

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

September 3, 2008

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

Honorable Members of the CDM Executive Board,

**Submission of Public Inputs on Flexibility in the Application of the
Definition of Project Boundary to A/R CDM Project Activities**

We appreciate the CDM Executive Board's call for public inputs with regard to the A/R Working Group's draft guidance on the project boundary prepared at its twentieth meeting; as well as the issue of flexibility in its application to the A/R CDM project activities. Our comments are contained in the enclosed attachment.

We would be happy to provide clarifications and contribute to further discussions on this subject if the Executive Board finds this helpful.

With kind regards,

Johannes Heister
Team Leader Policy and Methodology
Carbon Finance Unit, The World Bank

Comments on “Flexibility in the Application of the Definition of Project Boundary to A/R CDM Project Activities”

Issue of control over project area

The draft guidance of the AR Work Group’s twentieth meeting states:

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 provide evidence of the control over a part of proposed project area after the validation, but not later than 5 years after the registration date of the project or the first verification date of the project, whichever comes first. 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, 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 case where at the validation, control cannot be demonstrated for not 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

We appreciate the efforts of the A/R Working Group in preparing the draft guidance, which seeks to clarify the interpretation of project boundary taking into account the project participants’ control over the project area. The draft guidance is an improvement over the current definition of project boundary. However, it does not fully address the issues associated with the delineation of the project boundary.

It is widely understood that the land use decisions in a region are dynamic and evolve in response to multiple factors and feasible land use alternatives¹. Control over the project area is one of several factors that include tenure, competing land use, markets, circumstances of communities/households and their experience in implementing the A/R activities. For example, farmers in a developing country tend to initiate forestry activities in small areas and evaluate their experience before taking further decisions on implementing a project on the remainder of their land. Such operational elements of land use are independent of the control over discrete land parcels and significantly influence the implementation of the A/R projects.

¹ Van Noordwijk, M., J.M. Roshetko, Murniati, M.D.Angelas, Suyanto, C.Fay, and T.P.Tomich (2008) *Farmer Tree Planting Barriers to Sustainable Forest Management*, in Denyse J. Snelder and Rodel D. Lasco (eds.) *Small Holder Tree Growing for Rural Development and Environmental Series*, Lessons from Asia, Springer Science + Business Media B.V.

The AR Working Group's proposal based on control over more or less than 20% of the project area does not adequately address the issues associated with the delineation of the project boundary. The threshold with regard to control over project area does not help in situations where lands are brought under project implementation in response to socioeconomic factors, circumstances and decisions of multiple stakeholders such as public agencies/private agencies/households participating in a project. As a consequence, implementation of A/R activity has limited relationship with the project participants' control over project area. Therefore, defining a threshold for control over project area does not enhance flexibility in the delineation of project boundary.

Suggestion

The concept of control over project area has limited relevance to land use decisions of the A/R project activities. The threshold with regard to control proposed in the draft guidance does not significantly improve flexibility in the application of the project boundary. Moreover, modalities and procedures of the A/R projects do not outline a threshold for control over project area as basis for defining the project boundary. As the threshold limit related to control over project area does not improve the flexibility in the delineation of the project boundary, it should not be included as a criterion in the definition of project boundary.

Proposal with alternative criteria for delineating the project boundary

Considering the dynamic nature of land use decisions, the following *two alternative criteria* could be considered to improve flexibility in the delineation of the project boundary of the A/R projects.

- Criteria for *ex post* delineation of project boundary - changes to project boundary during the period of project registration and verification
- Criteria for *ex ante* delineation of project boundary - potential discrete areas of the project delineated *ex ante* at time of project registration

1) *Ex post* delineation of project boundary - changes to project boundary between registration and verification

It is likely that changes in the project area would occur during period of project registration and verification. Such changes would need to be recognized as part of land use and a reflection of on the ground implementation of the A/R projects.

The *ex post* delineation of project boundary takes into account changes that occur subsequent to the registration of an A/R project and allows for consideration of land use dynamics of a region in which the A/R project is implemented. The project participants would outline the criteria used for selection and inclusion of discrete areas in an A/R project in the PDD at the time of project registration. The Designated Operational Entity (DOE) would need to validate the criteria listed in the PDD for *ex post* inclusion of discrete areas. The criteria proposed are outlined below.

- Discrete areas included in the project boundary should comply with the *applicability conditions of the approved AR methodology* relevant for the project.

- Discrete areas included *ex post* are under the control of project participants and comply with the *Procedures to Demonstrate The Eligibility Of Lands for Afforestation and Reforestation CDM Project Activities*.
- Discrete areas included *ex post* confirm with the baseline strata identified for the project.
- The implementation of project on discrete areas complies with provisions of the latest version of the *Tool for the Demonstration and Assessment of Additionality in A/R CDM Project Activities*.
- If a project is registered as a small scale A/R project activity, *ex post* inclusion of discrete areas in the project boundary is limited by the threshold GHG removals by sinks permitted under the small scale A/R project.
- The monitoring plan must include provisions to permit a Designated Operational Entity to verify evidence for the *ex post* inclusion of discrete areas in the project boundary confirm with the chosen criteria.

The ex post delineation of project boundary would improve flexibility in the delineation of the boundary for A/R projects. The changes to project boundary between the registration and the verification stages of an A/R project could be accommodated in this manner, including the contexts outlined in the public call such as:

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.

2) Ex ante delineation of project boundary - potential discrete areas of the project identified ex ante at time of project registration

In situations where it is possible to make the *ex ante* identification of discrete areas for implementing A/R activities at the time of project registration, discrete areas that comply with the requirements of an approved methodology should be identified and information on the discrete areas should be presented in the PDD submitted for registration. The *ex ante* delineation procedure assumes that the project boundary defined *ex ante* includes potential discrete areas. The PDD should provide the following information on the discrete areas identified *ex ante* to be part of the project boundary.

- The information on discrete areas such as location, area and geographic coordinates
- Data and information from official agencies demonstrating the project participants' tenure/ownership/ control over discrete areas included in the project boundary
- In situations where A/R activities have not materialized on discrete areas included in the project subsequent to registration of the project due to natural or anthropogenic factors. Such discrete areas should be excluded from the boundary of a registered project at subsequent verification

The *ex ante* delineation of the project boundary enables the project participants to identify potential discrete areas on which A/R activity is proposed to be implemented. It is possible to exclude those discrete areas on which expectations of the A/R activity have not materialized from the project boundary of a registered A/R project. This takes into account the contexts outlined in the public call such as:

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.

Suggestions on the alternative criteria proposed

It is anticipated that the **two** alternatives outlined above would improve the flexibility in the application of the project boundary to the A/R CDM project activities. Therefore, project participants should be provided with a choice to use either of the two options - ***ex post delineation of the project boundary or ex ante delineation of the project boundary*** with relevant guidance.

Ex post delineation of the project boundary

The *ex post* delineation of the project boundary is permitted provided that the discrete areas considered for inclusion in the project boundary subsequent to project registration satisfy the relevant criteria for such delineation and a DOE should be able to verify the eligibility of the discrete areas at verification. The discrete areas found eligible at the time of verification would be considered as part of the project boundary.

Ex ante delineation of the project boundary

The *ex ante* delineation of project boundary is feasible provided all eligible discrete areas that are potentially available for implementing A/R project activity are listed in the PDD at the time of the project registration. The discrete areas over which project implementation does not get materialized shall be identified at the subsequent verification and excluded from the project boundary. As a consequence, the project boundary at verification is expected to be smaller than the project boundary delineated *ex ante*.

We hope that the above proposals would facilitate a flexible and cost effective delineation of the project boundary the A/R projects. We will be glad to provide further information and clarifications as necessary.