Regulatory challenges in practice : LULUCF projects
The French Case

Creation of a national carbon certification framework for domestic projects in forestry and agriculture

Workshop - Leveraging domestic offset projects for a climate-neutral world

Berlin - 27 September 2016

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Common observations

- **Challenges which prevent carbon certification of mitigation projects in France:** both in compliance and voluntary frameworks
- **National demand for local carbon credits**
- **Growing expertise of project holders in forestry and agriculture sectors**
- **Innovative initiatives in other Annex B countries**

Carbon certification challenges in France

Challenges linked to the compliance framework : domestic JI

- Dependence on international negotiations : AAUs availability
- Absence of legal documents for IFM projects

Challenges linked to the voluntary framework

- Double-counting issues : no private standards certification

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Challenges linked to diffuse sectors

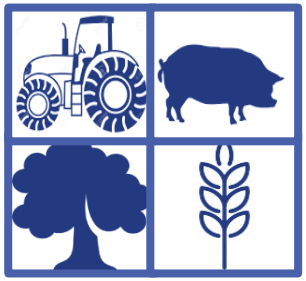
- High transaction costs

Challenges linked to demand

- Low/inexistent compliance demand
- Transparency issue on voluntary markets

Projet VOluntary CArbon Land certification (VOCAL)

Carbon certification scheme for emissions reduction projects



Monitoring, Reporting and Verification

National Framework : French Environment Ministry validation

Voluntary

Forestry and agriculture sectors

Project description

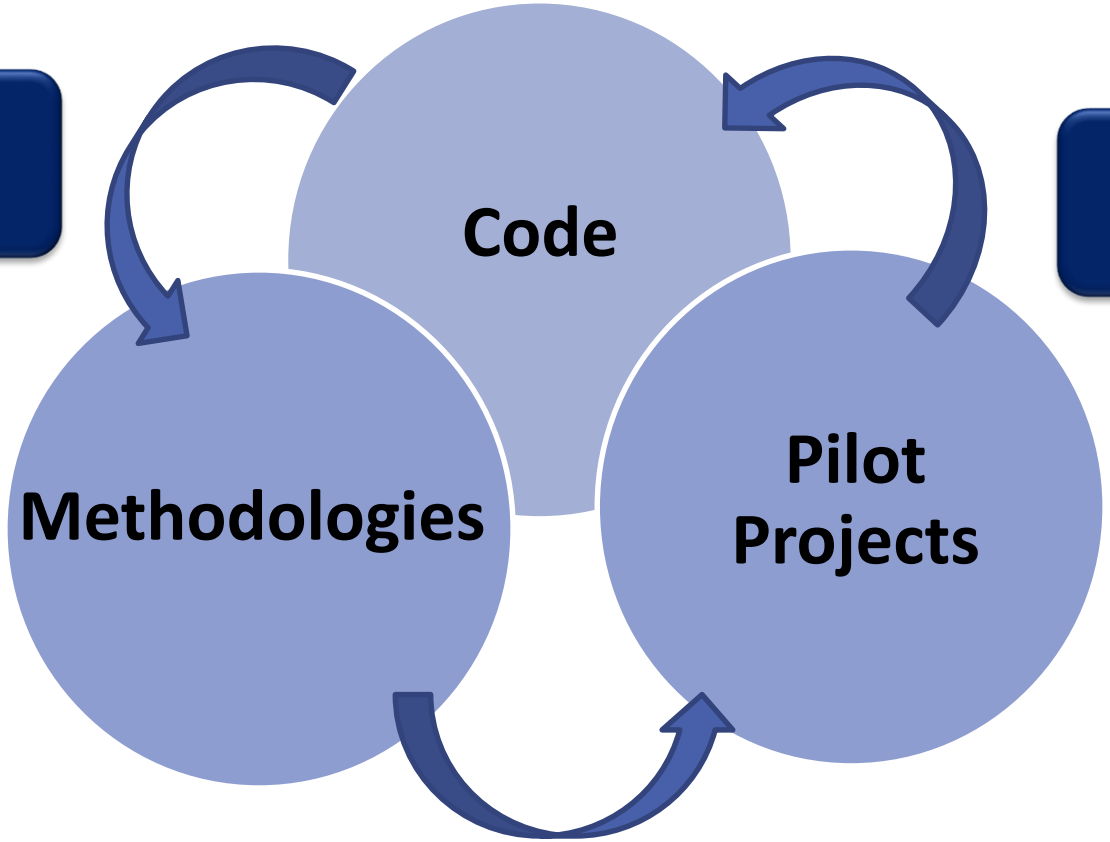
National initiatives overview

Market study

Drivers of national demand for carbon credits

Forest supply study

Capacity and needs of forest owners for carbon projets implementation



Project considered characteristics

Methodologies and project types :

- **Afforestation/Reforestation**
- **Improved Forest Management :** conversion from coppice to high stand forest
- **Improved Forest Management :** clear cut avoidance

- **Cattle :** improved grazing managment, manure managment, etc.
- **Crops :** reduction of nitrogen fertilisation

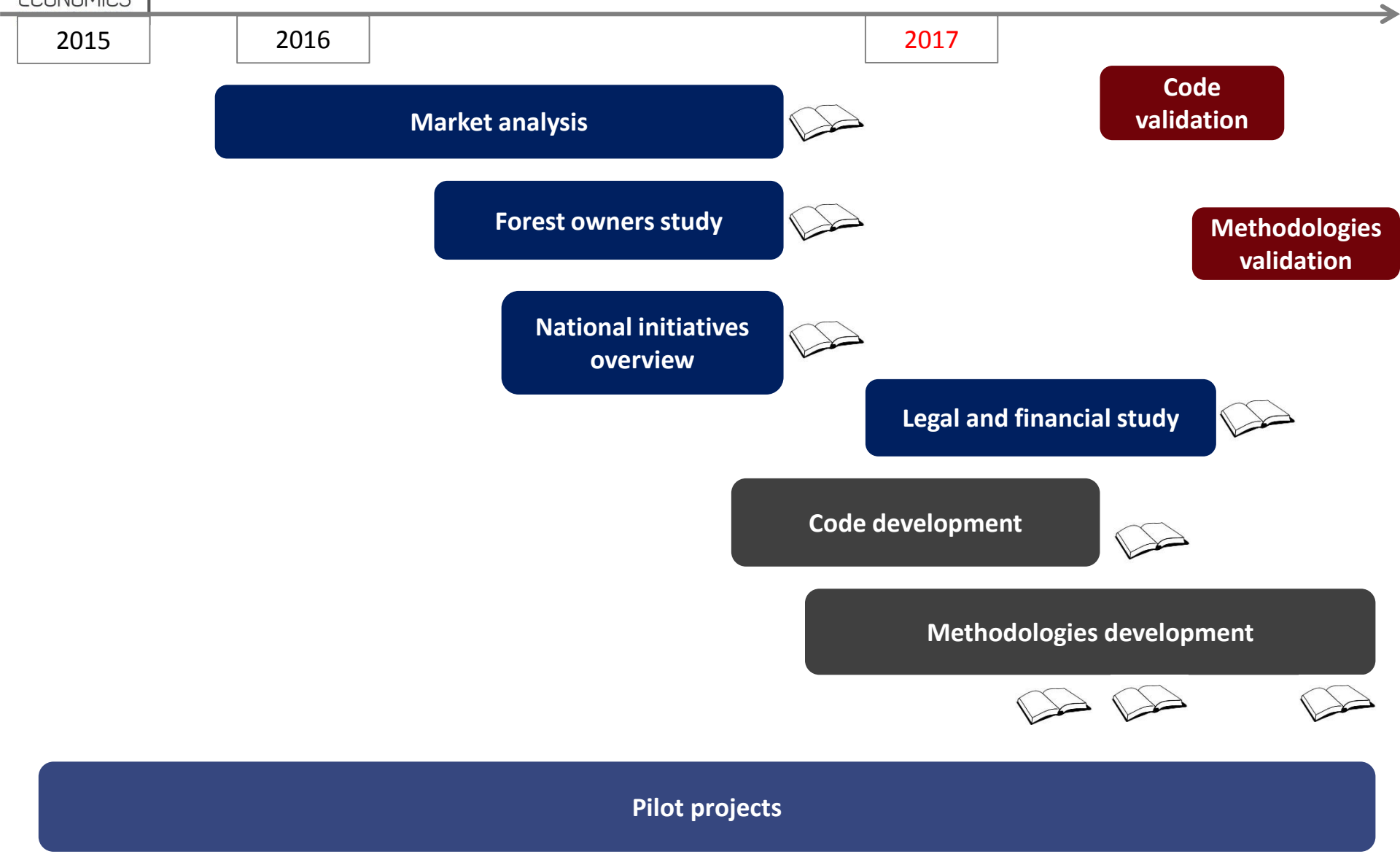
Additionnality : classic tests

Double-counting : no AAUs cancellation and contribution to national mitigation action

Type of credits : ex-post and ex-ante

Registry : hold by the French Ministry for Environment

Project Schedule



Partners and stakeholders

Market analysis first results (1/6)

Methodology

- **Online Survey : 1700 organisations – 11% answers**
- **Interview : 25 organisations**

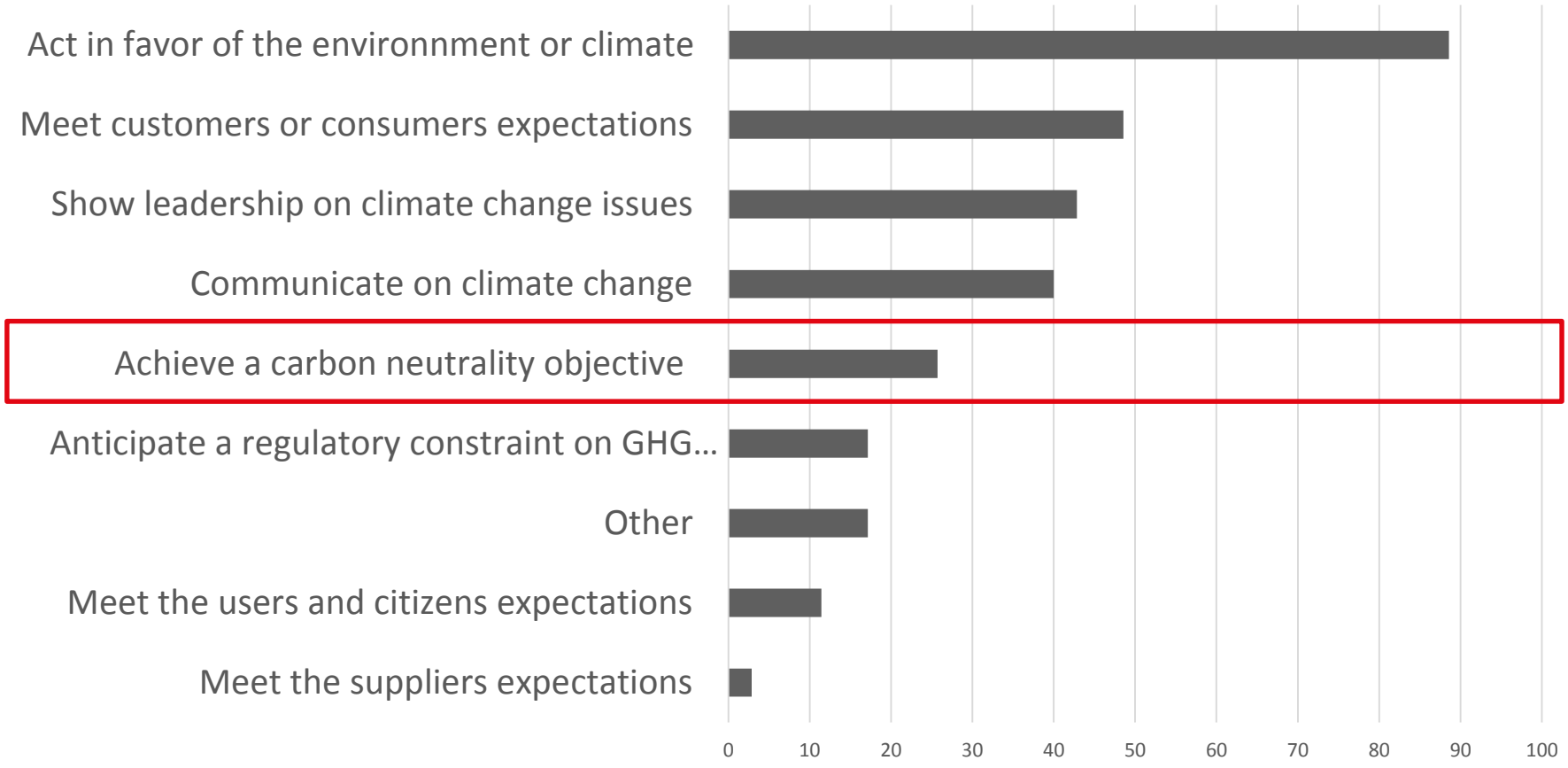
Current market description

	2014	2015
Market size	**1 688 588 TéqCO2**	**1 772 421 TéqCO2**
Credit price	5,13€/TéqCO_2	4,23€/TéqCO_2

- *30% of the organisations already offset all or part of their greenhouse gases emissions.*
- *Among the 59% who never offset, 36% consider to offset their emissions*

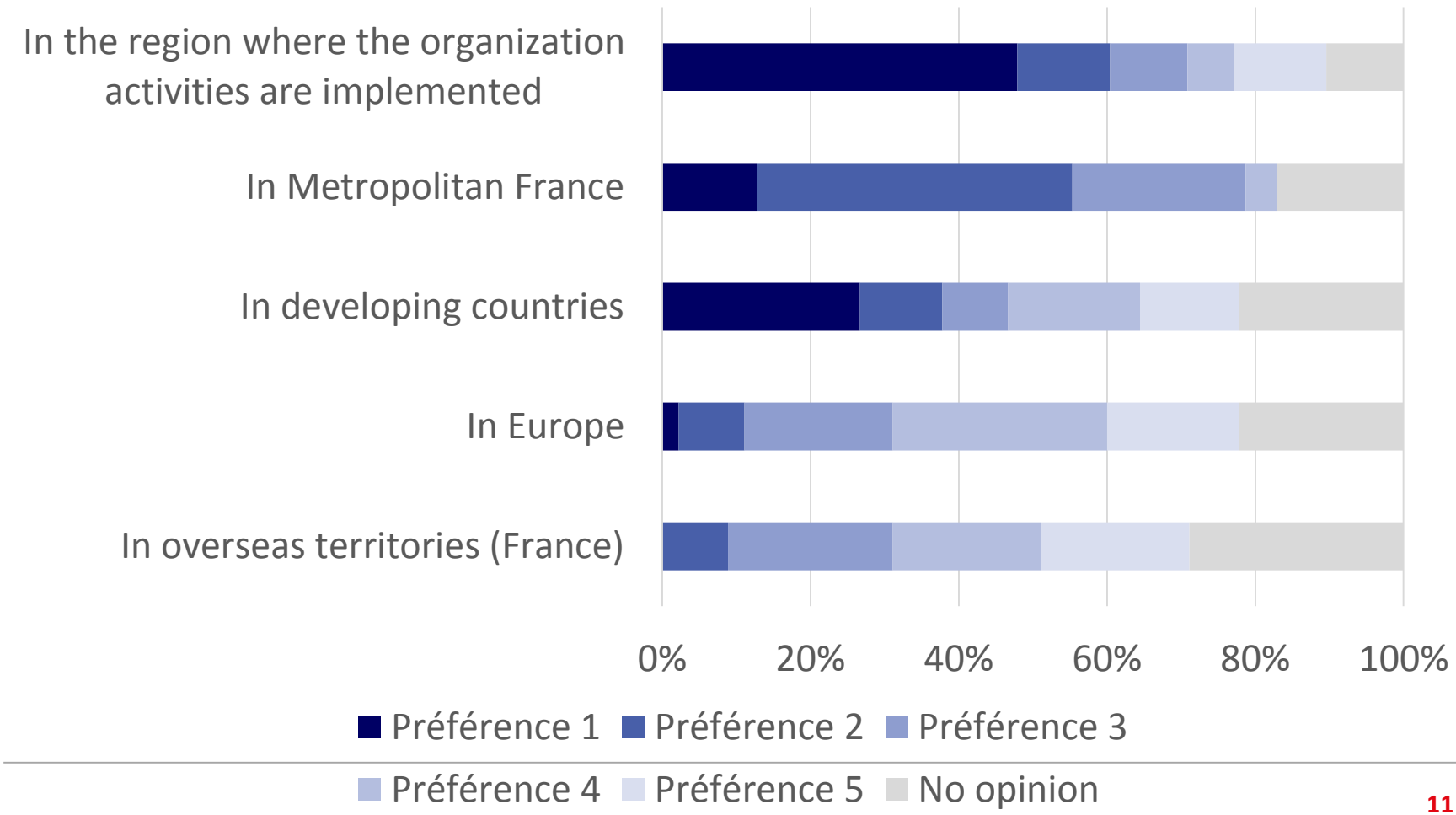
Market analysis first results (2/6)

Motivation



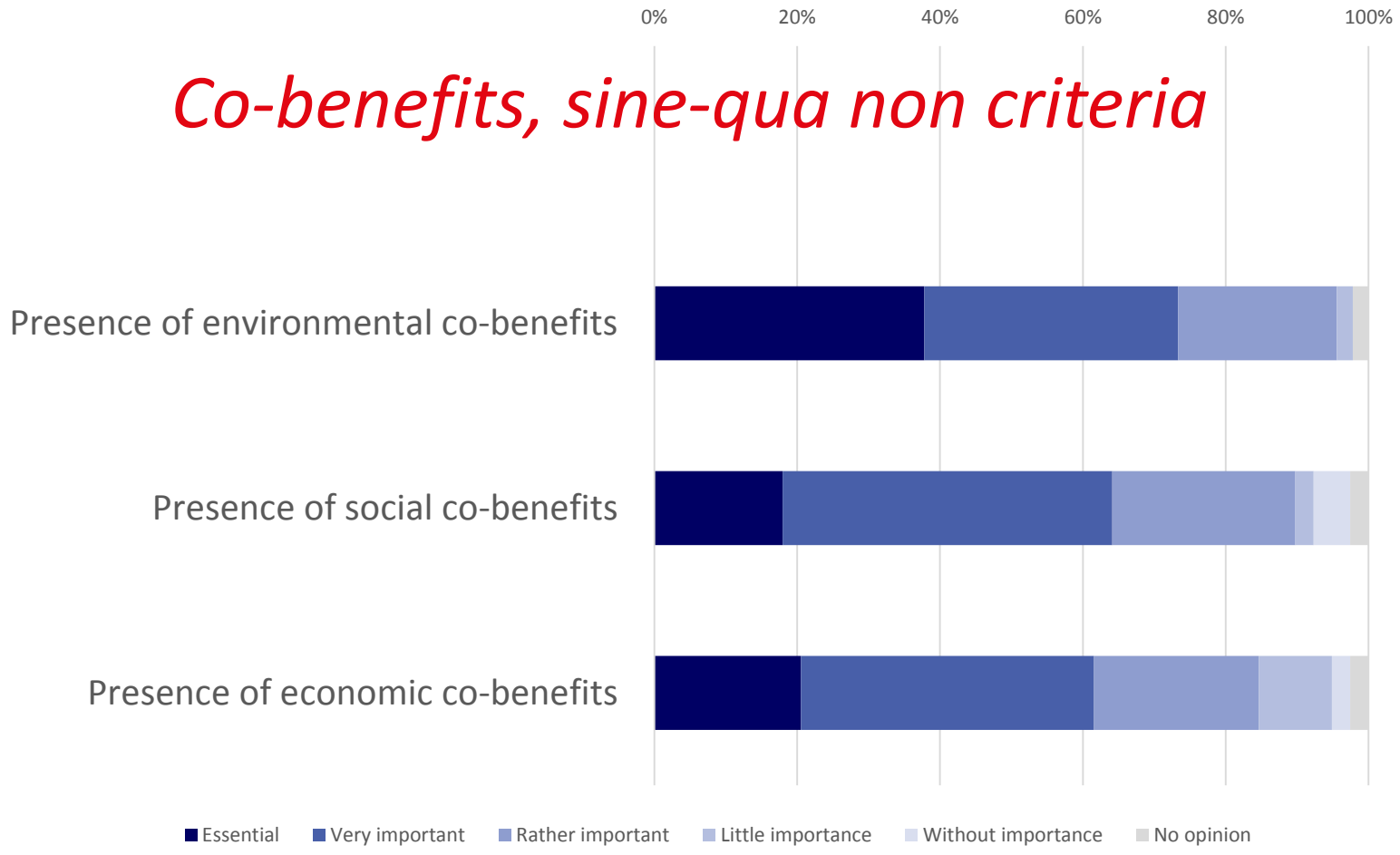
Market analysis first results (3/6)

Projects location : a local preference



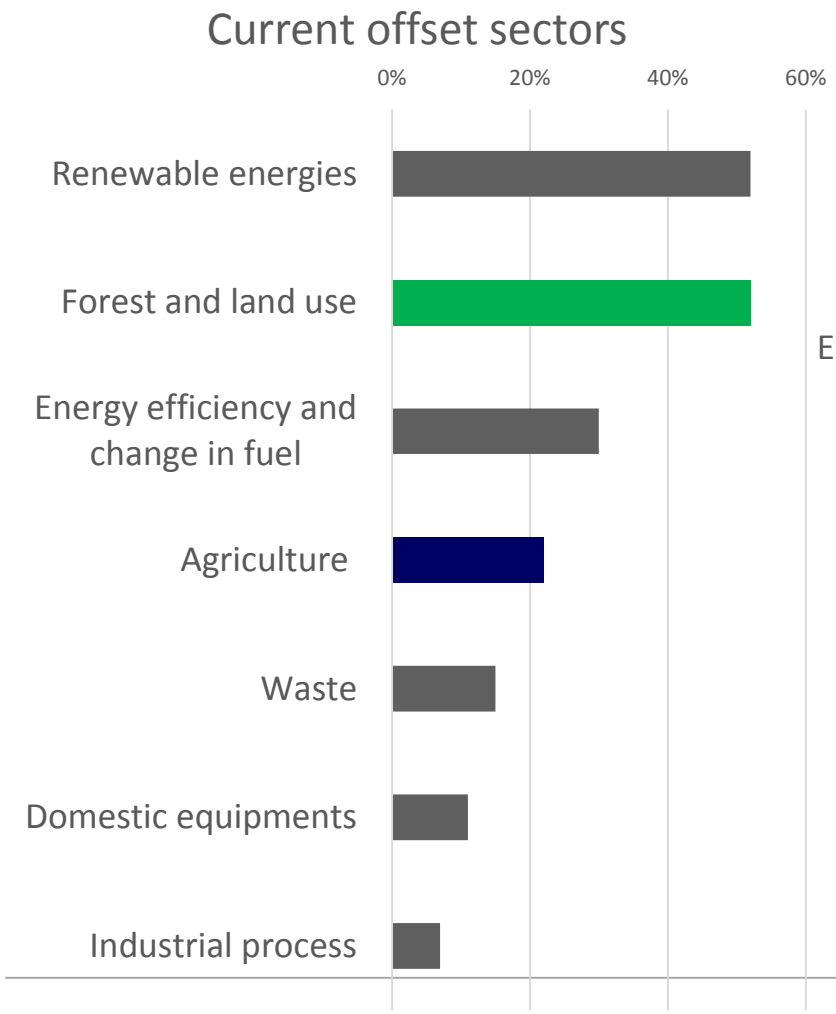
Market analysis first results (4/6)

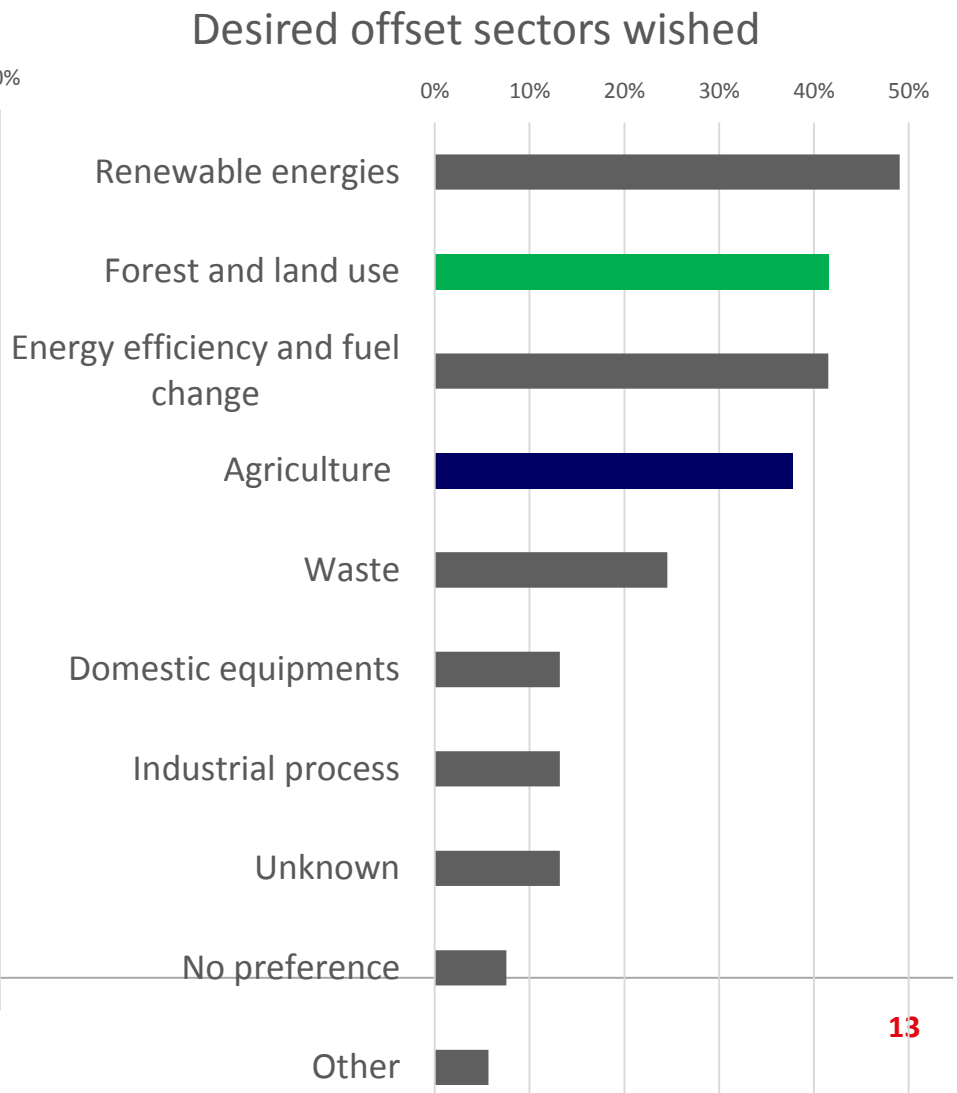
Co-benefits, sine-qua non criteria



Market analysis first results (5/6)

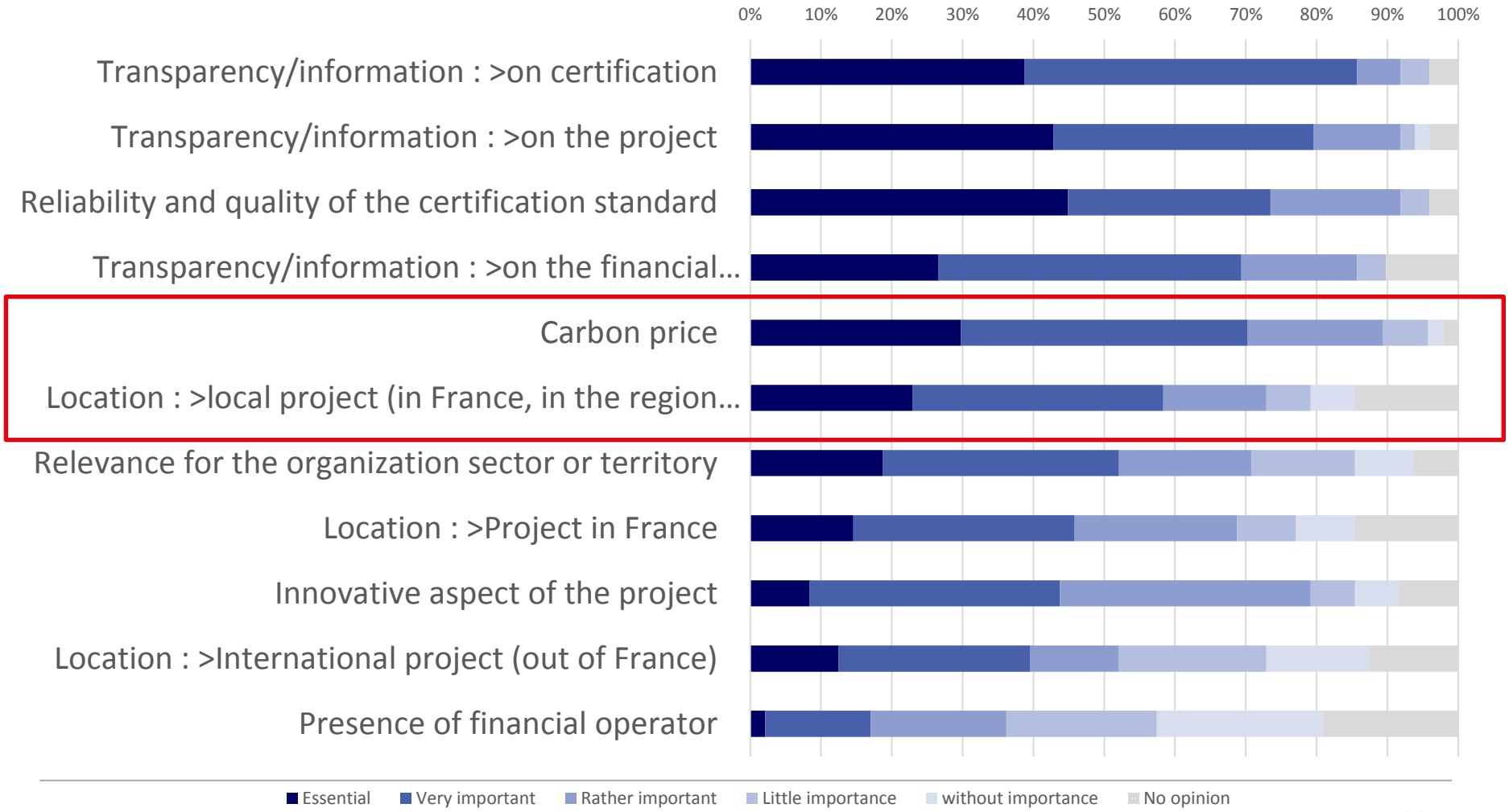
Interest in forestry and agriculture





Market analysis first results (6/6)

Criteria importance for project selection



Thank you for your attention

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I4CE's contribution to double-counting discussions :
http://www.i4ce.org/download/note-contribution-from-i4ce-on-how-to-address-double-counting-within-voluntary-projects-in-annex-b-countries/

Who are we ?

« I4CE – Institute for Climate Economics » is an initiative of **Caisse des Dépôts and Agence Française de Développement.** The *think tank* provides **independent expertise and analysis on** economic issues linked to climate & energy policies in France and throughout the world.

I4CE aims at helping public and private decision-makers to improve the way in which they **understand, anticipate, and encourage the use of economic and financial resources** to promote the transition to a **low-carbon resilient economy.**

INDUSTRY, ENERGY AND CLIMATE

Understanding policies for the low-carbon transition in the industry and energy sectors.

TERRITORIES AND CLIMATE

Identifying and analyzing courses of action in the fight against climate change in the agriculture and forestry sectors as well as urban areas.

FINANCE, INVESTMENT AND CLIMATE

Analyzing the mainstreaming of climate change into financial decision-making by public and private entities.