project activities with IT technologies and remote sensing tools, as applicable, to these activities.

3.5 Regional training workshops for national experts and local communities in small – scale A & R project activities

Additionally, as in the case of the training of the expert review teams for the information, inventories and elements of national communications related to Kyoto Protocol compliance, the UNFCCC Secretariat could organize regular training programs for experts of the regions that are expected to present SSA&R project activities. Training could be either at the Secretariat headquarters, on-site, in a country of each region (e.g. Southeast Asia, Africa, Latin America or the SIDS), or even be transmitted on-line, via a webcast system.

This instrument will allow regional experts to be qualified in the key elements for drafting, formulating and monitoring SSA&R project activities. A standardized set of tests could be provided to make the evaluation and improvement of the training system. UNFCCC could also work with multilateral agencies like the FAO, ITTO, UNEP or IUCN as well as international NGO and regional centers to ensure the widespread dissemination of the training programs and materials.

In addition, it is important for the success of this type of projects, to train local communities and their principal actors, not only in the understanding and acceptance of these projects, but also on basic technical tasks such as measuring of samples, trees, and monitoring procedures. This would also ensure that these communities and individuals gain ownership of these projects, maximizing the benefits (climatic, environmental and social) and minimizing the drivers for leakage.

Suggestion 3.3.

Relevant international organizations and donor countries, in coordination with the UNFCCC, should provide thorough training, at the adequate level, to local and regional experts, as well as to local communities involved in the implementation of projects.

¹ Depending on the level of funding that such a mechanism could generate among interested donors, i.e. bilateral or multilateral agencies.

² This would not avoid the necessity of fieldwork to validate the data of the imagery, which is known as “ground-truthing”, which would have to be performed by the project participants.