

September 3, 2008

**CDM Executive Board**  
UNFCCC Secretariat  
Martin Luther King Strasse 8  
P.O.Box 260124  
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Germany

Dear Mr. Sethi,

I write to you on behalf of the International Emissions Trading Association (IETA) and in response to the invitation by the Executive Board at EB 41 to comment on the draft **“Guidance on the application of the definition of project boundary to A/R CDM project activities.”**

First and foremost, IETA welcomes the move to allow for more flexibility in the application of the definition of project boundary and believes that the changes suggested will have a significant and positive impact on the development of CDM A/R projects in the future.

Secondly, given the long-term nature of A/R projects, IETA would like to suggest that PPs be allowed to provide evidence of their control over a part of the proposed project area within a flat 10-year deadline from the original registration date of the proposed project. IETA believes that this longer deadline would be more reasonable than the “5-year *or* first verification” deadline stipulated in the draft guidance. As the first and even subsequent verifications may occur within a very short time period, IETA believes that the added flexibility provided by the draft guidance is not yet significant enough and can be increased without impacting the environmental integrity of the project. See the annex to this letter for clarification.

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Thirdly, in response to the two questions posed for comment in the call for input:

- (i) Whether the geographical delineation of the project boundary should be allowed to change after the registration of the A/R CDM project activity to accommodate for changes in the extent of areas of land subject to A/R project activity under the control of the project participants?
- (ii) Whether areas of land that at the time of registration were expected to be subject to A/R CDM project activities, but this expectation was not materialized (e.g. due to change of mind by land owners), shall be excluded from the boundary of the registered A/R CDM project?,

IETA believes that the geographical delineation of the project boundary should be allowed to change after registration, including both expansion and reduction in size. In other words, project participants should be allowed to reduce or expand the project boundary in accordance with actual or expected control of the area after registration. To allow maximum flexibility to project developers, these changes should be allowed indefinitely as long as project participants demonstrate at the time of each verification that any added areas meet all other applicable criteria of the proposed A/R CDM project activity and that their addition does not impact the additionality of the project.

Regarding expansion of the project activity is currently prohibited if opportunities arise in areas adjacent or near the original project boundaries. Current rules force the project participants to develop a new PDD if they wish to expand the project from the original project boundary. Such rigidity obviously increases transaction costs enormously. IETA believes that the project boundaries should be allowed to change post-registration if the project participant is merely expanding the project area and is engaging in the same afforestation or reforestation activity.

Regarding the exclusion of areas of land that at the time of registration were expected to be subject to A/R CDM project activities but never were brought under the control of the project, IETA believes that it should be the decision of the project participants as to whether or not these areas are included in the project boundary. IETA's view is that project participants will, in most cases, choose to reduce the project boundary if it



becomes apparent that some areas will never come under the control of the project, because doing so will reduce monitoring costs substantially.

You will find an altered version of the draft guidance including all of the changes suggested herein as an annex to this letter. The above suggestions will, in the view of the IETA members, allow maximum flexibility for project developers while ensuring that the environmental integrity of the project is maintained. We appreciate the opportunity to comment and look forward to your final decision.

A handwritten signature in black ink, appearing to read 'HCD Derwent', with a long, sweeping horizontal stroke extending to the right.

Henry Derwent  
President



## **Draft guidance on the application of the definition of project boundary to A/R project activities**

In order to allow for more flexibility in application of the definition of project boundary, for those projects which are not intended to be submitted as a Programme of Activities (PoA), [project participants may do the following:]

[1.] provide evidence of the control over a part of the proposed project area after the validation, but not later than [10 years] after the registration date of the project. PPs shall provide information that the total proposed project area meets all other criteria for validation with respect to afforestation/reforestation activities at the validation date of the proposed A/R CDM project activity.

In case where at the validation or verification, control cannot be demonstrated in more than 20% of the total proposed area of the A/R CDM project activities project participants shall include in the PDD:

- Demonstration that the additionality of the project activity will not be affected by the lack of control on all or part of the project area;
- Provisions that increased emissions attributable to the project activity in the areas that have not come under control of PPs shall be considered as leakage.

In cases where at the validation, control [can] be demonstrated for [more than] 20% of the total proposed area of the A/R CDM project activities, project participants do not have to provide the information requested in the bullet points above.

[2. reduce or expand the project boundary in accordance with actual or expected control of the area after the validation. At each verification, PPs shall demonstrate that any added areas meet all other criteria with respect to afforestation/reforestation activities that was required at the initial validation date of the A/R CDM project activity, including additionality requirements.]