

REPORT OF THE ELEVENTH MEETING OF THE AFFORESTATION AND REFORESTATION WORKING GROUP

UNFCCC Headquarters, Bonn, Germany
3 - 5 December 2006

RECOMMENDATIONS BY THE A/R WORKING GROUP TO THE EXECUTIVE BOARD

A. Opening of the meeting and adoption of the agenda

1. The Vice Chair of the Afforestation and Reforestation Working Group (A/R WG), Mr. Akihiro Kuroki, opened the meeting.
2. The A/R WG expressed its appreciation to the outgoing A/R WG member Mr. Hilton Thadeu Couto for his dedication and service to the work of the A/R WG. The A/R WG also welcomed the new members, Mr. Iginio Emmer, Mr. Xiaoquan Zhang and Mr. Marcelo Rocha, who were selected by the Board at its twenty seventh meeting and Mr. Braulio Pikman as the Meth Panel representative to the A/R WG.
3. The agenda was adopted as proposed.

B. Consideration of proposed new methodologies

4. The A/R WG considered the proposed new A/R methodologies for the following cases, as well as, desk reviews and public inputs received, where applicable.
5. The final recommendations, proposed by the A/R WG for the consideration by the Executive Board at its twenty-ninth meeting, are made available on the UNFCCC CDM website:
<<http://cdm.unfccc.int/methodologies/ARmethodologies/publicview.html>>.
6. In accordance with the procedures for submission and consideration of a proposed new methodology, project participants may submit, via the DOE, technical clarifications to preliminary recommendations. Preliminary recommendations for which project participants have not provided any clarifications within the four (4) week consultation period shall be considered as final recommendations and will be forwarded to the Executive Board and made available on the UNFCCC CDM website.
7. The A/R WG agreed on the following recommendations:

Cases	A/R WG 11 Recommendation¹
ARNM0012-rev: "Afforestation or Reforestation Project Activity Implemented on Unmanaged Grassland"	Work in progress² (see paragraph 8)
ARNM0013-rev: "The Mountain Pine Ridge Reforestation Project"	C
ARNM0015-rev: "Reforestation as Renewable Source of Wood Supplies for Industrial Use in Brazil", as contained in annex 1	A

¹ Recommendations to the methodologies: A (recommended for approval), B (recommended for revision) and C (recommended for non-approval), are final recommendations to the Board.

² The deliberations on these methodologies could not be concluded at the eleventh meeting of the A/R WG. These cases will be further considered before providing a recommendation to the Board.

ARNM0020-rev: “Afforestation for Combating Desertification in Aohan County, Northern China”	Preliminary recommendation
ARNM0021-rev: “Chocó-Manabí Corridor Reforestation and Conservation Carbon Project”	Work in progress
ARNM0026: “Carbon Sequestration in Small and Medium Farms in the Brunca Region, Costa Rica (COOPEAGRI-Project)”	B
ARNM0028: “Reforestation on degraded land for sustainable wood production of woodchips in the eastern coast of the Democratic Republic of Madagascar”	B
ARNM0029: “Rubber outgrowing and carbon sequestration in Ghana (ROCS-Ghana)”	Preliminary recommendation
ARNM0030: “Commercial reforestation on lands dedicated to extensive cattle grazing activities in the region of Magdalena Bajo Seco”	C

8. As requested by the Board at its twenty sixth meeting, the AR WG revised its recommendation on ARNM0012-rev electronically allowing for the project participants to respond to the clarifications for consideration at the eleventh meeting of the A/R WG. The working group agreed to continue its work in considering this case, noting that the response to the clarifications by the project participants has resulted in substantially different proposed methodology from that of the original submission.

C. Revision of the approved SSC AR methodology

9. In response to a request for revision to the approved small-scale A/R methodology AR-AMS0001 the ARWG revised the methodology, as contained in the annex 2.

D. Consideration of pre-project emissions in methodologies applying baseline scenario corresponding to the approach defined in paragraph 22(b) of the Decision 5/CMP.1

10. The Board, at its twenty second meeting (annex 15) clarified that where the baseline scenario is expected to correspond to approaches of paragraphs 22 (a) and (c) of the modalities and procedures for A/R project activities:

(a) In accordance with paragraph 21 of the modalities and procedures for CDM A/R project activities, only the increase of pre-project GHG emissions as a consequence of the implementation of the project activity has to be taken into account in the calculation of net anthropogenic GHG removals by sinks.

(b) Pre-project GHG emissions by sources which are displaced outside the project boundary in order to enable an afforestation or reforestation project activity under the CDM shall not be included under leakage if the displacement does not increase these emissions with respect to the pre-project conditions. Otherwise, leakage for the displacement of pre-project activities is equal to the incremental GHG emissions compared with the pre-project conditions.

11. Furthermore the Board requested the A/R WG to develop a proposal on how pre-project emissions are to be considered by project activities using the approach of paragraph 22 (b) of the modalities and procedures for CDM A/R project activities (Decision 5/CMP.1) to determine a baseline scenario.

12. The A/R WG considered such a proposal and agreed to recommend to the Board that the same clarification be valid for baseline and monitoring methodologies, which apply the baseline approach defined in paragraph 22 (b) of the modalities and procedures for CDM A/R project activities based on the following rationale:

(a) Annex 15 of EB22 clarifies a general accounting principle of pre-project GHG emissions, namely that only increases in GHG emissions compared to the pre-project situation have to be accounted for as leakage.

(b) The three baseline approaches 22 (a), (b) and (c) specify only a principal, based on which a baseline scenario is defined and quantified in terms of GHG removals by sinks.

(c) The fact that baseline approach (b) defines a baseline scenario based on economic information (investment analysis or barrier analysis) instead of e.g. a land use change analysis, does not interfere with the general principle on how the pre-project emissions have to be quantified.

E. Market leakage in A/R CDM project activities

13. The A/R WG considered the concept of “market leakage”. Market leakage may include the increase in GHG emissions occurring outside the project boundary, attributable to effects of price, supply or demand of goods affected by the market impact of the CDM A/R project activity (for example the manufacture and sale of wood based products produced from wood harvested from the CDM A/R project activity), which is measurable and attributable to the CDM A/R project activity.

14. The A/R WG agreed to recommend that these leakage effects shall not be accounted for in afforestation/reforestation baseline and monitoring methodologies, based on the following:

(a) Attribution and measurement of “market leakage” at the level of CDM A/R project activities is uncertain and difficult to ascertain, cannot be generalized and is potentially costly to determine;

(b) The “market leakage” of individual CDM A/R project activities in markets for timber or agricultural products is expected to be negligible.

F. Technical guidelines for the development of new afforestation/reforestation baseline and monitoring methodologies

15. The A/R WG agreed to recommend to the Board the draft “Technical guidelines for the development of new afforestation/reforestation baseline and monitoring methodologies” aimed to facilitate the development of new methodologies, as contained in annex 3.

G. Schedule of meetings

16. The A/R WG agreed to hold its twelfth meeting from 29 to 31 January 2007.

17. The 5 March 2007 was recommended as the deadline for the thirteenth round of submissions of proposed new methodologies. The A/R WG reminded project proponents that baseline and monitoring methodologies can be submitted at any time. The above deadline reflects the cut-off date for submissions to be considered at the twelfth meeting of the A/R WG.

H. Roster of experts

18. The A/R WG noted the satisfactory completion of the desk reviews of proposed new methodologies for A/R project activities submitted at round 11.

External annexes to the eleventh meeting of the A/R WG

- Annex 1: Draft reformatted baseline and monitoring methodology based on ARNM0015-rev
- Annex 2: Draft revision of the simplified baseline and monitoring methodologies for selected small-scale afforestation and reforestation project activities under the CDM AR - AMS0001
- Annex 3: Draft “Technical guidelines for the development of new afforestation/reforestation baseline and monitoring methodologies”