

REPUBLICA MOLDOVA

Comisia națională pentru implementarea și realizarea prevederilor Convenției-cadru a Organizației Națiunilor Unite cu privire la schimbarea climei, precum și a mecanismelor și prevederilor Protocolului de la Kyoto



REPUBLIC OF MOLDOVA

National Commission for the implementation and realization of the commitments under the United Nations Framework Convention on Climate Change and of the mechanisms and provisions of the Kyoto Protocol

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*RE: Inputs to the 38<sup>th</sup> meeting of SBSTA in response to the decision 2/CMP.7, paragraph 7, on developing modalities and procedures for alternative approaches to addressing the risk of non-permanence under the CDM*

Republic of Moldova welcomes the opportunity to submit inputs to the 38<sup>th</sup> meeting of the Subsidiary Body on Scientific and Technological Advice (SBSTA) on the work programme to develop modalities and procedures for alternative approaches to addressing the risk of non-permanence under the clean development mechanism (decision 2/CMP.7, paragraph 7).

Republic of Moldova has implemented two Afforestation and Reforestation (A/R) projects - Moldova Soil Conservation Project and Moldova Community Development Projects under the Clean Development Mechanism (CDM). These projects successfully demonstrated their contribution to the country's sustainable development in multiple ways such as through preventing soil erosion; restoring degraded lands; enhancing forest cover; improving supplies of fuel wood, timber, and non-timber products to rural communities; and contributing to climate change mitigation. Republic of Moldova offers significant opportunities for implementing climate change mitigation actions involving multiple land use activities.

However, experience with A/R projects implemented under the CDM highlights disadvantages of A/R projects as they receive temporary certified emission reductions (tCERs) that expire at the end of the commitment period or long-term certified emission reductions (lCERs) that expire at the end of a project's crediting period (5/CMP.1, Annex, paragraph 38). These credits are required to be replaced with credits from other project types implemented under the CDM. The replacement risk of tCERs/lCERs translates into their low prices in relation to the credits issued to other project types under the CDM. The low price of credits from A/R projects is a major constraint for scaling up investments in A/R projects, which has also been reflected in the registration of very few A/R projects during the first commitment period of the CDM.

Alternative approaches to addressing the risk of non-permanence in A/R project activities such as through withholding credits across multiple projects in a buffer system to replace potential loss of credits through reversal; and use of insurance to transfer liability for unintentional reversal to a third-party have already been adopted in voluntary and compliance standards. For example, Verified Carbon Standard, American Carbon Registry and Climate Action Reserve permit use of buffer system to address the risk of non-permanence. While the modalities and procedures adopted for carbon capture and storage (CCS) projects under the CDM recommend a combination of buffer, minimum permanence period, and host country guarantee to address the non-permanence risk in CCS projects. Use of buffer, insurance, or other alternative approaches backed by host country guarantee could be feasible, cost-effective, and permit choice to project participants in addressing the non-permanence risk in A/R projects.

Republic of Moldova requests the SBSTA to develop modalities and procedures that permit a menu of alternative approaches or their combinations to address the risk non-permanence in A/R projects so as to

facilitate issuance of permanent credits in place of tCERs/ICERs to enable credits issued to A/R projects are fungible with credits from other project types under the CDM. Such modalities and procedures are also expected to be relevant for mitigation actions involving multiple LULUCF activities including those proposed to be implemented under reducing deforestation and forest degradation (REDD+); Framework of Various Approaches (FVA); and New Market Mechanism (NMM).

Yours sincerely



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