

The World Bank and LULUCF Projects

Benoît Bosquet
CoP11, Montreal
December 3, 2005

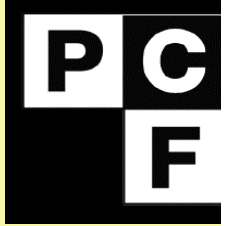
Harnessing the carbon market to sustain
ecosystems and alleviate poverty

Romania Afforestation

- Afforestation/reforestation of 6,000 ha of degraded public agricultural land in 7 counties of southern Romania (60 sites)
- Species: *Robinia pseudoaccacia*, etc. on very degraded soils (50%); *Populus*, *Salix*, *Quercus*, etc. (50%) on less degraded soil and Danube Islands
- Project entity: National Forest Administration (public)
- JI project
- Cost = US\$10 million
- Contract value = US\$3 million: 0.85 Mt CO₂e (up to ~2015)@ US\$3.6/t CO₂e.
- Long-term sequestration > 2 Mt CO₂e
- Cost recovery with carbon = 35% over 15 years
- Pre-validation by TÜV; Initial Verification by SGS



Moldova Soil Conservation



- Afforestation/reforestation of 20,000 ha of degraded public and communal land throughout Moldova (2,400 sites)
- Species: Mix exotic + natives (*Pinus*, *Robinia*, *Quercus*, *Populus*). Not one site is monocultural. Underplanting after 25-35 years with more noble species.
- Project entity: Moldsilva (public)
- CDM project
- Cost = US\$18 million
- PCF contract value = US\$ 5.2 million (up to ~2015): 1.48 Mt CO₂e @ \$3.5/t CO₂e
- Buffer = 28% each year
- Long-term sequestration > 3 Mt CO₂e
- Cost recovery with carbon = 42% over 15 years
- Methodology rated “B” and to be approved in February 2006
- Pre-validation by SGS; Initial Verification by TÜV; Validation expected April 2006

Goals



- Atmospheric: Reduce GHG concentrations over baseline
- Cost-effective: Buy low-cost climate change mitigation opportunities
- Social: Improve livelihoods (employment, income, know-how)
- Environmental: Conserve biodiversity, rehabilitate land
- Adaptation: Increase social and ecological resilience of local communities

Leading Projects

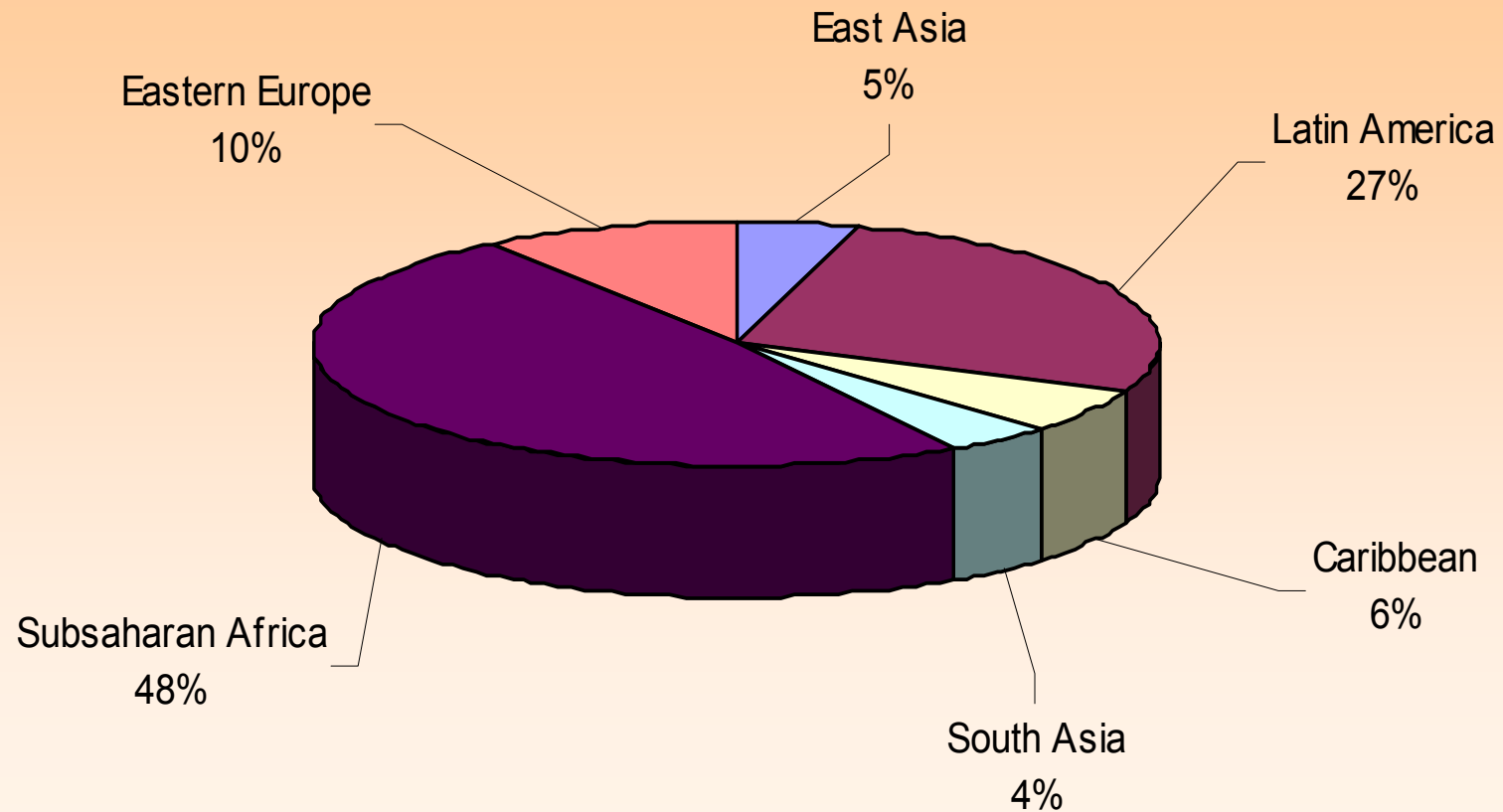


- Albania Assisted Natural Regeneration
- Brazil Reforestation around Hydro Basins
- China Pearl River Watershed Management
- Colombia San Nicolas Agroforestry
- Colombia Silvopastoral Rehabilitation
- Congo Bateke Fuelwood and timber Plantation
- Costa Rica Coopeagri
- Dominican Republic Rio Blanco Reforestation
- East Africa Small Group and Tree Planting
- Ethiopia Humbo Assisted Regeneration
- Honduras Pico Bonito
- India Improving Rural Livelihoods
- Kenya Green Belt Movement
- Madagascar Biodiversity Corridor
- Mali Acacia Plantations
- Mexico Seawater Agroforestry
- Nicaragua Precious Woods
- Niger Acacia Community Plantations
- Philippines Watershed Rehabilitation
- Trinidad and Tobago Nariva Wetland Restoration
- Uganda Nile Basin Reforestation
- Ukraine Chernobyl Reforestation

Regional Diversity



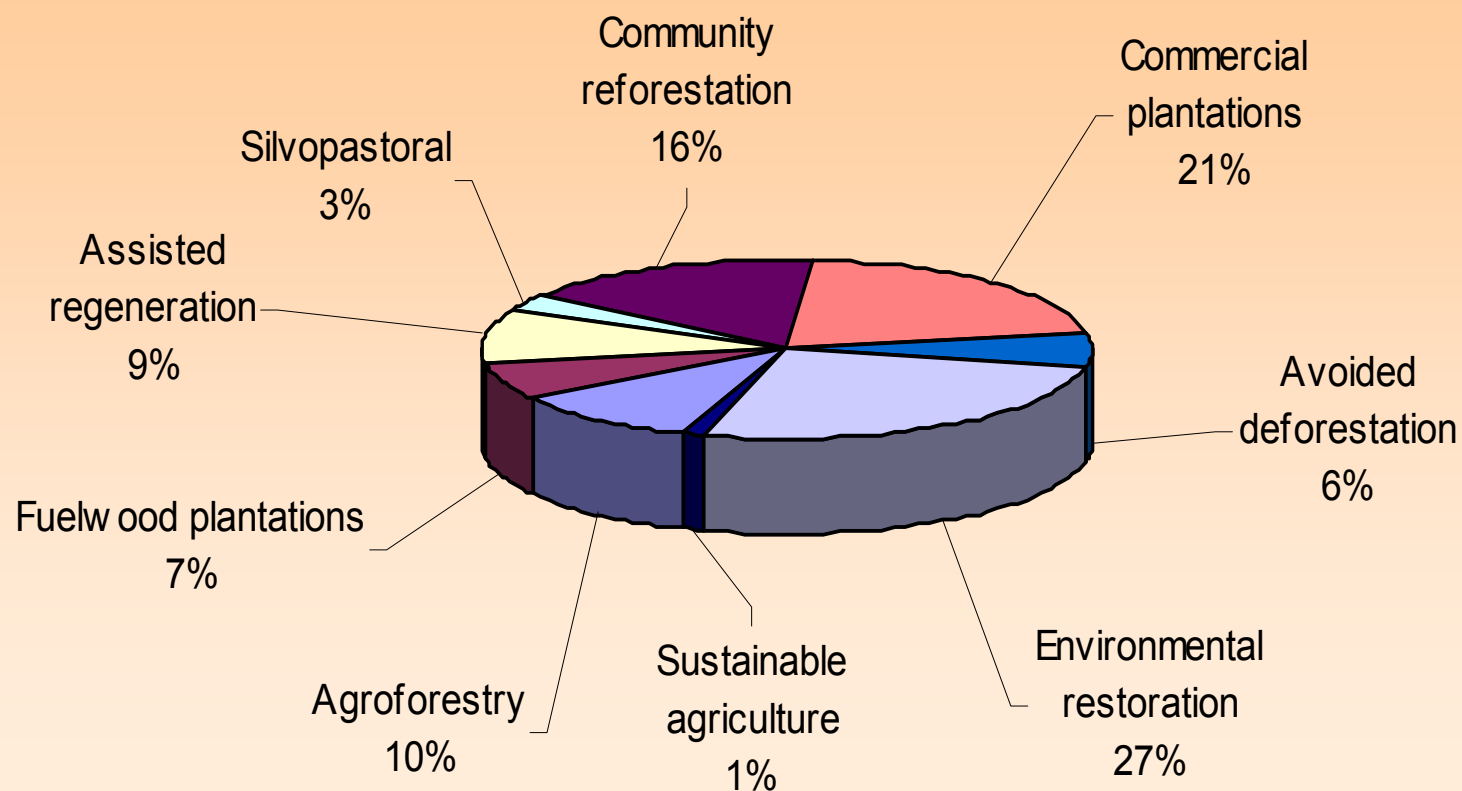
BioCF Portfolio: Regional Distribution



Project Classes



BioCF Portfolio: Asset Class Distribution



LULUCF in the EU ETS



- All LULUCF excluded from the EU ETS until December 31, 2007
- Why limit flexibility adopted in the Kyoto Protocol?
 - Rules on LULUCF are known
- Review of the EU ETS in 2006
 - Is LULUCF on the review agenda?
 - Technical question: conversion of temporary credits (tCERs/ICERs) into permanent permits (EUAs) → solutions exist
 - France, Italy, Spain, UK favorable to inclusion
 - Several key MEPs seem to be supportive
 - Private sector broadly supportive
- Benefits of inclusion
 - More equitable carbon market; engage developing countries in fight against climate change
 - Links EU climate change mitigation and adaptation policies with environmental and development policies, the G8 priorities and MDGs
 - Materializes a provision of the Linking Directive to “help (developing countries) take full advantage of ... the CDM in a manner that supports their sustainable development strategies”
 - Reduce compliance cost to European private sector
 - Does not detract from the need to reduce emissions: complementary
 - Rapprochement between the EU and US?



www.carbonfinance.org

www.prototypecarbonfund.org

www.biocarbonfund.org