The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 473-1000
Cable Address: INTBAFRAD
Cable Address: INDEVAS

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

Subject: Response to the EB call for public inputs at its sixty-seventh meeting, meeting on draft "Guidelines for establishment of standardized baselines for afforestation and reforestation project activities under the clean development mechanism"

Honorable Members of the CDM Executive Board,

The World Bank, as the Trustee of the BioCarbon Fund (BioCF) has gained significant on-the-ground experience with afforestation and reforestation A/R) project activities implemented under the clean development mechanism (CDM). We therefore welcome this opportunity to provide inputs on the draft "Guidelines for establishment of standardized baselines for afforestation and reforestation project activities under the clean development mechanism".

The use of standardized baselines can potentially reduce transaction costs, enhance transparency, ensure predictability, and facilitate A/R activities under CDM and to scale up GHG removals by sinks, while ensuring environmental integrity.

Part I: Overall assessment of the draft document

The guidelines serve as valuable starting point in outlining the aspects to be considered in the development of standardized baselines. In this context, the draft guidelines need to be significantly enhanced to cover relevant issues so as to ensure that the benefits envisioned from its adoption can be realized.

Part II: Input on specific issues

Inputs on the following aspects of the proposed guidelines are presented below:

A. Setting of criteria

(i) The guidelines clarify that the standardized baseline should be relevant for a geographic region. Considering that geographic region, i.e., a country, province or watershed can have different land use contexts; it is suggested to include broader criteria reflecting agro-ecological zone (AEZ), climate, soil type and land use activities in a geographic region to ensure consistent use of the criteria within and across geographic regions.

Suggestion: Considering that land use activities closely interact, it is suggested to consider a set of criteria that reflect the circumstances on which resonable information is available so that proponents can select from a set of criteria presented in the guidelines with a provision to seek revision of the guidelines to include additonal criteria proposed by proponents.

(ii) Criteria on identification of the baseline land-use scenario states that the baseline land-use scenario should be the same as that of the pre-project land-use scenario (paragraph 10). Considering that the guidelines on standardized baseline are applicable to a range of land activities in a geographic region. As land use activities continue to evolve in a geographic region, clarification on the continued applicability of pre-project land use scenario to land use activities in a geographic region may be relevant.

Suggestion: The guidelines in their current form may encourage project level baselines or patchworks of different data within the standardized baseline and could lead to an increase in transaction costs for conforming the baseline. As a consequence, guidelines may need to include procedures for demonstration of the continued relevance of the pre-project land use scenario, which may be cumbersome considering that land use activities evolve over time in a geographic region The guidelines may need to include additional guidance on the relevance of pre-project scenario, including the procedures for stratification and criteria/evidence that can be used from similar agro-ecological zones within a region/country could be considered.

B. Assessment of criteria

The guidelines in Table 1, Appendix 1 identify land-use and socio-economic conditions in which A/R project activities are not likely to be implemented without the financial incentives of the CDM. The list although simplifies the analysis of additionality, the criteria included in Table 1 are restrictive and the evidence required to demonstrate the compliance could be onerous. For example, the criteria proposed for identification of degraded soils do not refer to the A/R methodological *Tool for the identification of degraded or degrading lands for consideration in implementing CDM A/R project activities* (EB41, Annex 15) or its possible revisions, and instead specifies additional criteria such as pH; soil salinity; sodium absorption ratio etc. Data on these variables if not readily available could entail costly sampling and measurement procedures to show compliance with the criteria. Additionally, data on criteria such as soil surface intercepted by stones/rocks in more than 50% of the area can be subjective, difficult to collect and validate especially in areas scattered over a large geographic region. With regard to the criteria on underrepresented regions such as no precedence of commercial forestry (Table 3, Appendix 1) can be ambiguous unless clearly specified with reference to a time period, forest management and geographic extent. As a consequence, data and evidence required to comply with the criteria outlined for eligible land types can be prohibitive in terms of the cost and time required for collection of data and for compliance.

Suggestion: The criteria outlined in the guidelines need to be comprehensive and facilitate ease of data collection and validation to enable cost effective scale up of A/R activities under the guidelines.

C. Standardized estimation of baseline stocks and removals

(i) A significant part of transaction costs of A/R CDM projects are associated with the measurement and monitoring of GHG removals by sinks through use of sample plots. The estimation of baseline stocks and removals under the guidelines assume practices similar to those prevailing under A/R projects implemented, which can significantly increase transaction costs of implementing projects or programmes of activities over a large geographic region under the guidelines.

Suggestion: It is suggested to consider guidance on the use of alternative inventory methods, including the use of remote sensing techniques that would reduce the need for sample plots for estimation of baseline and project GHG removals by sinks, and could significantly decrease the transaction costs of implementing dispersed A/R activities over a large geographic region.

(ii) Mandatory requirements vs. choice in the standardized estimation of baseline stocks and removals in the proposed guidelines

Suggestion: The existing A/R methodological tools on the estimation of GHG removals by sinks could be revised and mandated for use under the proposed guidelines. In cases where existing A/R methodological tools cannot be used, choice in the use of appropriate methods/procedures including the use of default values based on IPCC tier II methods could be considered with justification. For example, data based on remote sensing inventory require methods and procedures that could be different from those available under existing A/R methodological tools. When the choice in the estimation of baseline stocks and removals could be provided to the project proponents, they could be requested to comply with the requirements of the *Guidelines for quality assurance and quality control of data used in the establishment of standardized baselines (*EB66, Annex 49).

Part III: Other comments/ inputs

(i) The procedures and guidelines for implementing current A/R project activities and those implemented using the proposed guidelines need to be consistent. The transaction costs of implementing procedures/guidelines of CDM A/R project activities has been a major factor in the modest uptake of A/R projects during the first commitment period. The lessons learned in this regard need to be utilized in developing guidelines that are cost effective and applicable to a range of land use categories in a geographic region.

Suggestions: Where feasible, revision of existing procedures/guidelines/tools to facilitate their extension to under standardized baselines could promote consistency between the project level procedures/guidelines and those of the standardized baselines while lowering the transaction costs.

(ii) The guidelines of standardized baselines for A/R activities not likely to be implemented without the financial incentives of the CDM present significant bias on additionality rather than focusing on the guidelines for standardized baselines.

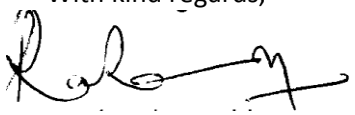
Suggestion: In order for the guidelines to be relevant over a large area of a geographic region, The focus on standardized baseline could be strengthened by recognizing the positive lists of

activities that have relationship to the baseline, e.g., assisting the natural regeneration of native species and supporting non-timber product and service benefits to poor communities.

A/R Working Group could organize a workshop involving experts, practitioners and project proponents to discuss the issues relevant for the development of guidelines for standardized baselines that are comprehensive, cost effective and empowers project entities so that transaction costs of implementing the guidelines could be minimized while ensuring the environmental integrity.

We will be glad to provide clarifications as necessary and will be available for further consultations.

With kind regards,



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