

July 2, 2011

CDM Executive Board
c/o UNFCCC Secretariat
P.O. Box 260124
D-53153 Bonn
Germany

Subject: Call for public inputs on “identifying common difficulties in implementation of registered A/R CDM project activities, including type and extent of changes from the project description in the PDD that are typical for forestry practice”.

Honorable Members of the CDM Executive Board,

We welcome the opportunity to contribute to the call for public inputs on identifying common difficulties in implementing registered A/R CDM project activities.

The World Bank’s BioCarbon Fund (BioCF) is supporting the development of several afforestation/reforestation projects. We present in this submission the results of an implementation assessment of nine out of 13 BioCF projects registered currently. These projects are about to start the verification process. Our experience on these projects reveals that projects entities face difficulties in implementing A/R projects as described in the registered PDD mostly due to reasons or circumstances outside of their control. In the Annex to this submission, we provide relevant details of projects on the template of the call for public inputs.

We also present some suggestions to the CDM Executive Board for addressing the difficulties associated with the changes in implementation to registered project activities taking into account the specific circumstances of A/R projects that are typical for forestry practice.

1. Common difficulties in implementation of registered A/R CDM projects

The most common difficulties observed in implementation of BioCF projects have led to changes in the project design related to project boundary, planting schedule, species composition, stocking density, and biomass estimation methods. A brief explanation of the observed changes is presented below and details of the changes are outlined in the attached template.

a) Project boundary

Five out of nine registered projects have changed or are anticipating changes to the project boundary due to reduction in project area. Reasons for reduction include among others: poor site conditions, land tenure conflicts, and withdrawal of landholders. In general, the nature of A/R projects makes it very difficult to arrange for parcels of land in advance of projects proposed

and conform to the requirements of project area outlined in the registered PDD during the years of project establishment.

b) *Planting schedule*

Eight out of nine registered BioCF projects analyzed are behind their planting schedules. The reasons for this are several and are usually not under the control of the project entities. The reasons are diverse and cover technical (e.g., lack of detailed knowledge on the suitability species and their growing conditions, availability of planting stock, seasonal aspects of planting etc.); capacity-related (e.g., difficulties in operation of nurseries and timely arrangement of nursery stock for planting); institutional (e.g., constraints and delays associated with land tenure agreements); natural disasters (e.g., droughts, floods, and natural conditions in the field); and financial and social (e.g., landholders withdrawing from the project) aspects.

c) *Species composition*

Three out of nine BioCF registered projects have faced the need for changing the species composition. The main reasons for this are: difficulties in propagation of planned species, lack of nursery stock, low survival rates of species, changes in community preferences for species, and change of relevance of species to a project in the face of natural events such as droughts and floods. Projects often face the need for changing the planned species composition because of one or more of such reasons that are not under the control of project proponents.

d) *Stock density*

One of the projects implemented as assisted natural regeneration project required planting a higher seedling density in about 10% of land parcels of project relative to what was proposed in the registered PDD. In assisted natural regeneration projects, supplemental planting is dependent upon existing natural regeneration, its distribution over project sites and field efforts required to support regeneration on respective sites. Therefore, planting density and its variation during project implementation is not relevant for assisted natural regeneration projects. Planting density is also of limited relevance for plantation projects as increases in stocking density in A/R projects are mostly intended to insure plantations against low survival rates against adverse field conditions.

e) *Biomass estimation method*

Five out of nine BioCF registered projects anticipate changes with regard to the use of biomass expansion factors and/or allometric equations. The reasons for these are mostly related to availability of the latest location specific data subsequent to project registration. In addition, projects make changes to measurement approaches to suit the requirements of the growth data (volume tables/equations or allometric equations) applicable to a project. For example, in early stages of a project, measurements may be required on collar diameters instead of measurements at diameter at breast height to suit the requirements of location specific allometric equations that are based on collar diameters.

2. *Suggestions for addressing difficulties*

In response to requests for clarification, A/R WG during its thirty second meeting referred to the guidelines on assessment of different types of changes to a project activity as described in the registered PDD. (Annex 67 to the report of the EB 48 meeting). Based on the changes described in this submission, we request that guidance needs to be provided on (i) type of changes from the PDDs can be considered as minor and would not require changes to the monitoring plan or the registered PDD and (ii) types of changes for which a revision of the monitoring plan or the registered PDD is required.

Based on our experience and discussions with other stakeholders, we suggest the following for your consideration:

Issues that should be considered minor and for which notification of changes to the monitoring plan or PDD is not required:

- Delay in project implementation
- Re-stratification and re-calculation of sample plots (including permanent vs. temporary – should not be an issue if project area is appropriately represented and the method of selection of sample plots remains the same)
- Changes in measurement approach to better match project reality (i.e. plot size, sample design/method, minimum DBH, measurement of collar diameter or dbh, project boundary etc.) – and allowing changes at each verification
- Excluding parameters from monitoring where the EB already clarified that they are insignificant
- Changes in planting densities and silvicultural measures, including method of establishment (planting vs. assisted natural regeneration)
- Different measurement approaches for parameters based on practices from later revisions of the methodology (height, preference for data sources)
- Update of data to be monitored, when better data becomes available
 - Changes in default factors (BEF, root-shoot ratio, etc.) because of the availability of species-specific default factor data after project implementation – increases accuracy
 - Allowing use of both BEF and allometric equation methods depending on availability for species – increases accuracy
- Changes in quality assurance / quality control (QA/QC) procedures.
- Timing of verification event (relative to what is presented in PDD)
- Changes in sources of financing and revenue

Changes for which a revision of the monitoring plan or the registered PDD is required but which could be considered minor if below certain threshold

- Changes in species composition
- Reduction in final area where full implementation is not possible
- Changes in project implementation (i.e. harvesting cycle, etc.)

It is suggested that for changes to be considered minor, the *Guidance on application of definition of the project boundary to A/R CDM project activities (Annex 16, EB44)* need to be considered as a basis for defining a **common threshold** for changes to a registered project taking into account the guidance approved with regard to control over minimum 2/3 of the total area of land planned for A/R CDM project activities at the time of validation. By applying the EB 44 guidance on application of definition of the project boundary, **all changes of up to 1/3rd change in project parameters** (in project area, species composition, and all other changes during project implementation) to a registered project could be considered **minor**.

We submit that adopting multiple different thresholds for each type of change is likely to lead to significant difficulties and transaction costs for DOEs and project entities to demonstrate a change is minor as per the *Guidelines on assessment of different types of changes from the project activity as described in the registered PDD (Annex 67, EB 48)*.

Considering that A/R projects are subjected to *one* verification in a commitment period, the project proponents expect certain level of predictability in the verification process. Therefore we request the CDM Executive Board to adopt a flexible approach under the paragraph 6 of the *Procedures for notifying and requesting approval of changes from the project activity as described in the registered project design document (Annex 66, EB48)* that allows a DOE to determine and address changes from a registered PDD in a range of project circumstances without requiring formal EB approval of the revisions to monitoring plan. To build such an approach it is necessary to recognize the specific characteristics and circumstances of afforestation and reforestation projects because of their very living nature and many changes that could occur in during verification period need to adjust conditions on the ground.

We will be pleased to provide further information and clarifications as necessary.

With kind regards,



Rama Chandra Reddy
Acting Team Leader, Policy and Methodology
Carbon Finance Unit