Afforestation/Reforestation (CDM)

Themes

- Legal frameworks for REDD+ [10]
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Definition

Afforestation/Reforestation (A/R) CDM is a project category and sectoral scope under the CDM through which eligible projects can generate emission reduction offsets from carbon sequestration by forests. It is currently the only forest carbon category eligible to earn credits under the compliance markets.

Content

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REDD+ relevance

Article 3.3 of the Kyoto Protocol states that net changes in GHG emissions by sources and removals by sinks through direct human-induced LULUCF activities, limited to afforestation, reforestation and deforestation that occurred since 1990, can be used to meet Parties' emission reduction commitments. At the inception of the Kyoto Protocol, only afforestation and reforestation activities were identified as qualifying for the CDM due to environmental and market concerns with other activities within the full scope of REDD+. The negotiation of modalities and procedures for forestry CDM took two years longer than for other CDM sectors, which also caused some delay in investment in the sector. Under CDM A/R, the approved methodologies give project developers options to manage and harvest forests for agro-forestry, bio-energy, timber production or urban forestry (Neeff et al. 2006).
Despite its potential to mitigate climate change, the A/R sector remains underdeveloped for two main reasons. Firstly, the temporary nature of carbon sequestration by forests due to issues of impermanence was taken into account by special types of expiring carbon credits (tCERs). The market for temporary credits is limited, compounded by the EU's decision to exclude forestry credits from the EU Emissions Trading Scheme (EU ETS). Since the EU ETS covers much of the European private sector, this EU policy keeps forestry credits out of reach of one of the major demand groups (Haupt & von Lüpke, 2007). Annex I countries can only use A/R credits for up to 5% of their emissions obligations in the first compliance period (2008-2012), a rule which is set to continue into the second period (Ecosystem Marketplace, 2012).

Secondly, many project developers lack capacity to apply to stringent rules and complicated methodologies of A/R, an issue which is carrying through into REDD+ activities.

**Policy relevance**

Improvements in the performance of A/R sector have been reported in 2011, with a rise in project registrations and a significant increase in volumes contracted. However, despite positive market signals, A/R activities still make up only 1% of the CDM project portfolio (Ecosystem Marketplace, 2012).

According to BioCarbon Fund (2011), scaling up A/R activities is critical to mitigating climate change, improving rural livelihoods, improving resilience to climate change, conserving biodiversity, restoring degraded lands, and strengthening the human, social, and financial capital of local communities. They consider 4 key areas which need to be resolved to remove bottlenecks and unnecessary obstacles: regulatory improvements, access to finance, strengthened capacity, and increased demand for credits from A/R CDM projects.

**Key discussion points**

Valuable experience has been gained from A/R projects under the CDM which can be used in the design of a future REDD+ mechanism. Climate Focus (2012) examine the implications of including REDD+ under the CDM, concluding that close consideration should be given to expanding CDM to include additional REDD+ activities, and/or piloting sectoral REDD+ at the national or subnational scale. This recommendation is partly due to the technological and methodological advances made under CDM which have alleviated many of the initial concerns with REDD+: over the past several years, tools have been developed within CDM, as well as in voluntary markets that address some of the issues which affect REDD+, including the use of buffers, insurance mechanisms, temporary crediting, and monitoring technology.

**References**


Haupt, F., and Von Lüpke, H. 2007. Obstacles and Opportunities for Afforestation and Reforestation Projects under the Clean Development Mechanism of the Kyoto Protocol. FAO


Resources

Guidebook For The Formulation of Afforestation and Reforestation Projects under the Clean Development Mechanism [39]


Tool for Afforestation and Reforestation Approved Methodologies (TARAM) [40]

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