

Annex 2

**DRAFT WORK PLAN BY THE EXECUTIVE BOARD RELATED TO AFFORESTATION
AND REFORESTATION CDM PROJECT ACTIVITIES****Note by the secretariat****I. INTRODUCTION**

1. At its ninth session, the Conference of the Parties (COP) adopted, for the first commitment period of the Kyoto Protocol, modalities and procedures for afforestation and reforestation project activities under the clean development mechanism (CDM) as contained in decision 19/CP.9 and annex thereto (hereafter referred as modalities and procedures for CDM A/R project activities).

2. This note aims at assisting the CDM Executive Board in developing a work plan to support the implementation of afforestation and reforestation project activities, in accordance with the modalities and procedures for CDM A/R project activities. Elements which may be included in the work plan of the Executive Board are as follows:

- (a) Applicability of existing guidance, clarifications and procedures to CDM A/R project activities;
- (b) Identification of terms and modalities for CDM A/R project activities that may need clarification by the Board in order to facilitate the validation and registration of CDM A/R project activities;
- (c) Development and issuance of a project design document for CDM A/R project activities;
- (d) Development of guidance on technical and methodological issues relating to CDM A/R project activities;
- (e) Work related to the CDM registry arising from the modalities and procedures for CDM A/R project activities.

3. The main issues related to each of these areas of work, as well as ways to undertake relevant work, are outlined below, including resource implications.

**II. APPLICABILITY OF EXISTING GUIDANCE AND PROVISIONS TO AFFORESTATION
AND REFORESTATION PROJECT ACTIVITIES UNDER THE CDM**

4. **Background:** Where not otherwise stated in decision 19/CP.9 and its annex, decision 17/CP.7 shall apply, *mutatis mutandis*, to CDM A/R project activities. Decision 19/CP.7 and its annex include, however, a number of different requirements relating to validation, registration, monitoring and verification of CDM A/R project activities that may require the Board to assess the applicability of its current clarifications, guidance and procedures to those.

5. **Possible action by the Board:** The Board may consider this issue and, in accordance with its practice and with rule 14, paragraph 1, of its rules of procedure, to select two Board members to focus on issues relating to CDM A/R project activities and, with assistance of the secretariat, to prepare recommendations for further consideration at its fourteenth meeting.

A. Application of the “share of proceeds” for administrative expenses

6. **Background:** CDM A/R project activities shall be subject to (i) a share of proceeds to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, and (ii) a share of proceeds to cover administrative expenses of the CDM.
7. The certified units issued for net anthropogenic greenhouse gas removals by sinks achieved by afforestation and reforestation project activities (“temporary CER” (“tCER”) or “long-term CER” (“ICER”)) are different from the CERs issued for non-A/R project activities, as they expire and are subject to provisions for replacement. In developing a recommendation to the COP on the share of proceeds for CDM project activities, foreseen for COP 10, the Board may wish to consider specific modalities for the share of proceeds for CDM A/R project activities.
8. **Possible action by the Board:** Until a decision by the COP is available, the Board may wish to apply the existing practice of charging an initial administration fee at registration stage which would be deducted from the share of proceeds for administration due at issuance of tCERs or ICERs. The Board may wish to request the secretariat to prepare a paper with options for the fees for its consideration at its fourteenth meeting.

B. Applicability of existing guidance, clarifications and procedures to CDM afforestation and reforestation project activities

9. **Background:** The Board may consider to what extent existing guidance, clarifications and procedures developed by the Board for the registration, validation and methodological work related to CDM project activities shall apply to afforestation and reforestation project activities.
10. **Possible action by the Board:**
11. Procedures: The Board may wish to state the full or partial applicability of each of the following procedures:
- (a) “Procedures for submission and consideration of a proposed new methodology” could apply mutatis mutandis to afforestation and reforestation project activities with minor changes including the reference to an “afforestation and reforestation expert group” instead of the Meth Panel. In addition, recommendation forms could be aligned with the project design document for afforestation and reforestation project activities (see sections V and VI below);
 - (b) “Procedures on public availability of the CDM project design document (PDD)” and “procedures for receiving comments as referred to in paras 40 (b) and (c) of the CDM modalities and procedures” could apply mutatis mutandis to afforestation and reforestation project activities with minor changes including a reference to paragraphs 15 (c) and (d) of the modalities and procedures for CDM A/R project activities (see attachment 1 below);
 - (c) “Procedures for registration of a proposed CDM project activity” could apply mutatis mutandis to CDM A/R project activities with a new registration and validation report form to be aligned with the specific requirements for afforestation and reforestation project activities (see attachment 1 below);
 - (d) “Procedures for review as referred in paragraph 41 of the CDM modalities and procedures” could apply mutatis mutandis to CDM A/R project activities with a new registration review

form, to be adjusted according to the specific requirements for CDM A/R project activities (see attachment 1 below);

12. Guidance and clarifications: The Board may wish to request the secretariat to compile for consideration at its fourteenth meeting:

(a) The elements of methodology-related guidance and clarifications that apply mutatis mutandis to CDM A/R project activities;

(b) The elements of validation-related guidance and clarifications that apply mutatis mutandis to CDM A/R project activities.

13. Once agreed upon clarifications, guidance and procedures regarding CDM A/R project activities could be posted in a “separate” section of the UNFCCC CDM web pages on clarifications, guidance and procedures.

III. CLARIFICATIONS OF TERMS AND MODALITIES OF THE MODALITIES AND PROCEDURES OF AFFORESTATION AND REFORESTATION PROJECT ACTIVITIES UNDER THE CDM

14. Background: Some terms and modalities contained in the modalities and procedures for CDM A/R project activities may need to be clarified. This section introduces some issues that may need to be considered in detail by the Board. Additional guidance to project participants and designated operational entities may also be required.

15. Possible action by the Board: The Board may wish to consider the clarification of terms and modalities identified related to CDM A/R project activities contained in decision 19/CP.9 and its annex and request two Executive Board members or alternates to prepare an input for the Executive Board at its fourteenth meeting.

16. The Board may consider to request the two Board members designated to focus on issues relating to CDM A/R project activities to prepare, with assistance of the secretariat, recommendations on terms and modalities for the Board’s consideration at its fourteenth meeting.

A. Clarifications on the starting date of CDM afforestation and reforestation project activity and retroactivity of crediting period

17. Background: The Board has defined the starting date of CDM project activities as “the date at which the implementation or construction or real action of a project activity begins”¹.

18. The definition of starting date of a CDM A/R project activity is particularly important because paragraph 23 of the modalities and procedures for CDM A/R project activities states that “the crediting period shall begin at the start of the afforestation or reforestation project activity”.

19. Possible action by the Board: The Executive Board may clarify whether the definition of starting date of CDM project activities should also apply to CDM A/R project activities and whether any additional clarification to the starting date of a project activity is necessary (e.g. criteria for actions that determine the starting date).

¹ Please refer to the CDM-PDD Glossary of terms for the (<http://cdm.unfccc.int/Reference/Documents>)

20. The determination of the starting date has also implications for the applicability of retroactive crediting of projects that started between the year 2000 and the date of the first registration of a CDM project activity²:

(a) The Board may need to clarify how the starting date of the crediting period for a CDM A/R project activity should apply if a project activity has started after the date for the first registration of a CDM project activity but before conditions for registering this project are made available by the Board;

(b) The retroactivity may also have implications on the applicability of different approaches for addressing non-permanence of afforestation and reforestation project activities under the CDM. The Board may need to clarify the setting of the expiry dates for tCERs that are issued before the start of the first commitment period or other point in time outside a specified commitment period. According to the definition of tCER set in para 1(g) of the CDM A/R modalities and procedures, a TCER expires at the end of the commitment period following the one during it was issued..

B. Clarifications regarding the renewal of crediting periods

21. Background: Paragraph 23 of the modalities and procedures for CDM A/R project activities provides for project participants to choose a crediting period of “a maximum of 20 years which may be renewed at most two times, provided that, for each renewal, a designated operational entity determines and informs the Executive Board that the original project baseline is still valid or has been updated taking account of new data where applicable”.

22. ICERs are defined in the modalities and procedures for CDM A/R project activities as a CER issued for a CDM A/R project activity which, subject to the provisions in section K of the modalities and procedures for CDM A/R project activities, expires at the end of the crediting period for which it was issued.

23. As for non CDM A/R project activities the crediting period can be chosen by project participants there was no need for stipulating whether an interval between two crediting periods should or not be allowed. For CDM A/R project activities, however, this interpretation may differ given the link of the crediting period to the project lifetime and possible implications on the validity period of ICERs.

24. Possible action by the Board: The Board may wish to consider the possibility of developing procedures for requests for renewal to be made and processed before the end of a crediting period.

IV. DRAFT PROJECT DESIGN DOCUMENT FOR CDM AFFORESTATION AND REFORESTATION PROJECT ACTIVITIES

25. Background: Appendix B of the modalities and procedures for CDM A/R project activities outlines the information required in the project design document of a CDM A/R project activity. The Executive Board is required, as for CDM project activities, to further develop the Appendix B in a project design document.

² In accordance with paragraph 13 of decision 17/CP.7 and preamble paragraph 6 of decision 19/CP.9.

26. Possible action by the Board: The Board may request two Board members designated to focus on issues relating to CDM A/R project activities to prepare, with the assistance of the secretariat, the following documents:

(a) Based on the forms for the CDM-PDD, a draft CDM A/R PDD form for the consideration of the Board at its fourteenth meeting;

(b) A compilation of terms from glossary of terms used in the CDM-PDD are applicable, *mutatis mutandis*, to CDM A/R project activities. In addition, the identification of terms that need further clarification for the consideration of the Board at its fourteenth meeting;

V. GUIDANCE ON METHODOLOGICAL AND TECHNICAL ISSUES

27. Background: Appendix C of the CDM modalities and procedures shall apply, *mutatis mutandis*, to the modalities and procedures for CDM A/R project activities. Although some of the existing methodological work and guidance provided by the Board may apply to CDM A/R project activities, the Board may consider the need to provide guidance to project participants and designated operational entities regarding methodological and technical issues specifically related to CDM A/R project activities. In addition to the need for clarifying methodological issues, the Board will also wish to draw on appropriate expertise in order to consider and approve proposed new methodologies relating to CDM A/R project activities.

28. Possible action by the Board: According to paragraph 18 of the CDM modalities and procedures “the Executive Board may establish committees, panels or working groups to assist it in the performance of its functions. The executive board shall draw on the expertise necessary to perform its functions, including from the UNFCCC roster of experts. In this context, it shall take fully into account the consideration of regional balance.”

29. As specific technical expertise is necessary to undertake work related to CDM A/R project activities and given the current work load of the Meth Panel, the Executive Board may wish to envisage the establishment of a panel or working group to prepare recommendations to the Board on methodological and technical issues and on proposed new methodologies regarding CDM A/R project activities. Draft terms of reference for such a panel or working group may be prepared using, *mutatis mutandis*, terms of reference for the Meth Panel. The size of a panel or working group and the terms of office of the members could differ (e.g. 5 members with a one year term). The Executive Board would need to bear in mind budgetary implications regarding the work of such a group.

B. CDM Registry

30. Background: Appendix D of the modalities and procedures for CDM A/R project activities implies additional requirements to be met by the CDM registry.

31. There are modalities relating to addressing non-permanence on which the Board may need to provide clarification before they can become operational. In addition, internal procedures for implementing the A/R CDM modalities and procedures may need to be developed for the same purpose (e.g. paragraph 33 of the modalities and procedures for CDM A/R project activities).

32. Possible action by the Board: The Board may consider, in accordance with its practice and with rule 14, paragraph 1, of its rules of procedure, to request two Board members, designated to follow CDM registry issues, to identify implications for the CDM registry arising from CDM A/R project activities and

prepare a note, assisted by the secretariat, relating to the operationalization of the additional requirements for the CDM registry from CDM A/R project activities for consideration of the Board at its fifteenth meeting.