

February 21, 2007

CDM Executive Board
UNFCCC Secretariat
Martin Luther King Strasse 8
P.O.Box 260124
D-53153 Bonn
Germany

Dear Chair,

I am writing to you on behalf of the International Emissions Trading Association (IETA) and in response to the call for public input on new procedures to demonstrate the eligibility of lands for afforestation and reforestation activities.

IETA provides below a number of comments and recommendations as a contribution to the Board's efforts to develop new procedures to demonstrate the eligibility for CDM of lands for afforestation and reforestation activities, as requested by the COP/MOP. In this letter IETA is referring to specific paragraphs of the second version of the procedures (annex 18 to the report of EB 26) and providing a general comment at the end.

Para 1. (a) i. In its second version of the procedure to demonstrate eligibility of lands the Board has added one additional parameter, which has to be addressed when demonstrating that no forest existed on the land under consideration. Besides crown cover, tree height at maturity and minimum land area, the Board added minimum width as fourth element to define forest. Although these four parameters are in accordance with the Good Practice Guidance on LULUCF, the Marrakech Accords clearly refer to only the first three parameters. Adding this fourth element unnecessarily restricts the number and type of projects eligible for afforestation and reforestation, and has no bearing on the ability of the trees to sequester carbon. 500 trees planted in a single row will sequester as much (if not more) CO₂ as 500 trees planted in a block. Many good projects such as the reestablishment of forests along rivers and streams will be excluded. This also will exclude a great and growing symbolic as well as practical method of sequestering carbon in urban areas.

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Para 1. (b) ii. IETA believes that to include in the procedures the requirement to demonstrate that the land under consideration was not forested “at any time since 1 January 1990” is not in line with decision 16/CMP.1. The decision from Montreal states that: “for the first commitment period, reforestation activities will be limited to reforestation occurring on those lands that did not contain forest on 31 December 1989”. The interpretation by the Board that project developers have to prove that no forest existed over a continuous time span since 1990 is in IETA’s view too restrictive.

For example, attempts to reforest land since 1990, which have failed due to financial constraints would consequently disqualify that land. IETA consequently believes that under such circumstances lands should be eligible for the CDM, since it should be considered as non-forested land.

IETA acknowledges the Board’s concerns of promoting BAU activities and possible perverse incentives. To address these concerns IETA would like to propose an alternative to the current eligibility criteria:

- a) The project developer is able to demonstrate that on the 31st of December 1989 the land was not forested using the three parameters as outlined in the Marrakech Accords (crown cover, tree height at maturity and minimum land area).

and

- b) The project developer is required to demonstrate that the land has not been forested during a 10 years period before the start of the proposed project.

Introducing a “rolling” 10 years period as eligibility criterion avoids both perverse incentives that lead to deforestation and excludes BAU projects from the CDM, while allowing at the same time that land which met the forest criteria since 1st of January 1990 for a period of time.

The proposed 10 years period is considered a realistic period which excludes any normal commercial cycle within the forest industry.

As we get further and further away from 1990, and as deforestation increases in many parts of the world, the 10 year rolling non-forested criteria will become a more realistic way to approach this growing problem.



Para 1. (c) iii. The forest definition in the Marrakesh Accords addresses temporarily unstocked areas, which have to be considered forests. The text does not address temporarily stocked areas, which should be considered as non-forests. For reasons of symmetry, IETA believes that the procedures to demonstrate eligibility of lands should also address temporarily stocked lands.

There are at least two situations, in which it is important to consider temporarily stocked areas as non-forests:

- a) Exhausted forest plantations. The replanting of forest plantations should be eligible for the CDM, if those plantations will otherwise be converted to non-forest lands.
- b) Fallow vegetation as a phase of land-use cycles. Land may be abandoned for various years in order to regenerate its fertility. During the fallow period, secondary vegetation emerges that (when advanced) may exceed the thresholds of the forest definition. Typically, the vegetation is removed and the land is brought back to production when the next land-use cycle begins. Lands should be eligible for the CDM, even if it is covered by secondary vegetation provided that the fallow is part of a land-use cycle and is therefore expected to revert to non-forest land. Areas could be considered non-forest if forest cover constitutes less than 50% of the duration of the entire cycle.

IETA would like to raise the issue of the 31st of December 1989 date once again, not as input to this particular call but as a discussion point per se. Although IETA acknowledges that it is not the mandate of the CDM EB, IETA would like to point out its intention to bring to the COP/MOP 3 the idea of introducing a moving date. Currently, a proposed project is either one that has been planted already and is being offered as a backdated project, (so no perverse incentive to harvest), or the land has been idle for 17 years. Next year it will increase to 18 years of no forest, etc. Consequently, the qualifying landbase will shrink in a time whilst the amount of deforestation is increasing. Therefore, IETA is proposing a rolling cut off date that would allow land to be eligible if it can be proven that it was without forest for more than 10 years until to date. Meaning that land is eligible for a CDM project starting



this year if it had no forest after 31st of December 1996. For projects starting next year this would be 31st of December 1997.

As stated earlier IETA acknowledges that it is beyond the Board's mandate to alter the date on which the absence of forest has to be proven and that it will require an alteration of the Marrakech Accords. IETA, nevertheless, wants to point out that the discussion on this date has to be opened in the near future.

The above suggestions will, in the view of the IETA members, improve the overall procedure and as such we look forward to your consideration process of our comments.

A handwritten signature in black ink, appearing to read 'Andrei Marcu'. The signature is fluid and cursive, with a long horizontal stroke at the end.

Andrei Marcu
President