

27 February 2002

ENGLISH/FRENCH/SPANISH  
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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

SUBSIDIARY BODY FOR SCIENTIFIC AND TECHNOLOGICAL ADVICE

Sixteenth session

Bonn, 5-14 June 2002

Item 4 (e) of the provisional agenda

### METHODOLOGICAL ISSUES

#### **LAND USE, LAND-USE CHANGE AND FORESTRY: DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION ACTIVITIES UNDER ARTICLE 12 OF THE KYOTO PROTOCOL**

##### **Views from Parties on the organization of a workshop, terms of reference and an agenda for work relating to afforestation and reforestation activities under the clean development mechanism (CDM)**

##### **Note by the secretariat**

1. In its decision 17/CP.7, the Conference of the Parties (COP), requested the Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop definitions and modalities for including afforestation and reforestation project activities under the clean development mechanism in the first commitment period, taking into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, and being guided by the principles in the preamble to decision -/CMP.1, (*Land use, land-use change and forestry*). It called for terms of reference for this work to be developed by the SBSTA at its sixteenth session. In this context, the COP requested the secretariat to organize a workshop with the aim of recommending terms of reference and an agenda for the work to be carried out.
2. The COP, by the same decision, further requested Parties to submit views on the organization of the workshop, and on the terms of reference and the agenda for the work relating to paragraph 1. The deadline for the submission of this information was 1 February 2002.
3. The secretariat has received twelve submissions, including one from Belgium on behalf of the European Community and its member States and the States of Central Group 11, and one from Samoa on behalf of the Alliance of Small Island States.\* In accordance with the procedure for miscellaneous documents, these submissions are reproduced in the language in which they were received and without formal editing.

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

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PAPER NO. 1: AUSTRALIA

**DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND  
REFORESTATION PROJECT ACTIVITIES UNDER ARTICLE 12  
OF THE KYOTO PROTOCOL**

February 2002

**BACKGROUND**

In its decisions 11/CP.7 and 17/CP.7 the Conference of the Parties requested the secretariat to organise a workshop before the sixteenth session of the Subsidiary Body on Scientific and Technological Advice with the aim of recommending terms of reference and agenda for the work to be conducted on definitions and modalities for including afforestation and reforestation (A & R) project activities under the clean development mechanism (CDM) in the first commitment period. The Conference of the Parties invited Parties to provide submissions to the secretariat by 1 February 2002 on the organisation of the workshop and to express their views on the terms of reference and the agenda for the work on definitions and modalities [reference documents: FCCC/CP/2001/13/Add.1 and Add.2].

Australia welcomes the opportunity to submit views on the above matters and wishes to see the work on A & R under the CDM being completed in a timely way, enabling the Conference of the Parties to adopt a decision at its ninth session, in accordance with the Marrakesh Accords.

**TERMS OF REFERENCE AND AGENDA FOR WORK LEADING UP TO COP-9**

Australia considers that decisions 11/CP.7 and 17/CP.7 provide clear guidance on the terms of reference for the work mandated by the Conference of the Parties, including its objective, scope, output, and timing, as follows.

**Objectives**

The objective of the work, as defined in paragraph 10(b) of 17.CP.7 is “to develop definitions and modalities for including afforestation and reforestation project activities under Article 12 in the first commitment period.”

Within the Marrakesh Accords, the COP has settled the threshold question of which sinks activities are eligible during the first commitment period and the focus of this work is the development of specific implementation provisions for those activities. In that regard, it is noted that decision 7/CP.17 lays out the overall implementation provisions for the CDM, and the focus of this supplementary agenda on A & R should concentrate on those features which are special or particular to A & R project activities as opposed to other forms of project activities.

Australia recalls that the question of whether to include sinks activities in the CDM attracted a high degree of political attention and strong diversity of national positions in the course of COP-6 and COP-7 negotiations. For the purposes of the first commitment period a resolution acceptable to the Parties has been reached, with a narrow set of eligible activities in the form of A & R and with strong safeguards addressing concerns about the potential scale of sinks credits generated in the form of a tight cap on the quantity of CDM sinks credits which any developed country may access during the first commitment period. Consequently, Australia considers that the focus of the technical work which now needs to be progressed on the implementation rules for A & R should be directed towards technically sound, efficient and effective arrangements which enable A & R CDM projects to fulfil the purpose of the CDM as specified in Article 12.1 of the Protocol.

As noted above, the Marrakesh Accords provide that decisions in relation to implementation provisions for A & R in the CDM should be taken at COP-9 (1-12 December 2003). Australia considers that it is essential that the work program be framed to ensure that those decisions are in fact taken at COP-9 and not at a later point. In the interim, we are concerned that the absence of specified input provisions is a handicap to sinks activities proceeding, with consequent detriment to Parties. It is essential that A & R activities are fully integrated into the operation of the CDM at the earliest practicable opportunity.

### **Scope**

The scope of the work, as defined in paragraph 10(b) of 17/CP.7, should take into account “the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems”. The work should also be guided by the principles in the preamble to decision -/CMP.1 (Land use, land-use change and forestry).

Australia considers that as far as possible the work should be based on the existing annex on modalities and procedures for the CDM set out in decision 17/CP.7. The terms of reference for this work should provide that definitions and modalities for A & R projects should be consistent with the treatment of other types of CDM projects. The work should focus on addressing features that are specific to A & R project activities and that are not adequately addressed by the existing implementation rules for Article 12, most specifically non-permanence, which is not addressed in the existing annex on CDM. For example, the SBSTA may need to give particular attention to issues covered by Appendix B (Project design document) and Appendix C (Terms of reference for establishing guidelines on baselines and monitoring methodologies) as they relate to A & R activities.

Australia also considers that the work should be compatible with the implementation rules relevant to Article 3.3 A & R activities, as set out in 11/CP.7.

### **Outputs**

Decision 17/CP.7 states that “the decision by the Conference of the Parties at its ninth session on modalities and definitions ... shall be in the form of an annex on modalities and procedures for afforestation and reforestation project activities for a clean development mechanism reflecting, *mutatis mutandis*, the annex to the present decision on modalities and procedures for a clean development mechanism”. To implement this decision, it will be important to focus the work on developing a draft annex that can be considered by SBSTA early in the process.

### **Process and timing**

Australia recommends that the SBSTA select relevant experts to work with the secretariat to prepare documentation for consideration by SBSTA. The experts should be selected from the existing UNFCCC roster of experts. This approach would maximise the use of time available between sessions of the SBSTA, while providing the SBSTA with ample opportunity to guide the direction of the work.

The SBSTA may wish to consider establishing a formal link between the CDM-related process and the work being undertaken by the IPCC on good practice guidance and uncertainty management relating to LULUCF, which is addressing accounting methods for A & R project activities under Article 12. Chapter 4 of the IPCC report will deal specifically with these methodological issues.

Australia suggests that it may be possible, for example, to include one or more IPCC authors in the Article 12 expert group, such as convening lead author or lead author for Chapter 4. Consideration may also be given to holding meetings of selected experts for Article 12 back-to-back with the IPCC good practice guidance meetings. It will also be important to establish a formal process of information exchange between the two processes to ensure compatible methodologies for Parties to assess A & R activities across Articles 3.3, 6 and 12.

The following is a possible indicative timetable for the completion of the work in time for a decision by COP-9.

| <b>Date</b>         | <b>Event</b>   | <b>Activity</b>  |
|---------------------|--|--|
| March 2002          |  | UNFCCC secretariat prepares and circulates synthesis of relevant existing work in preparation for workshop.  |
| April 2002          | Workshop   | Participants recommend terms of reference and agenda, including identification of key issues and proposal on forward process.                      |
| 5-14 June 2002      | SBSTA-16   | SBSTA to agree terms of reference, agenda, and forward process. SBSTA identifies broad options for dealing with key issues through working groups. |
| July 2002           | Selected experts - first meeting back-to-back with IPCC GPG meeting  | Experts consider outputs of SBSTA-16 and commence work on developing a draft annex on A & R under the CDM.   |
| 23 Oct – 1 Nov 2002 | COP-8/<br>SBSTA-17   | Progress report from expert group.   |
| December 2002       | Selected experts - second meeting                                    | Experts consider directions from SBSTA and draft outputs on IPCC GPG from September 2002 meeting.  |
| March 2003          | Selected experts - third meeting back-to-back with IPCC GPG meetings | Further refinement of draft annex  |
| 9-20 June 2003      | SBSTA-18   | SBSTA considers draft annex.   |
| July 2003           |  | Parties are invited to provide comments on draft annex.  |
| December 2003       | SBSTA-19   | SBSTA finalises draft annex for consideration by COP-9.  |
|                     | COP-9  | COP adopts decision on definitions and modalities to be forwarded to COP/MOP1  |

## **WORKSHOP ORGANISATION**

### **Workshop objectives**

Australia suggests that the objectives of the workshop be:

- To recommend to the SBSTA terms of reference and an agenda for developing definitions and modalities for inclusion of afforestation and reforestation project activities in the clean development mechanism.
- To recommend to the SBSTA a forward process for preparing a draft annex on modalities and procedures for afforestation and reforestation project activities for the clean development mechanism.
- To identify key issues that need to be considered in the lead-up to COP-9, based on an examination of existing information sources.

**Workshop outputs**

Australia suggests that the output of the workshop should be a report, outlining recommendations, for consideration by SBSTA-16.

**Pre-workshop paper(s)**

To facilitate discussion at the workshop, Australia suggests that the UNFCCC secretariat prepare a workshop agenda paper, summarising the state of knowledge and understanding of issues relevant to afforestation and reforestation project activities under Article 12. This paper should draw on the substantial body of existing literature, including the IPCC Special Report on land use, land-use change and forestry. It is expected that this paper would serve as a useful resource document throughout the process leading up to COP-9.

Australia considers it important to synthesise this material into a paper for use by participants at the workshop prior to SBSTA-16 and in the forward process for completing the draft annex.

**Participants**

Given the technical and policy nature of the work, it will be desirable to invite a combination of technical and policy experts to the workshop. It will also be important to ensure that there is an appropriate geographic distribution amongst participants, which provides for a representative spread of views on the operation of the CDM.

PAPER NO. 2: BELGIUM  
(ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES AND THE  
STATES OF CENTRAL GROUP 11)

**BRUSSELS, 21 DECEMBER 2001**

**VIEWS ON THE ORGANISATION OF A WORKSHOP PRIOR TO SBSTA 16, AND THE  
TERMS OF REFERENCE AND THE AGENDA FOR THE WORK TO BE CONDUCTED, TO  
DEVELOP DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND  
REFORESTATION PROJECT ACTIVITIES UNDER THE CDM IN THE FIRST  
COMMITMENT PERIOD**

This submission by Belgium, on behalf of the European Community and its Member States, and the States of Central Group 11, is in response to the invitation in the Marrakesh Accords contained in paragraph 9 of Decision -/CP.7 (Article 12). This invitation deals with the organisation of a workshop prior to the sixteenth session of SBSTA, concerning terms of reference and an agenda for the work to be undertaken by SBSTA subsequently on definitions and modalities for including afforestation and reforestation projects in the Clean Development Mechanism (CDM). This EU and CG11 submission is divided into three interrelated parts: (1) Organisation of the workshop, (2) Terms of reference, and (3) Agenda to COP 9.

**Part 1: Organisation of the Workshop**

Nature and objectives of the Workshop

The Workshop is to help Parties reach a conclusion at the sixteenth session of the SBSTA (SBSTA 16) on terms of reference and an agenda for the development of definitions and modalities for including afforestation and reforestation projects under Article 12 of the Kyoto Protocol for the first commitment period. So that Parties have time to assimilate the information, the Workshop should be held some time before SBSTA 16 – preferably not later than the end of April 2002. However the EU and CG11 recognise that the Secretariat will need some flexibility in timing because of the number of meetings to be scheduled.

This purpose of the Workshop will best be served if it concentrates on the free exchange of technical and methodological information about relevant environmental and socio-economic matters. It should not be used as a negotiating session.

Participants

The EU and CG11 invite the Secretariat to identify suitable experts, including those from the specialists and NGO communities, other organisations and UN bodies that have relevant experience of afforestation and reforestation projects, and related sustainable development issues, especially in developing countries. In determining who to invite, the Secretariat should take into account those who contributed to the IPCC Special Report on Land Use, Land Use Change and Forestry and who are currently involved, under the IPCC's work on good practices, with inventory methodologies relevant to Article 12 projects. In view of their special interest in the subject matter as stakeholders, the EU and CG11 also urge the secretariat to invite representative organisations of indigenous peoples and other forest dependent communities, where possible, to attend the workshop and express their views.

## Approach

The Workshop should consist of a limited number of presentations from these experts as well as from Parties. The Presentations should draw conclusions relevant to the Terms of Reference and Agenda that SBSTA is to develop at its sixteenth session. For the information of participants, the secretariat should circulate a paper describing the CDM project cycle as agreed at COP 7, in advance of the workshop.

The Workshop should cover general presentations and work in groups corresponding to those identified in Part 3 below. In the introductory part of the Workshop, CDM project cycle and key concepts related to CDM should be described and consideration given to what can be learned from experiences of afforestation and reforestation in developing countries. In each working group, work should focus on identifying issues, exploring possible options for solutions and on identifying future work.

A final plenary would summarise the conclusions of the workshop. The key outputs of the workshop would be the draft Terms of reference for the work to be conducted by SBSTA and an agenda for future work until COP 9. A short Workshop Report by the Secretariat should also reflect the views expressed and the discussions held, and include a compilation of presentations made.

The Workshop should be about three days in duration. Number of participants should be similar to the previous LULUCF workshops held for example in Indianapolis and Poznan. It should have balanced representation between developing and developed countries. The EU and CG11 recognise the need for careful handling of the meeting and hope that the Chair of SBSTA will be able to play an active role.

## **Part 2: Terms of Reference**

The EU and CG11 recognise that SBSTA 16 will develop the Terms of Reference for the work to be undertaken by SBSTA in accordance with paragraph 10 (b) of Decision -/CP.7 (Article 12). However the EU has already given careful thought to this matter and has developed a proposal of Terms of Reference for consideration by the Parties. These Terms of Reference have been distributed during SBSTA 15 and are in the Appendix to this submission. The EU and CG11 believe it would help facilitate the discussions if participants at the Workshop could use these Terms of Reference as a basis for presentations and discussions, and welcome additional inputs.

## **Part 3: Agenda to COP 9**

In considering the Terms of Reference to be agreed at SBSTA 16 and future work towards COP 9, the participants should consider the need for additional SBSTA workshops and possibly the need to involve IPCC and/or other organisations, given the amount of work needed to deal with particular issues such as, definitions, non-permanence, baselines, additionality, leakage, crediting periods, conservation of biodiversity, maximisation of social and environmental benefits, stakeholder participation and local consultation, and compatibility with principles of sustainable forest management. Careful consideration is needed to analyse possible interlinkages on work carried out by the IPCC and on work to be carried out under the SBSTA process.

The EU and CG11 believe that these issues can be divided into three groups as follows, reflecting association of ideas and appropriate order of undertaking the work:



|         |   |
|---------|---|
| Group 1 | Definitions, non-permanence, crediting periods  |
| Group 2 | Baselines, additionality, leakage   |
| Group 3 | Conservation of biodiversity, maximisation of social and environmental benefits, stakeholder participation and local consultation, and compatibility with principles of sustainable forest management |

The EU and CG11 recognise that the agenda and timeline for future work and outputs to COP 9 will be a matter for agreement at SBSTA 16, but currently believes that additional SBSTA workshops dealing with issues corresponding to groups 1 to 3 should be held between now and SBSTA 18, with the aim of drafting the decision to be adopted at COP 9. The EU and CG11 note that the decision to be adopted at COP 9 will contain detailed technical material and invite the Secretariat, with the help of other relevant organisations, to provide background papers for these Workshops that the Parties could use as a basis for negotiating text.

## APPENDIX

Brussels, 18 October 2001

### PROPOSAL BY BELGIUM ON BEHALF OF THE EUROPEAN COMMUNITY AND ITS MEMBER STATES

#### SBSTA 15

#### TERMS OF REFERENCE TO DEVELOP DEFINITIONS AND MODALITIES FOR INCLUDING AFFORESTATION AND REFORESTATION PROJECTS UNDER THE CLEAN DEVELOPMENT MECHANISM (CDM) IN THE FIRST COMMITMENT PERIOD

In undertaking the work required by paragraph 2 (e), page 2 of draft decision -/CP.6 in document FCCC/CP/2001/L.11/Rev.1 (<sup>1</sup>), the Subsidiary Body for Scientific and Technological Advice (SBSTA) shall be guided by the issues and principles set out in that paragraph and in paragraph 1, page 4 of draft decision -/CMP.1 in the same document (<sup>2</sup>); take into account work being done by the Executive Board of the CDM on the development of non-LULUCF baselines and monitoring methodologies and make recommendations to the COP for further work if appropriate; and shall:

1. informed by the definitions related to Article 3.3 activities, develop definitions for Article 12 activities that do not create perverse incentives and reflect the CDM's dual purpose.
2. develop a transparent and effective system which secures that any losses of greenhouse gas benefits can be swiftly and fully compensated for, that liability is defined, and that any provision can be enforced if necessary<sup>3</sup>.
3. develop monitoring, verification and certification rules which ensure losses due to non-permanence and leakage are rapidly identified and accounted for, including the requirement for monitoring of project activities for the purposes of calculation, attribution and restoration as agreed.
4. develop rigorous procedures and/or tests for screening out non-additional project activities.
5. develop baseline methodologies for afforestation and reforestation project activities that ensure the same level of confidence as baseline methodologies in non-LULUCF sectors.
6. develop rules for the definitions of project boundaries and the minimisation and management of any leakage.
7. develop rules for project developers to use in applying such baseline methodologies, including the requirement to justify their approach to baseline setting by providing evidence that they have taken account of uncertainty by considering the range of alternatives in the baseline and by being conservative in their choice of what would have been substituted by the project.

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<sup>1</sup> This paragraph has become paragraph 2(e) of Decision -/CP.7 (LULUCF) and paragraph 10(b) of Decision -/CP.7 (Article 12).

<sup>2</sup> This paragraph has become paragraph 1 of Draft decision -/CMP.1 (LULUCF).

<sup>3</sup> Dealing with non-permanence is likely to require that the modalities are developed in such a way as to enable certified emission reductions from afforestation and reforestation project activities to be clearly distinguishable from other CERs.

8. develop rules on crediting periods for afforestation and reforestation project activities that allow for the baseline to be revised if necessary at regular intervals on the basis of updated data, and that promote the long term sequestration of carbon and sustainable management of eligible forestry activities.
  9. develop modalities to ensure that all afforestation and reforestation project activities are carried out and assessed in accordance with the principle that the implementation of land use, land-use change and forestry activities contributes to the conservation of biodiversity and sustainable use of natural resources, taking into account principles, criteria and indicators of sustainable forest management.
  10. develop clear principles and guidelines for operationalisation by project developers that ensure that afforestation and reforestation project activities:
    - (i) do not result in significant adverse ecological and social impacts and protect biodiversity,
    - (ii) maximise social and environmental benefits,
    - (iii) involve stakeholder participation and local consultation,
    - (iv) address potential conflict of interests with other forms of land use, and
    - (v) support the development and implementation of the forest policy framework such as a national forest program.
  11. consider how best practice can be promoted in the application of the modalities developed.
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PAPER NO. 3: CANADA

**AFFORESTATION AND REFORESTATION UNDER THE CDM:  
PROPOSALS ON THE ORGANIZATION OF A WORKSHOP AND  
THE TERMS OF REFERENCE AND AGENDA FOR DEVELOPING  
DEFINITIONS AND MODALITIES**

**1 FEBRUARY 2002**

**1. INTRODUCTION**

Among the elements of the Bonn Agreement and the Marrakech Accords are decisions by Parties to include LULUCF project activities in the CDM with eligibility limited to afforestation and reforestation (A&R), the CDM project cycle, the prompt start of the CDM and the establishment of the CDM Executive Board. However, until definitions and modalities for A&R projects are decided by the CoP at its 9<sup>th</sup> session, it is not possible to officially operationalize these projects under the CDM. This may represent an opportunity cost both for potential non-Annex I Parties wanting to host LULUCF CDM projects and for Annex I countries wanting to facilitate investment in such projects.

It is therefore imperative that Parties agree to terms of reference and an agenda that will allow the programme of work on definitions and modalities, described in Decision 17/CP.7, Paragraphs 8-10 (see Appendix), to be completed in an efficient and timely manner. Accordingly, the programme of work should not be viewed as an entirely new process but should take as a departure point the large body of scientific and analytical work that has already been done previously, in particular the IPCC Special Report on LULUCF. Furthermore, the agenda and organization of the work programme must be tightly focused and avoid straying into debates not immediately germane to the issues described in Decision 17/CP.7, Paragraph 10 (b). This can be best accomplished by forming a dedicated CDM A&R Experts Group under the guidance of the Chair of SBSTA.

It is Canada's firm view that the SBSTA work on definitions and modalities must be completed in time to allow the Conference of the Parties to adopt a decision on these issues at its ninth session. Canada looks forward to working constructively and cooperatively with the Chair of SBSTA and all other Parties towards that end.

**2. ORGANIZATION OF A WORKSHOP PRIOR TO SBSTA 16**

The workshop to be organized by the UNFCCC Secretariat in advance of SBSTA 16 should enable Parties to

- Review the relevant parts of the IPCC SR on LULUCF;
- To recommend other sources of information consistent with the terms of reference described in "Information Sources", below; and
- Share information on their experiences with carbon sink projects that have already been implemented.

The Secretariat should undertake to invite the appropriate Parties and select experts from the IPCC to facilitate this discussion.

The Secretariat should also invite the relevant experts working on Chapter 4 of the IPCC good practice guidance and uncertainty management relating to LULUCF to participate at the workshop to discuss possible cooperation between the two bodies..

### **3. TERMS OF REFERENCE FOR DEVELOPING DEFINITIONS AND MODALITIES**

#### **Main Objectives**

The CDM A&R work process should engage interested Parties and a limited number of invited, recognized technical experts to produce a single, concise, solutions-oriented document for SBSTA that would equip Parties with the information necessary to make decisions at CoP 9. The technical experts invited would be those with relevant experience, known through their publications and works on issues and topics relevant to LULUCF, and be listed on the Roster of Experts or have served as a Lead Author or a more senior role of the IPCC Special Report on LULUCF. In inviting technical experts, Parties should strive for balanced representation from developed and developing countries, and countries with economies in transition.

The document should be organized to outline:

- Definitions of A&R and their implications. Alternatives should be limited to the adopted Art. 3 definitions or variations of these definitions that modify them in detail only;
- Modalities for assessing and resolving the site-specific risks of non-permanence;
- Modalities for assessing and resolving leakage and uncertainties to a standard consistent with approaches used in energy sector projects; and
- Modalities for demonstrating project-specific additionality and socio-economic and environmental impacts (including impacts on biodiversity and natural ecosystems) to a standard consistent with approaches used in energy sector projects.

#### **Information Sources**

In the course of preparing the document for the consideration of SBSTA, the participating Parties and technical experts should take into consideration:

- Relevant information from the IPCC Special Report on LULUCF, in particular Chapters 2 and 5;
- Relevant peer-reviewed technical and scientific literature that has emerged since the Special Report;
- Previous submissions by Parties with specific relevance to operationalizing LULUCF in the CDM; and
- Publicly available documents prepared by proponents directly involved in relevant LULUCF projects, for example during the AIJ pilot phase, detailing their experiences with the methodologies of demonstrating emissions reductions and/or approaches to contributing to the sustainable development of the project host country.

#### **Management and Organization of the Work Programme**

The Chair of SBSTA at SBSTA 16 should work with Parties to establish an Ad Hoc CDM A&R Group under two co-chairs, one from a non-Annex I Party and one from an Annex I Party, to carry out the programme of work on A&R in the CDM under his authority. Co-Chairs should invite recognized technical experts to participate in the programme of work, on the advice of the Group.

During the course of SBSTA 16, the Co-Chairs should form four smaller working groups made up of interested Parties and designate a lead. Each working group would be tasked to scope out and prepare, with the assistance of the Secretariat, a modalities paper on one of the four themes described above in

“Main Objectives” based on information obtained from the sources described in “Information Sources”. The options papers should be completed in time for submission to SBSTA 17.

At SBSTA 17, the Ad Hoc CDM A&R Group should convene to review the four options papers and request the Secretariat to prepare a Misc. document which should be distributed to Parties. SBSTA 16 should invite Parties to submit their views on the work of the options papers in the form of submissions by 1 February 2003.

SBSTA 16 should also request the Secretariat to organize a workshop in March/April 2003 after SBSTA 17. The purpose of the workshop would be for the Ad Hoc CDM A&R Group, under the guidance of the Co-Chairs, to prepare “an annex on modalities and procedures for afforestation and reforestation project activities for a clean development mechanism reflecting, *mutatis mutandis*, the annex to”<sup>1</sup> Decision 17/CP.7, based on the Misc. document and the submissions from Parties. The draft Annex would be completed in time for discussion SBSTA 18 to ensure that a decision adopting the definitions and modalities for A&R in the CDM can be taken at CoP 9.

#### **4. AGENDA FOR DEVELOPING DEFINITIONS AND MODALITIES**

- 1) Organizational Matters
  - (a) Establishment of Ad Hoc CDM A&R Group and its Co-Chairs
  - (b) Organization of Ad Hoc CDM A&R Group
  - (c) Nomination of Technical Experts
  - (d) Schedule of Work
- 2) Definitions of A&R and their implications.
- 3) Assessing and resolving risks of non-permanence.
- 4) Assessing and resolving leakage and uncertainties.
- 5) Demonstrating additionality and socio-economic and environmental impacts (including impacts on biodiversity and natural ecosystems).
- 6) Draft Annex on Definitions and Modalities for A&R projects in the CDM.

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<sup>1</sup> See Paragraph 11 of the Annex to Decision 17/CP.7 (FCCC/CP/2001/13/Add.2).

## 5. APPENDIX

### Excerpt from the Annex to Decision 17/CP.7 (FCCC/CP/2001/13/Add.2):

"8. *Requests* the secretariat to organize a workshop before the sixteenth session of the Subsidiary Body for Scientific and Technological Advice with the aim of recommending terms of reference and an agenda for the work to be conducted under paragraph 10 (b) below on the basis of, *inter alia*, submissions by Parties referred to in paragraph 9 below;

9. *Invites* Parties to provide submissions to the secretariat by 1 February 2002 on the organization of the workshop referred to in paragraph 8 above, and to express their views on the terms of reference and the agenda for the work to be conducted under paragraph 10 (b) below;

10. *Requests* the Subsidiary Body for Scientific and Technological Advice:

- (a) To develop at its sixteenth session terms of reference and an agenda for the work to be conducted under paragraph (b) below, taking into consideration, *inter alia*, the outcome of the workshop mentioned in paragraph 8 above;
- (b) To develop definitions and modalities for including afforestation and reforestation project activities under the clean development mechanism in the first commitment period, taking into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, and being guided by the principles in the preamble to decision -/CMP.1 (*Land use, land-use change and forestry*) and the terms of reference referred to in paragraph (a) above, with the aim of adopting a decision on these definitions and modalities at the ninth session of the Conference of the Parties, to be forwarded to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;

11. Decides that the decision by the Conference of the Parties at its ninth session, on definitions and modalities for inclusion of afforestation and reforestation project activities under the clean development mechanism, for the first commitment period, referred to in paragraph 10 (b) above, shall be in the form of an annex on modalities and procedures for afforestation and reforestation project activities for a clean development mechanism reflecting, *mutatis mutandis*, the annex to the present decision on modalities and procedures for a clean development mechanism;"

PAPER NO. 4: CHILE

**Remisión de Chile al Secretariado de la CMCC (01 de febrero de 2002)**

Tema: Propuesta sobre la organización de un taller que se realizará antes de SBSTA16 y sobre los términos de referencia y la agenda para desarrollar definiciones y modalidades para incluir actividades de proyectos de forestación y reforestación en el MDL en el primer período de compromiso. (Párrafos 8-10 del documento FCCC/CP/2001/L.24/Add.2)

1. ANTECEDENTES

1.1 Deben establecerse las definiciones y modalidades para incluir las actividades de forestación y reforestación (F&R) en el Mecanismo de Desarrollo Limpio (Art.12) en el primer período de cumplimiento, las que deberán ser decididas en la COP9 (2003), tomando en cuenta los siguientes temas:

- Impermanencia: Los bosques, especialmente las plantaciones comerciales, son sumideros de carbono que tienen un ciclo de vida y no se puede asegurar la permanencia de la captura de carbono en el tiempo más allá del término de la intervención comercial. Además, están sujetos a riesgos de incendios, plagas, corta ilegal, decadencia natural, incluso, por el mismo cambio climático.
- Adicionalidad: La actividad LULUCF en el MDL debe demostrar que es adicional a lo que se hace como negocio habitual, como sería el caso de la forestación y reforestación que hacen las empresas forestales para cumplir con sus objetivos comerciales desde antes del Protocolo de Kioto;
- Fugas: Emisiones que se producen fuera del área del proyecto como consecuencia de los impactos económicos, sociales o ambientales directos de sus actividades.
- Incertidumbres: Se refieren principalmente a las incertezas en los métodos de medición del carbono en los bosques, que consisten principalmente en muestreos y métodos estadísticos o modelos, los que deben ser transparentes y replicables;
- Impactos económicos y ambientales, incluyendo aquellos sobre la biodiversidad y los ecosistemas naturales: Las actividades de forestación y reforestación podrían provocar impactos sobre la economía local o regional y sobre el medio ambiente, ya sea por las especies, el tipo de actividades y la escala con que se utilicen.

1.2 Los siguientes principios deberán ser considerados en el desarrollo de las definiciones y modalidades antes indicadas:

- a) El tratamiento de las actividades LULUCF debe basarse en conocimientos científicos sólidos.
- b) Se usarán metodologías consistentes en el tiempo para la estimación e informes de las actividades LULUCF
- c) La contabilidad de actividades LULUCF no cambiará la meta de Art.3.1 del P. K., que es reducir las emisiones de gases efecto invernadero de las Partes Anexo I, al menos en un 5% comparado con las de 1990 durante el 1º período de cumplimiento (2008 al 2012).



- d) La contabilidad se basará en cambios de los stocks de carbono. Así, se excluye de la contabilidad la simple existencia de stocks de carbono.
- e) La ejecución de actividades LULUCF deberá implementarse en forma de contribuir a la conservación de la biodiversidad y el uso sostenible de los recursos naturales.
- f) La contabilidad de las actividades LULUCF no implica una transferencia de compromisos a un período de cumplimiento futuro, esto es, las capturas y emisiones de las actividades LULUCF se contabilizan en el período que corresponda.
- g) La reversión o emisión de toda captura de carbono por actividades LULUCF se contabilizará en el momento en que ocurra, es decir, si un bosque forestado se quema a los 10 años de plantado, se deberá contabilizar dichas emisiones en dicho año.

## 2. TERMINOS DE REFERENCIA

La presente propuesta incluye aspectos que Chile considera que son importantes considerar en los términos de referencia, con el objetivo de establecer definiciones y modalidades para la inclusión de actividades de proyectos de forestación y reforestación (F&R) en el MDL. Esta propuesta se refiere a la necesidad de esclarecer estos aspectos y no pretende ser exhaustiva y constituir una posición definitiva del país al respecto.

La definición de realizar un proyecto LULUCF en el MDL es una decisión soberana del país no-Anexo I donde se llevará a cabo la actividad. Entre los aspectos más relevantes que deberían ser considerados en los términos de referencia para establecer la elegibilidad de las actividades de proyectos de forestación y reforestación (F&R) en el Mecanismo de Desarrollo Limpio, se proponen los siguientes:

### 2.1 *Impermanencia*

No es un impedimento para que un proyecto F&R sea registrado en el MDL. Lo importante es definir la duración en años prevista para la captura del CO<sub>2</sub> cada vez que éste se mida y se certifique durante la existencia del proyecto. Por esta razón, cada proyecto F&R deberá tener una fecha específica de inicio y una de término, con el fin de determinar la duración de la captura de CO<sub>2</sub> y, consecuentemente, del certificado correspondiente que acreditará la ocurrencia de la captura, cualquiera que sea la denominación que se acuerde para este último.

La transitoriedad de los certificados que acreditarán las capturas de CO<sub>2</sub> significará el establecimiento de procedimientos en el sistema de registros de certificados del MDL, para que ellos sean correspondientemente retirados del sistema cuando caduquen.

Una acción similar deberá realizarse para dar cuenta de posibles pérdidas de CO<sub>2</sub> almacenado por motivo de incendios, plagas, corta ilegal u otros motivos accidentales. En la eventualidad de estos casos, los ejecutores del proyecto, por medio de la Entidad Operativa encargada de la verificación de los resultados de las actividades del mismo, deberán informar a la Junta Ejecutiva los números de identificación de los certificados involucrados, para que ésta arbitre las medidas para que ellos sean retirados del sistema y los poseedores de tales certificados sean informados correspondientemente.

Con relación a los eventuales perjuicios que esta última situación pudiera acarrear a los poseedores de los certificados afectados, los proponentes de proyectos pudieran considerar, *inter alia*:

- Un factor de seguridad para cubrir posibles pérdidas accidentales del CO<sub>2</sub> almacenado. Por ejemplo, este factor podría ser de entre un 10% y un 15% del total del CO<sub>2</sub> capturado cada año del proyecto, en forma acumulativa hasta el final del proyecto, de tal forma que si ocurre una pérdida de CO<sub>2</sub> o emisión de GEI, pueda ser cubierta total o parcialmente por el mismo proyecto.
- Incluir un seguro por pérdida de CO<sub>2</sub>, similar a los seguros contra incendios forestales, que estaría respaldado por certificados de captura que la compañía aseguradora o re-aseguradora deberían mantener disponible. La prima o cuota del seguro debería ser similar a la de los seguros contra incendios forestales.

## 2.2 Adicionalidad

Además de las consideraciones de orden económico para evaluar este requisito, ella debe estar también relacionada con los criterios de desarrollo sostenible del país donde se realiza el proyecto, incluyendo criterios ambientales, sociales, y legales.

La adicionalidad económica se puede demostrar con antecedentes que indiquen que las actividades del proyecto no son rentables por sí mismas, considerando tasas de interés financiero normales para las actividades de F&R en el país huésped. En aquellos casos en que la rentabilidad proyectada sea relativamente positiva, debería demostrarse que existen barreras, o condiciones adversas de diversa índole, que impiden que los propietarios realicen actividades de F&R en sus predios, incluso en el caso de que existan incentivos u otras medidas de fomento para su realización. De esta forma, los Certificados de captura de CO<sub>2</sub> que se deriven del proyecto de F&R pueden contribuir a mejorar la rentabilidad de los proyectos F&R, ya sea haciéndola positiva o eliminando las barreras que impiden su ejecución.

Con relación a los otros criterios, que se encuentran en la esfera de incumbencia soberana de los países donde se efectúa la actividad, se podrían considerar los siguientes:

La adicionalidad ambiental podría demostrarse mediante una descripción detallada del uso actual de los terrenos que serán forestados o reforestados, con una justificación para el cambio de uso de la tierra. Para ilustrar el uso actual, se podrán utilizar fotografías locales, fotografías aéreas e imágenes satelitales, lo más recientes posible y que sean posteriores a 1990. Los principales criterios ambientales para la aprobación de proyectos F&R pueden ser los siguientes, *inter alias*:

- F&R de terrenos que no tengan bosque nativo desde 1990,
- F&R de terrenos que tengan escasa o ninguna cobertura vegetal arbustiva o arbórea,
- F&R de terrenos erosionados, degradados y en proceso de desertificación,
- F&R para protección de riberas de fuentes, cuerpos y cursos de agua,
- F&R para protección de cuencas hidrográficas y terrenos con pendiente mayor al 30%,
- F&R para detener el avance de dunas y su estabilización,
- F&R para proteger poblaciones e infraestructura social productiva y económica,
- F&R para recuperar terrenos salinos o salinizados,
- F&R para recuperar terrenos cubiertos por rípios, escorias y relaves mineros,
- F&R que utilicen especies forestales nativas,
- F&R que utilicen especies exóticas introducidas que estén asilvestradas en la zona del proyecto y que no representen riesgos convertirse en plagas o de introducción de plagas,
- F&R para actividades agroforestales y silvopecuarias,

La adicionalidad social se puede demostrar con antecedentes que justifiquen la ejecución de un proyecto F&R con apoyo estatal, municipal o de ONG, cuyos objetivos incluyan mejorar las condiciones de vida

de la población rural local, especialmente aumentando sus ingresos en dinero, facilitando su acceso a otros beneficios económicos o de servicios y asegurando la propiedad de sus terrenos, evitando el desplazamiento de la población rural local. Por población rural local se podría entender a pequeños propietarios individuales, comunidades indígenas y comunidades o asociaciones agrícolas de pequeños y medianos propietarios, organizaciones campesinas y otras. También se podrían aceptar proyectos F&R que consideren diversas formas de asociación entre la población rural local con empresas forestales establecidas, o que se establezcan para estos efectos, siempre y cuando no se trate de su negocio habitual, con el fin de potenciar el uso apropiado de las tierras y la mano de obra de la población local y aprovechar la experiencia y capacidad técnica, financiera y administrativa de las empresas, con el objetivo de asegurar el éxito de las actividades de forestación y reforestación y de reducir los costos de transacción de los proyectos.

La adicionalidad legal puede demostrarse con el análisis de las disposiciones legales y reglamentarias que norman las actividades de F&R en el país donde se realiza la actividad, especialmente para identificar los casos en que la F&R es obligatoria y no permite la elegibilidad del proyecto. En los países donde existan incentivos para la F&R para recuperar terrenos que han sido deforestados por otras actividades, se debería considerar favorablemente la elegibilidad de estos proyectos en el MDL, ya que refuerzan la política forestal del país donde se ejecuta el proyecto. En los países donde no existan incentivos para F&R, el MDL puede constituirse en un factor de apoyo para desarrollar dichos incentivos en el país. Especial importancia debería darse a la elegibilidad de los proyectos de F&R propuestos en áreas silvestres protegidas legalmente o establecidas por decretos nacionales, donde deben revisarse los antecedentes legales para identificar si la F&R es obligatoria en cada caso.

Por otra parte, se considera muy importante definir que la línea de base de cada proyecto debería establecerse a nivel del mismo, independientemente de lo que ocurra a nivel nacional en el país donde se efectúa la actividad. En este sentido, la superficie que se espera forestar o reforestar en el área del proyecto, debería compararse con la serie histórica de los últimos 10 ó 20 años de lo que se ha forestado o reforestado en la misma área, la que se constituiría en la línea de base para los efectos de calcular las capturas de CO<sub>2</sub> adicionales a lo que ocurriría sin el proyecto.

### 2.3 Fugas

Las actividades de proyectos de F&R no representan alto riesgo de fugas, ya que se trata de actividades que cambian el uso de la tierra de terrenos con escasa o nula vegetación arbustiva y arbórea, posibilitando la formación de nuevos bosques. No obstante, se deberían identificar, justificar y evaluar las posibilidades de que ocurran fugas fuera de los límites geográficos del proyecto.

Para tales efectos, podría, *inter alia*:

a) Incluirse el monitoreo de las posibles fugas que puedan producirse en una superficie exterior igual, o equivalente, a la superficie del proyecto. Por ejemplo, si el área del proyecto cubre 10 km<sup>2</sup>, la superficie de monitoreo sería de 20 km<sup>2</sup> en total, con respecto al centro geográfico del mismo. Las fugas se podrían monitorear mediante encuestas del comercio y del origen de los productos forestales madereros y no-madereros en los centros de comercialización que habitualmente los compraban dentro del área del proyecto. De constatarse fugas, ellas serían descontadas de la captura medidas para el proyecto en el año correspondiente.

b) Se podría establecer un fondo o buffer de hasta un 5% de la captura de CO<sub>2</sub>, para los efectos de acumular un pozo que respalde las posibles emisiones por fugas producidas durante la vida del proyecto.

#### 2.4 *Incertidumbres*

Para abordar el tema, lo primero que debería contemplarse es la contabilidad de las emisiones de todos los gases de efecto invernadero (GEI) que se produzcan por el cambio de uso del suelo como consecuencia de las actividades de F&R, tales como la corta de la vegetación del sitio y la posible desaparición de vegetación de pradera por la cobertura de copas de la plantación o del manejo de la regeneración natural, además de las emisiones que se produzcan por el uso de la maquinaria, fertilizantes, herbicidas y otros productos químicos que se empleen. Para los efectos de la contabilidad de la captura de CO<sub>2</sub>, las emisiones provocadas por las actividades de forestación y reforestación podrían descontarse desde el primer año en que se mida y certifique el CO<sub>2</sub> capturado por las mismas actividades.

Cada proyecto de F&R debería identificar y justificar la selección de los sumideros de CO<sub>2</sub>, los que serán considerados invariables durante la vida del mismo. Estos sumideros podrían ser: biomasa sobre el suelo y bajo el suelo, mantillo, necromasa y carbono orgánico en el suelo. La justificación de la selección de uno o más de estos sumideros debería basarse en protocolos de medición establecidos, capacidad de medición y relación costo-beneficio. Igualmente, debería justificarse por qué razón no se medirán algunos de ellos.

Para la formulación del proyecto, se podría hacer una proyección de la captura de CO<sub>2</sub> durante la vida del mismo con base en modelos de crecimiento, con el fin de contar con una estimación anual de las capturas. No obstante, la medición y certificación de lo que se capture realmente por año o por período se deberá medir mediante los inventarios forestales que cumplan con requisitos de planificación, ejecución y determinación de niveles de variabilidad y error compatibles con estándares internacionales mínimos a nivel predial, que deberían quedar claramente establecidos. Igualmente, para los efectos de determinar las superficies que efectivamente están capturando CO<sub>2</sub>, se podrían utilizar mediciones taquimétricas, fotografías aéreas e imágenes satelitales.

Normalmente, los inventarios forestales a nivel predial están diseñados para medir solamente la madera comercial en los fustes hasta cierto diámetro aprovechable comercialmente, con o sin corteza, cuyos resultados se calculan con base en fórmulas y modelos dasométricos locales o nacionales. Para incluir la biomasa contenida en otros órganos vegetales como raíces, tocones, ápices, ramas, follaje, frutos, epífitas, mantillo y necromasa, el IPCC desarrolló algunos factores de expansión de biomasa que se aplican por defecto a nivel nacional. Se debería establecer, como norma general, que los factores de expansión de biomasa que se empleen a nivel de proyecto deberían tener base en antecedentes propios de las especies que se utilicen y una referencia geográfica más aproximada que los factores del IPCC. De esta forma, se podría disminuir la incertidumbre relacionada con la precisión de las mediciones.

#### 2.5 *Impactos económicos y ambientales, incluyendo aquellos sobre la biodiversidad y los ecosistemas naturales*

Aunque las actividades de forestación y reforestación se deberían realizar en terrenos con escasa o nula vegetación arbustiva y arbórea, donde la biodiversidad es generalmente escasa, podría darse el caso de que existan dudas sobre posibles impactos de este tipo a nivel local. Se podría establecer que cada proyecto entregue los antecedentes necesarios sobre la biodiversidad existente en los sectores que serán objeto de las actividades de F&R, estimación del impacto que podría producirse y proponer medidas de mitigación. Entre las medidas de mitigación se podrían identificar la formación de fajas de vegetación natural en las riberas de los cursos de agua permanentes o temporales, mantener sectores donde la vegetación nativa tiene posibilidades de reproducirse, mantener corredores biológicos naturales existentes y establecer medidas para evitar daños a la flora y fauna presente en el sector, entre otras.

- Igualmente, las actividades de F&R se realizan en terrenos marginales a las actividades agrícolas y pecuarias, ya sea por condiciones edáficas, climáticas, topográficas y de accesibilidad. La formulación del proyecto podría incluir una evaluación del impacto que el proyecto produciría en la valoración del suelo, las vías de comunicación y accesibilidad de las propiedades no incluidas en el proyecto, y en la oferta y consumo de los productos habituales de la zona.

### 3. CONSIDERACIONES FINALES

La posición general de Chile con respecto a las decisiones que debe adoptar la COP, como recomendación a la COP/MOP, sobre las definiciones y modalidades para incluir las actividades de proyectos de forestación y reforestación en el MDL para el primer período de compromiso, puede resumirse en los siguientes términos.

- 3.1 La decisión de la COP7 de incluir las actividades de proyectos F&R en el MDL es concordante con el principio contenido en el Artículo 3.3 de la Convención, donde se indica que deben tomarse medidas de precaución para reducir las causas del cambio climático y, cuando haya amenaza de daño grave, no debería utilizarse la falta de total certidumbre científica como razón para posponer tales medidas, considerando que éstas deberían ser eficaces en su relación costo-beneficio y que deben tener en cuenta los distintos contextos socioeconómicos, ser integrales, incluir todas las fuentes, sumideros y depósitos pertinentes de GEI y, abarcar todos los sectores económicos. Esta decisión también es coherente con el compromiso contemplado en el Artículo 4.1.d) de la Convención, de promover el manejo sostenible y reforzar los sumideros de GEI de todas las Partes.
- 3.2 Con base en el punto anterior, debería considerarse un rango de flexibilidad en las definiciones y modalidades para incluir las actividades de proyectos de F&R en el MDL para el primer período de compromiso, sin que signifique falta de rigurosidad en la aplicación de los principios científicos y metodológicos conocidos. La flexibilidad que deberían contener las definiciones y modalidades que se adopten, debería ser considerada en términos de un proceso de aprender haciendo, aplicable a aquellos proyectos que cumplan con el mayor número de los requisitos que se establezcan.
- 3.3 La selección de las especies o variedades forestales elegibles en los proyectos de F&R en el MDL debería estar basada en el conocimiento científico de sus características relacionadas con el medio ambiente, y aporte al desarrollo sostenible del país donde se ejecuta el proyecto. No deberían descartarse o vetarse especies o mezclas de especies por prejuicios o presunciones no demostrables técnica o científicamente en proyectos de F&R.
- 3.4 No debería descartarse a priori la participación de empresas forestales, u otras establecidas o por establecerse, en proyectos F&R en el MDL. Si bien es cierto que las empresas tienen por objetivo optimizar sus utilidades en estas actividades que son su negocio habitual, no se debería impedir que parte de sus actividades pudiera dedicarse a contribuir al fin último de la Convención. Entre estas actividades podría incluirse su participación en proyectos de F&R que contemplen la recuperación de terrenos marginales, con o sin bosque nativo sustituido o degradado; la participación en proyectos asociativos con grupos de interés, pequeños propietarios, comunidades indígenas y otras agrupaciones de la población rural local. En todos los casos, las empresas deberían demostrar que estas actividades contribuyen al desarrollo sostenible del país donde se realiza el proyecto y que no son parte de su negocio habitual. El conocimiento técnico de las actividades de F&R que poseen estas empresas, la disponibilidad de

capital y su estructura administrativa, pueden contribuir a disminuir los altos costos de transacción que, inevitablemente, tendrán los primeros proyectos de F&R en el MDL..

- 3.5 Con respecto a los buffers o pozos de acumulación de capturas internos de los proyectos (para salvaguardar temas de permanencia y fugas), en el caso de que se decidiera por estas opciones, no deberían ser mayores a un 20% de la captura anual de CO<sub>2</sub>. Ello, debido a que un porcentaje mayor podría afectar seriamente la rentabilidad del proyecto y otros beneficios del mismo para alcanzar el fin último de la Convención.

PAPER NO. 5: CHINA

**Submission by China on  
the Organization of a Workshop Prior to SBSTA 16, Terms of Reference and the Agenda of the  
Work, Regarding Afforestation and Reforestation CDM Project  
(Ref: FCCC/CP/2001/L.24 Add.2. Paras 8-10)**

Upon the request of FCCC/CP/1999/L.15, China submits the following further proposal on the Mechanisms pursuant to Articles 6, 12 and 17 of the Kyoto Protocol on the basis of the Note by the Chairman of the Contact Group on Mechanisms. Further proposal may be elaborated and submitted.

China believes that the environmental integrity under the Kyoto Protocol must be ensured through, *inter alia*, development of definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period.

**1. ORGANIZATION OF A WORKSHOP PRIOR TO SBSTA 16**

The workshop should focus on the exchange of the views on the Term of Reference, and the agenda.

United Nations regional balance shall be fully reflected in the participation of the workshop. Taking into account the nature of the workshop, the participants shall be governmental representatives and/or experts nominated by the Parties. Limited environmental NGOs may also be invited.

Our understanding is that the established practice on co-chairmanship will remain that one co-chair is from Annex I Parties and the other from non-Annex I Parties.

The report of the workshop shall be distributed to all Parties as soon as the report is available.

**2. TERMS OF REFERENCE AND THE AGENDA**

In undertaking this work, the Subsidiary Body for Scientific and Technological Advice shall be guided by Decision 17/CP.7 (Article 12), especially its Preamble Para 8:

“*Recognizing* the need for guidance for project participants and designated operational entities, in particular for establishing reliable, transparent and conservative baselines, to assess whether clean development mechanism project activities are in accordance with the additionality criterion in Article 12, paragraph 5 (c), of the Kyoto Protocol”; taking into account the nature of afforestation and reforestation CDM project; and shall:

1. Define definitions for afforestation and reforestation project activities under the Article 12;
2. Establish approaches to address issue of non-permanence, including responsibilities of project participants in case of reversibility of carbon sequestration;
3. Establish approaches to address issue of uncertainties;
4. Develop transparent and rigorous eligibility criteria and assessment procedures for afforestation and reforestation project activities under the Article 12;

5. Develop baseline methodologies in a conservative approach;
6. Develop methodologies on system boundary design, that can effectively minimize leakage;
7. Develop rigorous and transparent monitoring and verification methodologies and procedures;
8. Develop rigorous rules for the assessment of socio-economic and environmental impacts of the project, including impacts on biodiversity and natural ecosystems.



PAPER NO. 6: COLOMBIA

**SUBMISSION ON VIEWS ON THE TERMS OF REFERENCE AND AGENDA  
FOR THE WORK ON DEFINITIONS AND MODALITIES FOR INCLUDING  
AFFORESTATION AND REFORESTATION UNDER THE CDM FOR THE  
FIRST COMMITMENT PERIOD**

**TERMS OF REFERENCE**

**Background**

The Conference of Parties at its seventh session adopts the following decisions related to the inclusion of LULUCF activities under the CDM:

*7. Decides:*

(a) That the eligibility of land use, land-use change and forestry project activities under Article 12 is limited to afforestation and reforestation;

(b) That for the first commitment period, the total of additions to a Party's assigned amount resulting from eligible land use, land use change and forestry project activities under Article 12 shall not exceed one per cent of base year emissions of that Party, times five;

(c) That the treatment of land use, land use change and forestry project activities under Article 12 in future commitment periods shall be decided as part of the negotiations on the second commitment period;

8. *Requests* the secretariat to organize a workshop before the sixteenth session of the Subsidiary Body for Scientific and Technological Advice with the aim to recommend terms of reference and an agenda for the work to be conducted under paragraph 10(b) below on the basis of, *inter alia*, submissions by Parties referred to in paragraph 9 below.

9. *Invites* Parties to provide submissions to the secretariat by 1 February 2002 on the organization of the workshop referred to in paragraph 8 above, and to express their views on the terms of reference and the agenda for the work to be conducted under paragraph 10(b) below;

10. *Requests* the Subsidiary Body for Scientific and Technological Advice:

(a) To develop at its sixteenth session terms of reference and an agenda for the work to be conducted under paragraph (b) below, taking into consideration, *inter alia*, the outcome of the workshop mentioned in paragraph 8 above;

(b) To develop definitions and modalities for including afforestation and reforestation project activities under Article 12 in the first commitment period, taking into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems, and being guided by the principles in the preamble to decision -/CMP.1 (Land use, land-use change and forestry) and the terms of reference referred to in paragraph (a) above, with the aim of adopting a decision on these definitions and modalities at the ninth session of the Conference of the Parties, to be forwarded to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session;

11. *Decides* that the decision by the Conference of the Parties at its ninth session, on definitions and modalities for inclusion of afforestation and reforestation project activities under Article 12, for the first commitment period, referred to in paragraph 10(b) above, shall be in the form of an annex on modalities and procedures for afforestation and reforestation project activities for a clean development mechanism reflecting, *mutatis mutandis*, the annex to this decision on modalities and procedures for the a clean development mechanism;

### **Mandate**

Taking into account that the decision to be adopted by the COP at its ninth session on definitions and modalities for inclusion of afforestation and reforestation project activities under Article 12 shall reflect, *mutatis mutandis*, decision 17/CP.7 on modalities and procedures for the CDM, the work carried out shall be based upon the structure of the Annex to this decision. The SBSTA shall identify and address in each section of the aforementioned Annex, the special considerations and changes necessary for the inclusion of LULUCF CDM project activities. If no changes are needed in the section, the SBSTA shall confirm that their content also applies for this type of project activities.

The SBSTA shall, therefore be entrusted with the following tasks:

- To discuss, develop and adopt the work program to be conducted on definitions and modalities for inclusion of afforestation and reforestation project activities under the CDM until the ninth session of the Conference of the Parties, including the agenda of the workshop prior to SBSTA 16
- To provide the definitions, parameters and criteria needed in order to identify the afforestation and reforestation project activities eligible under the CDM, including considerations on restoration, revegetation and agroforestry project activities.
- To provide clarification as to the requirements needed by an afforestation and reforestation project activity in order to be included in the CDM, specifically with regards to:
  - (a) Environmental impacts of the project activity including impacts on biodiversity and natural ecosystems and how these will be included in the project design document and dealt with during the validation process
  - (b) Valid baseline methodologies for establishing the additionality of the project activity taking into consideration biodiversity conservation and natural ecosystems inventories
  - (c) Extending crediting periods for the project activity, in view of the special characteristics of the project activities and the perverse incentives that may otherwise be generated for rapid growth plantations, including impacts on biodiversity and natural ecosystems
  - (d) Leakage
  - (e) Reducing uncertainties in the monitoring process
  - (f) Non – permanence of the carbon sequestration of CDM LULUCF project activities as developed in the Colombian proposal FCCC/SBSTA/2000/MISC8; changes needed in order to take into account the issue, particularly during project verification and certification, issuance of CERs, CDM Registry requirements and accounting modalities (Art. 7.4)

### **Modus Operandi**

As agreed by the Conference of the Parties, the work to be developed on definitions and modalities for including afforestation and reforestation under the CDM for the first commitment period is to be carried out by the SBSTA. This work shall be finished prior to the ninth session of the COP in 2003, in order for the Conference to adopt a decision on this matter.

Taking into account this time limit and the fact that the SBSTA will rely on the scientific expertise of the IPCC on methodological matters, it is necessary to set a deadline for the Panel to submit its recommendations on guidelines for baselines and monitoring methodologies, as established in paragraph 3(a) of Decision 11/CP.7 on Land use, land-use change and forestry. We therefore propose that by December 2002 the IPCC submit its recommendations.

In our view, specific issues related to items (b), (d), and (e) above should be studied first by the IPCC and its recommendations be then submitted to the SBSTA for consideration.

In the meantime and while the IPCC is preparing the requested work for the SBSTA, the latter shall continue its deliberations on other subject matters.

If needed, the SBSTA and the working groups meeting on an inter-sessional basis may establish subgroups to work on the specific issues identified above.

### **Submission of comments**

Following the adoption by the SBSTA of these terms of reference for the work to be carried out, Parties should be invited to submit comments on each of the items to be developed as soon as possible.

## **WORK PROGRAM**

In addition, Colombia proposes the following work program until the ninth session of the Conference of the Parties in 2003, in order to conduct the work needed to develop definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period:

**Workshop 1** – Discussion of Terms of References and Work program

**SBSTA XVI** – Adoption of Terms of References and Work program –

Initiate work and Request submission by Parties

Validation and registration: Possible environmental impacts, Additionality, Leakage

Verification and certification, Issuance and registry and Art 7.4 as related to Non-permanence

**SBSTA XVII and COP VIII** – Continuation of work on:

Validation and registration: Possible environmental impacts, Additionality, Leakage

Verification and certification, Issuance and registry and Art 7.4 as related to Non-permanence

Request submission by Parties

IPCC recommendations on: monitoring, baselines and uncertainties.

**SBSTA XVIII** – Draft decision on definitions and modalities for afforestation and reforestation projects under Art 12.

**COP IX** – Adoption of decision

### **FINAL NOTE:**

We strongly urge Parties to complete the necessary work in order to have the Decision ready by COP IX. Colombia supports carrying out several intersessional workshops if so needed, in order to fully comply with the mandate contemplated in the Buenos Aires Plan of Action, the Bonn Agreements and the Marrakech Accords to facilitate a prompt start for the clean development mechanism.

PAPER NO. 7: CONGO

**OBJET: Soumission de la République du Congo Brazzaville sur les termes de référence et l'Agenda de travail du SBSTA en vue de la mise en application de la décision CDP9 sur " le modalités et procédures pour la prise en compte des déboisements, et reboisements dans le mécanisme pour un développement propre(MDP) "**

Monsieur le Secrétaire exécutif,

Conformément à l'Accord de Bonn qui a pris en compte les activités de boisement et de reboisement dans le VIDP de manière plafonnée, la décision de la CdP7 a invité les Parties à soumettre leurs vues sur les termes de référence et l'Agenda de travail du SBSTA en vue de la décision de CdP 9 sur les modalités et procédures.

Les activités de boisement et de reboisement constituent à la fois une opportunité et une menace pour le Congo en terme de développement durable. Aussi le Congo entend-t-il tirer le meilleur profit des règles à venir et éviter les conséquences négatives

Dans ce cadre, le Congo souligne l'importance d'un traitement approprié des questions de non-permanence, d'additionnalité, de fuites, des incertitudes, des impacts socio-économiques et environnementaux, dont les effets sur la biodiversité et les écosystèmes naturels, en cohérence avec les principes édictés dans le préambule de la décision de la CdP7, ont des incidences sur les questions relatives à l'utilisation des terres, aux changements d'affectation des terres et à la foresterie,

Le Congo accueillerait avec satisfaction la tenue d'un atelier du SBSTA pour aborder ces questions dans les meilleurs délais.

Nous voulons aussi souligner que notre pays accorde de l'importance pour les questions spécifiques ci-après :

- les notions de boisement et de reboisement telles que définies pour les forêts tempérées et boréales dans la décision sur les puits des pays de l'annexe I qui doivent être revues pour prendre en compte les spécificités des contextes tropicaux: en particulier, les résultats liés à l'agroforesterie et la foresterie communautaire devraient être pris en compte en tant que tels ;
- le renforcement des capacités, nécessaire en vue d'une meilleure compréhension et d'une meilleure mise en œuvre des questions sous-jacentes ;
- les règles devant favoriser les projets qui conduisent à un réel transfert de technologie en matière de gestion forestière durable (outils d'aménagement forestier, recherche et développement sur les essences forestières' adaptées conformément à nos politiques forestières) ;
- les petits projets forestiers susceptibles de mieux bénéficier aux populations, dont il faudrait accorde - une attention particulière ;
- les règles à établir pour faciliter l'investissement forestier en vue de pérenniser l'économie de la filière bois, en synergie, avec notre politique forestière ;

- les modalités et procédures pour le projets forestiers dans le MDP afin de garantir les actions à mener selon des termes équitables.

Nous souhaiterions, pour le Congo, que ces questions soient incluses en complément dans les termes de référence et dans l'Agenda de travail du SBSTA.

Veillez agréer, Monsieur le Secrétaire exécutif, l'expression de mes sentiments distingués.

**AFFORESTATION AND REFORESTATION UNDER THE CDM:**  
**VIEWS ON THE ORGANIZATION OF A WORKSHOP PRIOR TO SBSTA 16 AND TERMS OF**  
**REFERENCE AND AGENDA FOR WORK**

1. This submission is being made in pursuance of the decisions taken at the Seventh Conference of the Parties to the United Nations Framework Convention on Climate Change and the 15<sup>th</sup> sessions of the Subsidiary Bodies, whereby Parties were invited to submit their views, among other issues, on the organization of a workshop prior to SBSTA 16, and terms and reference and the agenda for the work to be conducted to develop definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period.

2. **Organization of a Workshop Prior to SBSTA 16:**

The workshop to be organized before SBSTA 16 should:

Invite land-use experts from Developing countries and FAO to address the issue of definitions and institutional capacity available in Developing countries.

Consider south-south cooperation among tropical countries in technology transfer on land use monitoring, by inviting concerned experts from developing countries or discussion at the workshop.

Consider sources of information and their appropriateness for the work relating to development of definitions and modalities for inclusion of afforestation and reforestation project activities under the clean development mechanism;

Examine available information and consider the extent to which they address the principles contained in the decision relating to Land Use, Land Use Change and Forestry to ensure environmental integrity;

Evaluate data needs and data availability status as well as available technical and institutional capacities in developing countries to identify capacity building activities needed to operationalise the & R definitions in these countries.

Identify capacity building needs to assist developing countries to plan, implement, monitor and verify A&R projects under CDM

Further examine the available information with respect to issues of non-permanence, additionality, leakage, uncertainties, socio-economic and environmental impacts, impacts on bio diversity and natural eco-systems;

Share experiences relating to afforestation and reforestation activities with particular reference to measurement and data collection, data quality, reliability, errors, consistency of data as well as monitoring and verification.

**3. Terms of Reference for developing Definitions and Modalities:**

These should include the following:

Definitions of Afforestation and Reforestation: The definitions should take into account consistency of definitions of afforestation and reforestation with the rules and modalities of the clean development mechanism.

The modalities should take into account issue of non-permanence and its implications. The reversal of any removal should be accounted for.

The issue of leakage should be addressed with reference to appropriate boundary conditions for specific project activities

The uncertainties associated with project activities should be addressed to ensure consistency of afforestation and reforestation activities under the clean development mechanism with the other permissible activities

The modalities should address the principles relating to land use, land use change and forestry activities and their actual implementation.

Modalities to ensure participation of local communities and to address biodiversity related issues in planning and implementation of A & R projects.

Modalities to distinguish between Agro-forestry and conventional A&R projects on farmlands.

Consistency of definitions of Afforestation and reforestation with other MEAs and to assess the compatibility of these with nationally used definitions in developing countries.

To consider, evaluate and suggest modern techniques (such as Satellite, remote sensing and digitization techniques) for monitoring land-use changes as well as for assessing carbon stock changes under CDM projects in Developing countries, at low cost.



PAPER NO. 9: JAPAN

**VIEWS ON THE ORGANIZATION OF THE WORKSHOP,  
TERMS OF REFERENCE AND THE AGENDA  
TO DEVELOP DEFINITIONS AND MODALITIES FOR  
INCLUDING AFFORESTATION AND REFORESTATION PROJECT ACTIVITIES UNDER  
THE CDM**

This paper is submitted based on the document, FCCC/CP/2001/L.24.Add 2, (para 8-10).

**1. Terms of reference and an agenda for the work to be conducted under paragraph 10. (b) by SBSTA**

1.1 To develop definitions for including afforestation and reforestation project activities under Article 12 in the first commitment period

- a. To develop definitions of “forest”, “afforestation” and “reforestation” suitable for circumstances of the developing countries, referring to their definitions under Article 3.3 and 3.4  
(Rationale)

The definitions of “forest”, “afforestation” and “reforestation” under Article 3.3 and 3.4 as they stand are not applicable to AR-CDM project activities because of the difficulty in tracking past land-use records due to undeveloped land-use registration systems, the irregular changes of land use (changing among forest, cropland and abandoned land) for example in slash and burn agriculture, and the variety of land use such as agroforestry and fuel-wood forestry that have a variety of aims and purposes.

1.2 To develop modalities and procedures for including “afforestation” and “reforestation” project activities under Article 12 in the first commitment period

- a. To develop methodologies for establishing a baseline reflecting the characteristics of AR-CDM project activities based on the “IPCC Special Report on LULUCF”  
(Rationale)

Methodologies for establishing a baseline should be developed taking into account the characteristics of AR-CDM project activities because these LULUCF activities are quite unique and different from those of emission reduction activities.

- b. To develop approaches to select a crediting period suitable for AR-CDM project activities based on the “IPCC Special Report on LULUCF” and taking into account incentives for the participants for the project activities.  
(Rationale)

In AR-CDM project activities, growth rates of trees vary depending on the selected tree species and local conditions. A project period may last as long as a couple of decades especially when plantation takes place in semi-arid areas and/or using slow growing local species. A crediting period, therefore, should be developed so as to encourage the participants for the project, taking into account such characteristics of AR-CDM project activities.

- c. To consider how to take into account the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts based on the IPCC Special Report on LULUCF

(Rationale)

Because current information on the above-mentioned issues has already been scientifically reviewed in the “IPCC Special Report on LULUCF,” it is appropriate to utilize the results when the SBSTA considers basic approaches and options to address these issues. More detailed comments for each issue are presented below.

(a) Non-permanence

The issue of non-permanence can be addressed by applying risk hedge measures in accounting, which are, for example, presented in the “IPCC Special Report on LULUCF.” Japan believes it is imperative to discuss various measures in order to address this issue. Therefore, it is appropriate to illustrate available examples of good practice based on existing and future approaches and their elaboration.

(b) Additionality

An accurate assessment of additionality of a project can be ensured by establishing a proper baseline, which is conducted for the non-LULUCF CDM projects as well.

(c) Leakage

The leakage issues can be addressed by proper project design. Further, a possibility should be considered to illustrate methods for measuring leakage including the implementation of monitoring or data collection in a way which is reasonable for developers.

(d) Uncertainty

The IPCC has been investigating the methods to address uncertainties induced by measurement error and other elements. It is, therefore, appropriate to illustrate available methods to reduce uncertainties through compiling examples of good practices implemented by the Parties.

(e) Socio-economic and environmental impacts

Because forests can provide multi-dimensional functions including carbon sink and reservoir, bio-diversity conservation, water resource restoration, land conservation and wood supply, AR-CDM project activities should be implemented with a view to draw out such multi-dimensional functions. To encourage this, it is appropriate to illustrate available examples of assessment methods and good practices on sustainable forest management developed and implemented by the Parties, FAO and ITTO.

d. To develop a simplified application procedure for small-scale AR-CDM project activities

(Rationale)

A simplified application procedure should be developed and applied for small-scale AR-CDM project activities because they could be generally considered to have only small leakage and impacts on bio-diversity and socio-economy.

e. To develop an annex on modalities and procedures for AR-CDM activities reflecting, *mutatis mutandis*, the annex to the decision on Article 12 on modalities and procedures for CDM, fully respecting the procedures in the current annex to the decision on Article 12 as a basis for this consideration.

1.3 To consider clear distinction, collaboration and adjustment between the works conducted respectively by the SBSTA and the IPCC

a. To clarify the area between the development of modalities for AR-CDM conducted by the SBSTA and the preparation of good practice guidance on LULUCF activities by the IPCC and to consider the way of the collaboration and the adjustment between the two works.

(Rationale)

In the Marrakesh Accords, the IPCC is invited to elaborate methods to estimate, measure, monitor, and report changes in carbon stocks resulting from LULUCF activities including those under Article 12 by COP9. Therefore, clear distinction and responsibility in the works conducted by the IPCC and the SBSTA is necessary.

b. To develop the procedure on how to make collaboration and adjustment of the above-mentioned works of the SBSTA and the IPCC

(Rationale)

The works of the SBSTA and the IPCC are, however, closely related to each other. In addition, both of them are due to be considered and adopted at COP9. Therefore, it is necessary to develop, in advance, the procedure for collaboration and adjustment so that the SBSTA, at its every session, can invite the IPCC to hear the progress of its work and request necessary adjustments of the work as appropriate.

1.4 The CDM Executive Board is now establishing various rules and modalities such as the guideline for the baseline and monitoring plan. The works conducted by the EB have close relation to the works by the IPCC and the SBSTA regarding the LULUCF CDM. It is, therefore, inevitable to decide beforehand the role and the collaboration measures among the IPCC, the SBSTA, and the CDM Executive Board.

## **2. Organization of the workshop referred to in paragraph 8**

2.1 For the development of recommendations on terms of reference and an agenda for the work of the SBSTA mentioned above, the workshop should provide opportunities to; (a) review the relevant parts of the IPCC Special Report on LULUCF and to; (b) share information on the examples of AR-CDM project activities that have already been implemented.

2.2 Appropriate persons should be invited from the IPCC to discuss possible collaborations and adjustments in the works of the two organizations.

2.3 The workshop should be scheduled so as not to conflict with relevant major events such as the 19<sup>th</sup> Session of the IPCC (17-20 April).

PAPER NO. 10: SAMOA  
(ON BEHALF OF THE ALLIANCE OF SMALL ISLAND STATES)

**Views of Samoa on behalf of the Alliance of Small Island States (AOSIS) on the organization of a workshop prior to SBSTA 16, and the terms of reference and agenda for the work to be conducted to develop definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period**

Samoa, on behalf of the Alliance of Small Island States (AOSIS) welcomes the opportunity to submit its initial views on the organization of a workshop prior to SBSTA 16, and the terms of reference and agenda for the work to be conducted to develop definitions and modalities for including afforestation and reforestation project activities under the CDM in the first commitment period. AOSIS reserves the right to make further comments in light of views submitted by other Parties.

**Organization of the workshop**

Recognizing the complexity of the issue and the wide range of views among Parties and stakeholders, AOSIS believes that:

- in order to inform the discussion on the terms of reference and the agenda for the work under paragraph 10(b) of Decision 17/CP.7, the workshop should allow for an initial exchange of views on Parties' concerns in relation to the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural systems as well as the application of the principles in the decision. -/CMP.1 (Land use, land-use change and forestry).
- it would be useful to invite a number of expert speakers to give brief presentations on specific issues that need to be further addressed in relation to the issues of non-permanence, additionality, leakage, uncertainties and socio-economic and environmental impacts, including impacts on biodiversity and natural systems as well as the application of the principles in the decision. -/CMP.1 (Land use, land-use change and forestry). These expert speakers may be drawn from, but not be limited to, the Intergovernmental Panel on Climate Change, other UN agencies and non-governmental organizations. Suggestions for speakers should be submitted to the Chairman of the Subsidiary Body on Scientific and Technical Advice (SBSTA), who should be invited to consult the Bureau of SBSTA on the final arrangements for the workshop
- the workshop should be open-ended, and should provide for the participation of all interested Parties. Sufficient funding should be provided for the participation of developing countries, in particular the least developed and Small Island Developing States amongst them. The workshop should also allow representatives of relevant multilateral environmental agreements (such as Convention on Biological Diversity, Convention to Combat Desertification, Ramsar Convention, etc), civil society and indigenous peoples organizations.

**Terms of reference and the agenda for the work under paragraph 10(b) of Decision 17/CP.7**

The terms of reference and the agenda for the work on the development of definitions and modalities for afforestation and reforestation projects, in accordance with Decision 17/CP, under paragraph 10(b) of Decision 17/CP.7 should:

- Take into account the close links between the issues that need to be addressed.
- Allow for an in-depth discussion of the implications of the principles that govern the treatment of LULUCF activities, laid down in Decision -/CMP.1 (Land use, land use change and forestry), in particular how they should be applied to afforestation and reforestation within the context of the CDM.
- Give sufficient time to explore the potential negative environmental and social impacts of afforestation and reforestation projects under the CDM, and whether and how these impacts can

be avoided. Projects where these impacts are significant or outweigh the benefits of the project should be excluded from the CDM.

- Recognize the unique nature of the issue of leakage as it applies to afforestation and deforestation and provide for an opportunity to discuss definitions and modalities to address leakage within a variety of contexts, taking into account that not all leakage can be prevented.
- Give full consideration to the issue of non-permanence through exploring accounting methodologies and liability rules that maintain obligations and accounting responsibilities throughout the lifetime of the sequestered carbon and not just the lifetime of the project.
- Allow for sufficient time to fully explore definitions and modalities to determine the additionality of afforestation and reforestation projects under the CDM.
- Address the issue of uncertainty in measuring the amount of carbon sequestered through afforestation and reforestation projects in the CDM and explore ways to discount or exclude claims with a large measurement uncertainties.
- Allow for the consideration of how definitions and modalities on LULUCF-activities under Article 12 of the Kyoto Protocol could also apply to Article 6 LULUCF activities.

PAPER NO. 11: UNITED STATES OF AMERICA

**U.S. Submission on the Terms of Reference for Work Relating to Land-use and Land-use Change projects under Article 12 of the Kyoto Protocol**

The United States is pleased to provide the following preliminary views on the terms of reference for work relating to definitions and modalities for including afforestation and reforestation project activities under Article 12.

The U.S. believes that sequestration activities will be an important component of climate change mitigation strategies. We recognize the decisions by other parties significantly limit the scope of potential terrestrial carbon offset projects in the context of the Kyoto Protocol. These decisions limited the specific activities allowed, the level of benefit that can be accrued, and the crediting lifetime. As a consequence, we have some reservations regarding the usefulness of project-level methodologies and reporting guidelines developed through this process for sinks activities more broadly.

Although we will not become a Party to the Kyoto Protocol, the United States has a continuing interest in assuring that methodological guidance for sequestration projects, reflects the best scientific and technical information, is designed to advance climate change goals effectively, is as comprehensive as possible in greenhouse gas accounting, and addresses key technical issues like additionality, leakage, and duration. Methodological guidance for all types of project-based mitigation activities should reflect these concerns.

To maintain scientific credibility, CDM project greenhouse gas accounting should be comprehensive. Since afforestation and reforestation projects can provide significant reductions of pressure for harvest of natural forests, by providing sources of fuelwood, timber and other services, changes in off-site carbon stocks should also be included. As a practical matter, projects with multiple components that include afforestation and reforestation should be considered by the modalities for CDM, and by the SBSTA workshop.

The United States considers that activity definitions and modalities should be as uniform and consistent as possible for all sectors, and should avoid special provisions or additional modalities for sinks activity projects. Such special provisions for sinks activities would add an additional burden to activities that are widely agreed to offer significant greenhouse gas emissions reduction, uptake, and non-greenhouse gas benefits. To ensure that this does not occur, we recommend that decisions on LUCF-specific reporting guidelines should be made after the general CDM reporting guidelines have been established. We believe that discussions now would most usefully focus on identifying issues that are specific to afforestation and reforestation projects. These discussions could serve as a useful input to the broader CDM guidelines process.

**Organization of work**

Given that the Executive Board has been charged with developing guidance on methodological issues associated with projects under Appendix C for approval by the COP, the process of developing guidance for afforestation and reforestation projects should be viewed in this context. As such, it should be coordinated so as to assure parity in the methodological guidance (e.g., level of detail, level of stringency) with other project types.

One potential way to assure such coordination would be for SBSTA to have a role in developing the methodological issues associated with Appendix C for both sinks and emitting sectors, rather than having processes that could end up producing conflicting results. The workshop should address only those

issues that are under Appendix C and under the SBSTA mandate for afforestation and reforestation projects.

The overall Process should allow for the input of experts and those with experience at the project level. The process should draw on and the Roster of Experts, and CDM Executive Board Panels, In addition, the expertise of NGOs, academics and other researchers with experience in project-related activities should be actively sought.

As noted above, the initial workshop should be devoted to identifying areas that are specific to afforestation and deforestation projects, with an eye to coordination with the development of broader methodological guidance, in particular that outlined under Appendix C. The workshop could most usefully cover the following aspects:

- Discussion of overall process
- Coordination with broader CDM guidelines, in particular Appendix C
- Relationship between IPCC, GPG and their impact on the TOR to come out of the workshop
- Initial Discussion of Methodological issues:
  - Baselines
  - Monitoring
  - Leakage
  - Duration
  - Environmental assessment and impacts
  - Definitions of afforestation and reforestation .
  - Multi-component projects

### **III. Considerations with respect to methodological aspects of afforestation and reforestation**

Baselines: Afforestation and reforestation projects involve similar issues as to energy projects with respect to additionality. Although additionality arguments have several different components and are based on multiple sources of information, most additionality problems apply equally to projects in the energy sector as to those in LULUCF.

Leakage: Leakage potential may be estimated and addressed during project design and siting processes; or estimated and discounted using studies or discount factors developed analytically over time. We believe that a discussion of leakage issues would be a useful contribution to the workshop, however, we believe that guidance on leakage should be developed consistently for all CDM project types.

Duration: Duration methodologies should ensure that carbon sequestration projects are credited in a manner that is equivalent to crediting of non-sequestration projects. We believe that there are multiple approaches that will achieve this objective, such as that identified in the Colombian proposal, as well as through the purchase of insurance and perhaps other approaches. Flexibility in meeting a standard of equivalence will enhance the viability of projects without sacrificing their integrity. The significance of duration issues should be placed in context, since LULUCF projects can have lifetimes of 20-100+ years, and average project length in the IPCC Special Report on LULUCF, Chapter 5, is 41 years.

Environmental Impacts: LULUCF projects offer significant local and national environmental and socioeconomic benefits that contribute to their potential to nurture sustainable development. Like most greenhouse gas mitigation projects, there is some concern that improperly designed or implemented projects may have unforeseen consequences, and hence consideration of these ancillary aspects can

contribute to better design, operation and cost effectiveness. U.S. experience to date on such projects in developing countries is that these are important considerations that are best addressed at the domestic level with the involvement of stakeholders.



PAPER NO. 12: URUGUAY

Montevideo, 31 de enero de 2002

Sr. Richard Kinley  
Coordinador  
Intergovernmental and Conference Affairs

De mi mayor consideración:

Tengo el agrado de dirigirme a Ud. con referencia a su nota fechada el 3 de diciembre de 2001 y a los párrafos 8, 9 y 10 del documento FCCC/CP/2001/L.24, add.2, mediante los cuales se invita a las Partes a realizar comentarios sobre: a) la organización del taller previsto por el referido numeral 8. y b) sobre los términos de referencia y la agenda de trabajo para el desarrollo, por el SBSTA, de las definiciones y modalidades de acuerdo al citado numeral 10.

Al respecto le manifiesto el interés de Uruguay de que se contemplen los siguientes puntos:

- a. Que en el citado Taller haya una adecuada participación de países no anexo I de la Convención (no anexo I) y especialmente, de aquellas Partes no anexo I con importante trayectoria en sostenido desarrollo forestal (caso de Uruguay).
- b. Que en Taller previo a la 16ª reunión del SBSTA, se prevea una sección de presentaciones de Partes no Anexo I, a los efectos de que éstas puedan exponer adecuadamente, sus puntos de vista relativos a los términos de referencia y a la agenda de trabajo a ser utilizados por el SBSTA, en la elaboración de las definiciones y modalidades mencionadas en el numeral 10 del referido documento.

Asimismo, Uruguay está dispuesto a contribuir, oportunamente, con propuestas de términos de referencia, de manera similar a lo hecho por otras Partes (por ej: Unión Europea).

Agradeciendo su amable atención, le saludo con mi mayor consideración.

Luis A. Santos  
Punto Focal Nacional de la UNFCCC  
Montevideo, Uruguay.

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