



QUEST – Why are we doing this?

*Assessment of Forestry Projects under the Kyoto Protocol – **Obstacles and Opportunities***

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Overview – Instruments for (Co-)Funding of Forestry Projects under the Kyoto Protocol



Quantifying and Understanding the Earth System

1. Clean Development Mechanism (CDM)

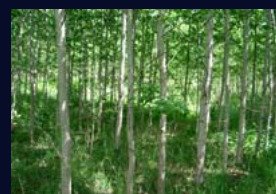
- *Afforestation & Reforestation ((CDM A/R), Art.3.3)*

2. Joint Implementation (JI)

- *Afforestation & Reforestation (Art. 3.3)*
- *Avoided Deforestation (Art. 3.3)*
- *Revegetation (Art. 3.4)*
- *Forest Management (Art. 3.4)*

CDM A/R Project Development – Rules and Modalities

- CDM is restricted to **Afforestation/Reforestation**
- Generates **temporary Emission Certificates** (t-CERs, I-CERs)
- t-CERs, I-CERs are eligible for Kyoto Compliance
- t-CERs, I-CERs are not eligible in the **EU-ETS**
- **t-CERs/I-CERs** will be issued only 5 years after registration („back-loaded ER“)



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Table X: Overview on Large Scale and SSC CDM A/R Methodologies

Large Scale Meth.	Methodology Title	Initial Project Case Title, Country
AR-AM 1	Reforestation of Degraded Land (Ver. 2)	Facilitating Reforestation for Guangxi Watershed Management in Pearl River Basin, China
AR-AM 2	Restoration of Degraded Land through Afforestation/Reforestation	Moldova Soil Conservation, Moldova
AR-AM 3	A/R of degraded land through tree planting, Assisted Natural Regeneration and Control of Animal Grazing (VER.2)	Assisted Natural Regeneration of Degraded Lands, Albania
AR-AM 4	A/R of Land currently under Agricultural Use	Reforestation around Pico Bonito National Park, Honduras
AR-AM 5	A/R Project Activities Implemented for Industrial and/or Commercial Use	Reforestation as Renewable Source of Wood Supplies for Industrial Use, Brazil
AR-AM 6	A/R with Trees Supported by Shrubs on Degraded Land	Afforestation for Combating Desertification in Aohan County, Northern China
AR-AM 7	A/R of Land Currently Under Agricultural or Pastoral Use	Chocó-Manabí Corridor Reforestation and Conservation Carbon Project, Ecuador
AR-AM 8	A/R on Degraded Land for Sustainable Wood Production	Reforestation on degraded land for sustainable wood production of wood chips, Madagascar
AR-AM 9	A/R on Degraded Land Allowing for Silvopastoral Activities	San Nicolas CDM Reforestation Project, Columbia
AR-AM 10	A/R project Activities Implemented on Unmanaged Grassland in Reserve/Protected Areas	AES-Tiete Afforestation/Reforestation Project Activity around the Borders of Hydroelectric Plant Reservoirs, Brazil
SSC Meth.	Methodology Title	Initial Project Case
AR-AMS 1	Revised Simplified Baseline and Monitoring Methodologies for Selected Small-Scale Afforestation and Reforestation Activities under the Clean Development Mechanism	N.A.

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- Currently **11 Methodologies for A/R** available
 - *C-Pools*
 - *Five Pools*
 - *Applicability for different Land Use Change Activities*
 - *Project development needs scientific effort*
- But only **1 CDM A/R Project registered!**
 - *CDM A/R project development involves many obstacles*
 - *A/R projects under 'VER Scheme'*

JI – Anything goes?

- JI LULUCF Projects may cover
 - **A/R**,
 - **Avoided Deforestation**,
 - **Revegetation** (if elected) and
 - **Forest Management**
(if elected, e.g. Reduced Impact Logging, Fire Management)
- If and only if
 - a **conservative baseline** can be established
 - **Leakage Monitoring** and **Leakage Management** can be achieved
 - **Monitoring** is feasible



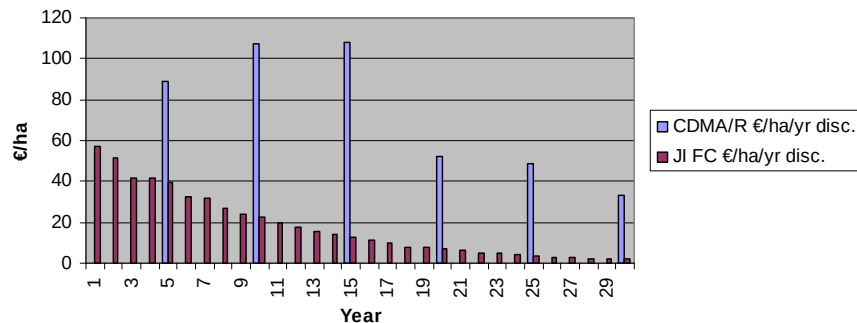
- **permanent Emission Reduction Units (ERUs)**
 - Prices (€/ERU) are higher than for tCERs
 - Prices (€/ERU) are lower than CERs/ERUs (non LULUCF)
 - Despite permanency, ERUs from LULUCF not eligible under the EU-ETS
- ERUs may be **issued** on a **yearly basis**
 - if annual accounting of RMUs was elected
- **'Front loaded ER'**
 - Based on annual issuance and permanency

- Two heterogeneous projects are compared
 - **Guangxi Reforestation Project**, China
 - **JI Dvinsky Forest Conservation Project**, Russia
- ER stream has been **normalized** as tCERs/ha/yr and ERUs/ha/yr
- Assumptions taken:
 - tCER stream has been taken from **Guangxi Project**
 - Price is assumed to be **3€/tCER**
 - ERU stream has been taken from **Dvinsky Project**
 - Price is assumed to be **12€/ERU**
 - **Interest rate** is assumed to be **10% p.a.**



CDM vs JI – Comparing Carbon Revenues II

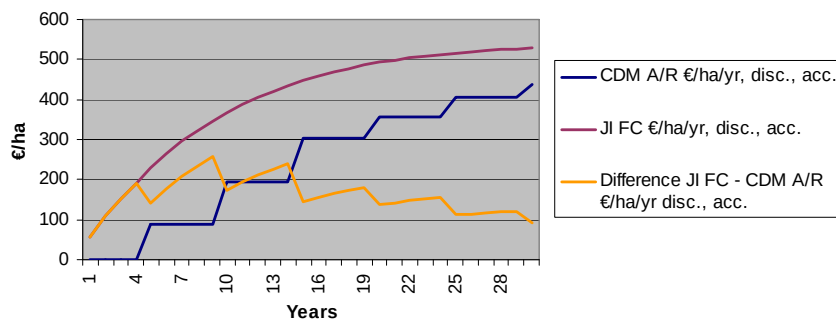
Comparing CDM A/R and JI FC Carbon Revenues



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CDM vs JI – Comparing Carbon Revenues III

Comparing CDM A/R and JI FC Carbon Revenues- Accumulated



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Conclusions I

- **Opportunities CDM**
 - Kyoto Compliance
- **Obstacles CDM**
 - Scientific effort needed
 - Not eligible under the EU-ETS
 - 5 yr. issuance
 - Restricted to A/R

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Conclusions II

- **Opportunities JI**
 - Kyoto Compliance
 - Permanent ERs
 - Annual Accounting possible
 - Deforestation, Revegetation and FM possible
- **Obstacles JI**
 - Scientific effort needed
 - Not eligible under the EU-ETS

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How to Improve the Contribution of LULUCF Activities?



Recommendations

- JI Host Countries may consider
 - Annual accounting
 - Opting for Revegetation and FM
- LULUCF Project Development Scope
 - Should be simplified
 - May be widened to Deforestation, Revegetation and FM (CDM)

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