



Outreach in Favor of LULUCF

Working Session on Land Use and Bioenergy in the CDM
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**Harnessing the carbon market to sustain
ecosystems and alleviate poverty**

LULUCF in the Carbon Market: CDM

- Rules adopted at CoP9 in December 2003:
LULUCF strictly restricted in the CDM
 - Only Afforestation/Reforestation (avoided deforestation and forest management excluded)
 - Max 1% of Annex I 1990 emissions
 - Complex rules
 - Temporary crediting: 5-year leases
 - Replacement after 60 years
- 6 baseline & monitoring methodologies submitted to CDM Executive Board, none approved
- LULUCF = 4% of the market and declining



Trees in the Carbon Market: EU ETS

- EU ETS is engine of carbon market
- But all LULUCF credits excluded from the EU ETS until 2008
- Review of the EU ETS in 2006
 - Is the issue even on the agenda?
 - Some still have “philosophical” problems with LULUCF
 - Technical problem: conversion of temporary credits (tCERs/ICERs) into permanent permits (EUAs)
 - But solutions exist



Problems with the Status Quo

- **Land-use change is 20% of GHG emissions**
 - Should also be part of the solution
 - Better land use sequesters carbon while creating social and environmental co-benefits
- **Rural communities cannot participate in CDM limited to energy/infrastructure. Exclusion of LULUCF = trade barrier on rural producers**
 - Recent G8 Ministerial communiqués recognize Africa’s vulnerability to climate change but overlook the role of Africa in climate change mitigation
 - Open the carbon market to rural poor to allow them to compete and export
 - “Trade, not Aid”
 - Performance-based payments
- **Debate mostly ideological**
 - Provide facts to inform future decisions
- **UNCBD and UNCCD lack resources**
 - Carbon market under UNFCCC can help
- **Buyers lose a cost effective mitigation and compliance tool**
 - Why bar any legitimate option as mitigation targets become more stringent?



Solutions to the Status Quo (1)

- Emphasize development benefits of LULUCF
 - To buyers
 - To developing countries with large rural populations
- Present LULUCF as part of the solution to climate change
- Gather project-level evidence
 - Permanence
 - Environmental and social benefits
 - Leakage
- G8 summit (July 2005) is unique opportunity to raise the issue



Solutions to the Status Quo (2)

- Parties to Kyoto Protocol can improve CDM by:
 - Lifting the 1% rule on A/R beyond 2012
 - Expanding eligibility beyond A/R beyond 2012
 - Can help non-Annex I countries make commitments, starting with curbs on deforestation (Brazil, Papua New Guinea)
- Governments could accept the replacement risk for ICERs/tCERs
 - Governments can better afford to bear this risk than private companies
 - Governments also negotiate the rules
- EU: allow CDM LULUCF in EU ETS from 2008
 - Italy, Luxembourg, Spain + AfD: Call on Council of Ministers
 - Problem: how to convert tCERs/ICERs into EUAs?
 - Solution:
 - Swap ICERs for CERs or EUAs, which are then traded
 - Trade ICERs directly



ANNEX



Senegal Sustainable and Participatory Energy Management Project (PROGEDE)

Why LULUCF needs to be Included in CDM & EUTES

"Senegal: Sustainable & Participatory Energy Management Project (SPEMP/PROGEDE)"

Senegal PROGEDE: NR Assets Development



Senegal PROGEDE: Productive Assets



Crop Diversification



Animal Husbandry



Process Water



Honey Production



Value Added Products



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Senegal PROGEDE: Social Assets



Potable Water



Gender Capacity Development & Mobilization



Children, Family Health & Nutrition Education



Children/Youth Environmental & Energy Education

Senegal PROGEDE: Support Assets



Improved Stoves /Inter-fuel Substitution



Improved Stoves /Inter-fuel Substitution



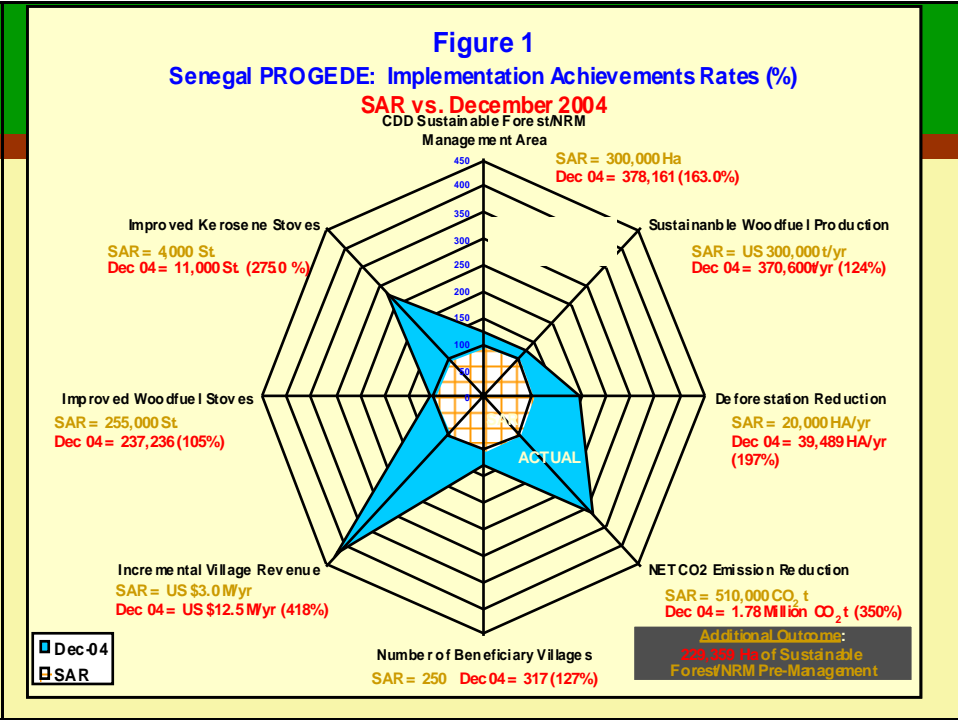
Improved Stoves /Inter-fuel Substitution




Improved Stoves /Inter-fuel Substitution

Senegal PROGEDE: Key "Results on the Ground"

Project's Overall Development Objectives		
Narrative Summary	Key Performance Indicators	Achievements by December 2004
1. Establish social & environmentally "Sustainable" woodfuel production systems	1. Annual sustainable fuelwood production: Date B-line: 15,000 M-term: 80,000 Full imp.: 300,000	1. Annual sustainable production of 400,000+ tons of fuelwood for the urban household energy markets.
2. Reduce woodfuel-related deforestation and loss of biodiversity.	2. Reduce deforestation by: Date B-line: 1,000 M-term: 5,200 Full imp.: 20,000	2. Participatory sustainable forest management systems implemented in 317 villages (489,500 ha) resulting in reduction of deforestation in the project zones by approx. 39,489 ha/yr .
3. Reduce net CO ₂ emissions	3. Reduce net CO ₂ emissions by: Date B-line: 25,000 M-term: 130,000 Full imp.: 510,000	3. Net CO ₂ emission reductions from project's sustainable forest management and charcoal production systems estimated at 1,592,720 ton of CO₂ .
4. Increase income of participating villages, with special attention to women.	4. Generate revenues in participating villages: Date B-line: 150,000 M-term: 780,000 Full imp.: 3,000,000	4. Total annual incremental income to rural communities from sale of woodfuels (fuelwood and charcoal) and new agricultural, and animal husbandry products estimated at US \$ 12,530,732 .





Thank you.

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The End.