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FERN submission to the CDM Executive Board

on

'DRAFT PROCEDURES TO DEMONSTRATE THE ELIGIBILITY OF LANDS FOR AFFORESTATION AND REFORESTATION PROJECT ACTIVITIES'

The Executive Board at its 31st meeting launched a call for public input on draft proposed procedures to demonstrate the eligibility of lands for afforestation and reforestation project activities under the Clean Development Mechanism. FERN would like to submit the following comments on the draft presented in Annex 14 to the report of the Board's 31st meeting.

Based on the experience of working with social justice groups, environmental organisations and communities affected by large-scale monoculture tree plantations for well over a decade, FERN has called for the exclusion of such large-scale tree plantations from CDM eligibility throughout the discussion on the topic. Monitoring the impact of several plantation projects which have applied for CDM A/R registration has led to further evidence that such projects do not contribute to sustainable development of local communities¹. Far from it, in many cases such operations will undermine local livelihoods and cause significant negative environmental impacts.

In regard of this, FERN is concerned that the draft proposed by the A/R Working Group, far from clearing up an obvious error in the relevant COP9 text, not only manifests this mistake but also adds further changes that will make substantive areas used for controversial large-scale plantation management eligible for CDM A/R projects. The proposed draft (a) introduces the perverse incentive to clear land that was forested after 1990 in order to some time thereafter propose a CDM reforestation project and, maybe even more worryingly, (b) the rules would make post-harvest replanting of tree monocultures eligible for CDM.

¹ See in particular FERN's submissions to the CDM EB on proposed methodologies by Plantar and V&M do Brasil as well as documentation of the social and environmental impacts of these plantations in 'Certifying the Uncertifiable' World Rainforest Movement report 2003 at www.wrm.org.uy

FERN works to achieve greater environmental and social justice, focussing on forests and forest peoples' rights in the policies and practices of the European Union"

Draft procedures introduce perverse incentive to clear land that contained forest after 1990

It is FERN's understanding that under the draft procedures contained in Annex 14, a proposed CDM project would pass CDM A/R land eligibility criteria, even if it took place on land that may not have been forest *on* 31 December 1989 but where a secondary semi-natural forest could have developed since, reaching a country's forest threshold in, say, 2004. As far as we can see, nothing in the current proposal would prevent the clearing of the secondary forest that had developed since 31 December 1989 and then establish thereafter a monoculture tree plantation that is credited under the CDM. In addition to risking negative social and environmental impacts and providing a subsidy to the plantations industry, allowing for such practise would also not result in emission reductions, since in the absence of the project the secondary forest would have continued to exist.

Draft procedures would make post-harvest replanting of tree monocultures eligible for CDM

In addition to providing an incentive to clear areas that have developed into forests since 31 December 1989, the draft procedures would also mark a considerable shift by making post-harvest replanting eligible as a CDM A/R activity. As the procedures stand now, it would be possible for a plantations operation to carry out regular harvesting operations and pass the proposed land eligibility procedures for re-establishment of the plantation after such a regular harvest. It would certainly be possible to demonstrate that "the land was not intentionally converted to non-forest land for the purpose of implementing an A/R CDM project activity", as required per 1.(b) i. – and the land in question has demonstrated eligibility according to the proposed procedures.

It has been argued that such projects would not pass the additionality test. Leaving aside for a moment that "there is no technically correct answer to additionality" the proposed eligibility rules do not link in any way the demonstration of additionality to the eligibility of lands. Using the above example, the project proponents may persuade the A/R WG experts that establishing the plantation - either on cleared forested land or after regular rotational harvest - would not deliver sufficiently attractive economic returns or face some other considerable barriers and may thus supposedly not happen without the extra CDM finance. Consequently, the CDM project activity – the establishment of a monoculture plantation – would likely be considered additional, and the CDM would provide incentives to clear secondary forest that has grown since 31 December 1989 to fulfil the national forest definition and which would otherwise continued to exist as a secondary forest, or provide extra funding to plantation companies for re-establishing of plantations after regular rotational harvesting.

The footnote included in the proposed draft procedures seems to indicate that such concerns also were recognized by the A/R Working Group. It would seem imperative to ensure that such concerns are dealt with *before* the new procedures are adopted.

There is no shortage of land that was cleared before 1990, where community-based forest restoration would provide both environmental and social benefits. Judging from the list of projects linked to methodologies put forward to date however, this is not where the interest of CDM A/R project proponents lies. The large majority of proposals involve establishing commercial, large-scale timber plantations. The proposed new rules – if adopted in their current form by the Executive Board – will open up large areas of land currently not eligible for the CDM plantations subsidy. Such a CDM subsidy from the sale of carbon credits may increase the economic return of

plantations in locations where other land uses might make much more economic, social and environmental sense and where land use conflicts between local communities and plantation companies are frequently a reality. The 2003 CIFOR report "Fastwood" concluded that "[t]he sooner subsidies to commercial plantations are phased out, or at least dramatically reduced, the better." It would be ironic if the CDM, not least in light of its objective to promote sustainable development, were to provide the very kind of subsidy the CIFOR report and others have shown to cause a raft of negative social and environmental impacts.

Notwithstanding the technical comments on the proposed draft presented in this submission, we would like to further note that if adopted, the changes will present the change of a COP decision by the Executive Board. Determining the eligibility year was an issue of considerable debate in the A/R negotiating group. It would thus appear that if the eligibility year is to be changed [which the proposed draft in essence does], the decision to do so would be for the Conference of the Parties to take..

FERN urges the Executive Board to ensure the CDM will not turn into a Plantations Subsidy Mechanism, and on both procedural and content grounds reject the proposed draft.

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