

**Baselines and crediting periods under Article 6.4:
enabling forestry projects for raised ambition**

Submission by the Russian Federation

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Article 6.4 of the Paris Agreement establishes a mechanism aimed to promote the mitigation of greenhouse gas emissions while fostering sustainable development and to incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party. It implies that the rules, modalities and procedures of the mechanism should ensure inclusivity and encourage any mitigation activities that result in real, measurable and verifiable reduction of greenhouse gas emissions and removals.

The Russian Federation believes it is important to address several issues with the current draft designs of the 6.4 mechanism, which if left unresolved, could hinder the implementation of projects, particularly in reversals, and reduce the overall ambition that could be raised through Article 6.

Baseline setting

Methodological approaches to baseline setting and additionality are essential elements of the mechanism. For the sake of rapid operationalization and better predictability for potential project participants, it is necessary to include a set of basic approaches to baseline setting in the text of the CMA decision on the rules, modalities and procedures for the mechanism under Article 6.4.

Such approaches should:

- be conservative,
- take into account national circumstances, including availability of technologies,
- be appropriate and applicable for a variety of project activities.

In order to launch the implementation of the approaches and prevent excessive barriers for participation, we should provide for the opportunity to implement a project as soon as all the necessary guidance is adopted. This implies that the methodologies should entail little additional preparatory work on national regulation, as it might be the case for benchmarks or BAT.

Benchmarks and BAT can prove to be effective in terms of increasing the conservativeness of baseline estimations, but are not applicable to all types of activities and could require significant additional work, resources and capacity building for Parties. It could also potentially create an excessive burden on the Supervisory Body, if it is empowered to develop benchmarks and/or BAT at request of Parties. All of this could stall project implementation.

Another challenge with the benchmark and BAT approach to baseline setting relates to their comparability. If the approach employs pre-existing benchmarks and BAT, their underlying methodologies and key definitions could vary significantly across Parties. Requirements to align those instruments with certain guidelines for the 6.4 mechanism would put extra pressure on Parties, but more importantly, could affect their application for other purposes under national regulatory frameworks. This is especially relevant for BAT as this tool is generally used in environmental regulation that in many countries does not cover GHG emissions or does so only indirectly.

Limitations of BAT are especially vivid for forestry projects.

According to the IPCC 5th Assessment Report, achieving the temperature goal of the Paris Agreement will not be possible without carbon dioxide removals, including increasing removals by ecosystems. On a global level, emissions reduction projects provide for mitigation where it is most economically effective, while removals projects compensate for the emissions that cannot be abated.

On the project level, estimations of outcomes for emission reduction projects depend on access to and adoption of technologies, which vary significantly across regions and countries. Thus, their economic viability could change with time – and this would call for baseline review. Removals projects, on the other hand, presuppose less uncertainty on the projections side when determining a feasible baseline scenario.

The CDM provided for the following approaches to establish baseline for forestry activities:

- existing or historical changes in carbon stocks within the project boundary,
- changes in carbon stocks from land use that represents an economically attractive course of action within the project boundary with investment barrier analysis applied,
- changes in carbon stocks from the most likely land use within the project boundary.

For afforestation and reforestation activities, the *Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM projects activities* was used. This tool encompasses the identification of scenarios, including continuation of pre-project land use, forestation without registration as a CDM project, legal compliance analysis, barrier analysis (taking into account investment, institutional, technological, local practices, ecological and social conditions, property rights), investment analysis (if applicable) and common practice analysis.

Similar approaches, as well as the aforementioned tool specifically, are used in independent carbon crediting schemes, such as Gold Standard, VCS, and the Woodland Carbon Code.

Building on this experience, a reasonable approach would be to allow for a menu of approaches applicable for various types of activities. There should be an option to develop

methodologies for Parties and participants given they are approved by the Supervisory Body, or by the Supervisory Body if it is requested by a Party.

In terms of projects involving forestry and land use-related activities it would be reasonable to define the baseline as estimated carbon stock in the scenario that would have occurred within the project boundary in the absence of the project activity, taking into account existing relevant legislation, as well as national, regional or local circumstances, including through barrier analysis with sufficient justification for the choice provided.

Crediting periods

Crediting periods for forestry activities should accommodate the difference in absorption capacity of various ecosystems, including the changes occurring throughout their lifecycle or due to geographical, meteorological and other conditions.

The crediting periods currently present in the draft texts do not take into account entire categories of projects that could, if implemented under Article 6.4, allow for increased removals and thus higher mitigation ambition.

For afforestation activities, the rate of net uptake reaches its maximum in 30-40 years depending on the species, geographical location, climate regime and other factors. Afforestation projects under existing schemes (namely, CDM and VCS) tend to arrive at highest yearly removals rates after 5-15 years of implementation.

Longer crediting periods could incentivize long-term investments in removals projects, which would entail higher permanence safeguards on project level. That is especially important for afforestation and reforestation activities, forestry reclamation of previously degraded lands, restoration of exhausted forests, development of shelterbelt and protecting forests, agroforestry activities. As forestry and land use activities produce not only mitigation outcomes, but also adaptation co-benefits, better safeguards for permanence would contribute to this synergy and improve lasting climate resilience in line with the long-term goals of the Paris Agreement.

In order to foster sustained project activities while demonstrating progress in terms of stringency of removals estimations, crediting periods referred to in the draft text of Part B (Methodologies) of Annex V (Article 6, paragraph 4, activity cycle) for forestry activities for A6.4 mechanism could be limited to 15 years renewable twice.

Framework for forestry and land-use activities under Article 6.4 should ensure that removals achieved by the projects are real, measurable and verifiable. That implies rigorous monitoring requirements that could rely on relevant best practices guidance by the IPCC and provisions to assess and update baselines when necessary. Methodologies for the projects should provide for the tools to estimate, monitor, prevent, mitigate and compensate leakage as well. Also, sufficient safeguards against non-permanence both on project and mechanism level should be ensured.

In order to accommodate these requirements the Supervisory Body should be mandated to develop relevant guidance, procedures and tools as well as suggestions on relevant infrastructural arrangements, so that all necessary provisions are in place to launch forestry projects under Article 6.4 after CMA 4.