



Assessment of the draft technical specifications for certification under the EU CRCF

Planting of trees on unused and severely degraded land

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Summary of key findings and recommendations

This document provides an assessment of the proposed draft technical specifications for temporary removals through carbon farming activities that meet the scope of planting of trees on unused and severely degraded land (available as of October 2024). The draft elements for a methodology include some provisions that help ensuring environmental integrity of carbon credits but also include many aspects that need improvements:

- **No additionality assessment is required:** This could lead to the issuance of a large amount of non-additional CRCF units, given that trees may also be planted on degraded areas for reasons other than the incentives from CRCF units. We propose that an activity-specific baseline be used and that an assessment of additionality be included, including all key elements for additionality.
- **Only new mitigation activities should be eligible:** The methodology allows rewarding past climate action. The methodology should include provisions to ensure that mitigation activities are only eligible if they are newly implemented and if they have considered the incentives from CRCF units when deciding to proceed with the implementation of the mitigation activities (see our textual proposal in our [cross-cutting findings](#)).
- **No consideration of public funding:** The eligible mitigation activities may also be funded through public funding. If mitigation activities receive both public subsidies and CRCF units, this could artificially lower CRCF unit prices and implicitly subsidise continued fossil fuel use by the buyers of the units. The methodology should either exclude mitigation activities that receive public funding or proportionally attribute the removals or emission reductions to the financial support provided (see our [cross-cutting findings](#)).
- **Further clarification on terms and definitions:** The methodology does not define key terms, such as above- and below-ground biomass, or uses terms that are misleading,

such as “planting”. Greenhouse gases and global warming potentials are also not defined (see our [cross-cutting findings](#)).

- **Materiality threshold:** The proposed materiality threshold is inconsistent with the principle of conservative quantification. The methodology should be revised to include all emission sources or removal sinks, except where the exclusion is conservative (see our [cross-cutting findings](#)).
- **Expected overestimation of removals due to inclusion of biomass on the site before start of activity:** All removals, including from an existing biomass stock covering at maximum 10% of the area, are accounted for. This leads to overestimation. However, the overestimation is larger at the beginning of the monitoring period and likely diminishing over the period of 30 years.
- **Provisions on storage, monitoring and liability are underdeveloped and miss critical provisions:** The CRCF Regulation defines that units from carbon farming activities are temporary and expire at the end of the monitoring period of the relevant activity. However, there are no provisions on the consequences of the expiry of units that were already used. Provisions are needed to clarify that buyers bear the responsibility for replacing temporary units upon their expiry. Alternatively, the methodology should clarify for which purposes temporary units may be used. Furthermore, provisions are needed on how the monitoring period is to be prolonged. Also, the consequences of no submission of monitoring reports during the monitoring period should be defined in the methodology. For the stated liability mechanisms, it should be specified which types of reversals are covered by which entities and how the risk assessment will be implemented.
- **No incentives for continuing carbon farming practices:** The minimum duration of the activity period shall be 30 years. The draft methodology lacks provisions that incentivise operators to continue carbon farming practices and extend the monitoring period as required by recital 13 of the CRCF Regulation.
- **Use of non-native species open:** The methodology should consider different succession stages and define the term “native species typical for the site”.

More detailed and further comments are provided below.

Detailed comments

Definitions

- **Confusing term “planting”:** The draft elements for a methodology on planting of trees on unused and severely degraded land defines “planting” as “activity of enabling establishment of trees in the ground, including by sowing and introducing saplings, as well as assisting natural regeneration and enabling their successive growth.” The term is thus misleading as planting usually means regenerating or establishing a tree cover by establishing young trees or samplings on a site. Section 1.1 refers to direct (planting or seeding) and indirect (to enable natural regeneration) activities. The term should be replaced (including in the title of the methodology) by “establishing” or similar.
- **No definition of above- and below-ground biomass** is given and whether the methodology refers to both, living and dead biomass.

Section 1: Scope

- **Exclusion of peatlands:** The draft elements state that activities on peatlands are to be excluded. This is positive as potential emissions from further degradation of the peat layer after implementation of an activity would not be accounted for as the soil pool is not included.
- **Exclusion of clearcut systems:** The elements state that an activity shall not result in clearcuts in a single event exceeding 0.2 ha. This constraint is wider than the typical maximum size of clearcuts applied in many EU countries. In many European countries, clearcuts are restricted to a maximum size of 0.5 or 1 ha; only Switzerland and Slovenia completely prohibit clearcuts¹.
- **Only new mitigation activities should be eligible:** The methodology does not include any provisions that prevent rewarding past climate action. The methodology should include provisions to ensure that mitigation activities are only eligible if they are newly implemented and if they have considered the incentives from CRCF units when deciding to proceed with the implementation of the mitigation activities (see our textual proposal in our [cross-cutting findings](#)).

Section 1.1: Activity period, monitoring period and certification period

- **Minimum duration of 30 years:** The elements for a methodology state that the minimum duration of the activity period shall be 30 years, the monitoring period shall be 10 years longer (40 years).

¹ https://efi.int/sites/default/files/files/publication-bank/2024/efi_fstp16_2024.pdf

- The main purpose of the “activity period” (noting that the commonly accepted term that most carbon crediting mechanisms use is “crediting period”) in certification mechanisms is to limit issuance of certificates to a period for which it can be realistically assumed that assumptions and parameters used for calculating the baseline and project scenario will not undergo significant changes. The length of the activity period is therefore an important lever for ensuring conservativeness of any quantification methodology.
- The baseline used to quantify the carbon removals that are achieved by a forest management activity should be regularly updated (see section 2.6 of the draft methodology). If the activity period lasts for (at least) 30 years, this means that any update to the baseline during this time period is not accounted for in the issuance of units. This can lead to an over-issuance of units under the CRCF.
- For this reason, shorter activity periods should be applied and operators should be eligible to apply for multiple renewals of these activity periods provided that the carbon farming activity meets the requirements of the most current version of the crediting methodology at the time of each application. At each renewal of the activity period, the validity of the original baseline shall be demonstrated, or where invalid, a new baseline scenario shall be determined when renewing the crediting period.

Section 2: Requirements for quantification

- **Incomplete definition of pools:** According to the draft elements for the methodology, the following pools and gases shall be included:
 - above-ground biomass, referring to stem, branches, and leaves; and
 - below-ground biomass, referring to coarse and fine roots.

As discussed above, the methodology does not differentiate living and dead biomass.

- **The proposed materiality threshold is inconsistent with the principle of conservative quantification.** The methodology should be revised to include all emission sources or removal sinks, except where the exclusion is conservative (see our [cross-cutting findings](#) for more details). Note also that the materiality threshold of 2% refers to ‘gross carbon removals’ without defining what ‘gross carbon removals’ are, which presumably refers to CR_{total} .
- **Expected overestimation of removals due to inclusion of biomass on the site before start of activity:** The draft elements for a methodology state that a standardised f is to be applied that sets carbon stocks in biomass to zero. However, the rules allow the existence of “sparse trees” covering up to 10% of the activity area to be ignored in the baseline. It is argued that the carbon removals in woody biomass on such areas are negligible. Sparse trees covering up to 10 % of the activity area at or just before the planting of the trees shall not be removed (Section 1.1). However, all removals, including from the

existing biomass stock, are accounted for. A constraint is that the trees have not been planted more than [5] years before the start of the activity period. This can lead to overestimation of removals especially at the beginning of the monitoring period. The effect is likely diminishing over the period of 30 years.

- **Indirect effects or leakage are expected to be small due to constraint to unused land.** The methodology refers to analysis carried out by the Commission on the possible effects of carbon farming activities on indirect land use change as part of the review of the CRCF regulation. In fact, displacement of activities is likely to occur only to a limited degree because any agricultural or forestry use of the areas over the last 5 years leads to an exclusion of the areas. This includes grazing and fodder production as well as agricultural production or firewood supply.
- **Underestimation of removals due to full deduction of uncertainties:** Uncertainties need to be estimated with appropriate methods and shall be deducted from the total carbon removals. This is expected to systematically underestimate removals and can be considered a conservative approach.

Section 3: Additionality

- **No additionality assessment is required** as a standardised baseline is to be used that means automatically compliance with additionality (see CRCF Art. 5(2)). This could lead to the issuance of a large amount of non-additional CRCF units, given that trees may also be planted on degraded areas for reasons other than the incentives from CRCF units. While the standardised baseline estimates the carbon stocks on these areas, the size of these carbon stocks has no or very little correlation with the likelihood that an afforestation activity would take place. We propose that an activity-specific baseline be used and that an assessment of additionality be included. The additionality test should include the following elements:
 - Activities are not implemented due to legal requirements in the country where the project is proposed to take place (often referred to as “regulatory surplus test” or “legal additionality test”);
 - Revenues from selling removal or carbon farming certificates are considered at the time when making their investment decision (often referred to as “prior consideration”); and
 - Either
 - Additional revenues from selling removal or carbon farming certificates are needed for making activities profitable and/or for mobilizing funders that are willing to invest in them (often referred to as “financial additionality test” or “investment analysis” or “benchmark analysis” or “financial attractiveness”).

OR

- Projects face non-financial barriers that can be overcome through removal or carbon farming certificates (often referred to as “barrier analysis”).
- **No consideration of public funding:** The eligible mitigation activities might already receive funding through public support schemes. If mitigation activities receive both public subsidies and CRCF units, this could artificially lower CRCF unit prices and implicitly subsidise continued fossil fuel use by the buyers of the units. However, the draft methodology does not consider other public support schemes. The methodology should either exclude mitigation activities that receive public funding or proportionally attribute the removals or emission reductions to the financial support provided (see our [cross-cutting findings](#)).

Section 4: Storage monitoring and liability

The rules on storage, monitoring and liability are yet to be defined; the section of the draft methodology is presented in italics and or in square brackets, indicating that it is still being developed (section 5). **In its current form, the section is underdeveloped and misses critical provisions to address the risks of reversals that are inherent to mitigation activities in the land use sector.** To what extent the provisions on liability will be able to address reversals will depend on the detailed rules that are yet to be developed.

- **Lacking consequences of expiry of temporary units from carbon farming activities:** Units generated under the CRCF from carbon farming activities expire at the end of the monitoring period of the relevant activity (CRCF Regulation recital 13, Article 6, Article 12.1b). As a consequence, they will then be cancelled from the certification registry or from the Union registry unless the operator commits to prolonging the monitoring period according to the rules set out in the applicable certification methodology (recital 26, Article 12.1b).
 - However, **neither the CRCF Regulation itself nor the draft methodology on tree planting on unused and severely degraded land contains any provisions on the consequences of the expiry of units that have already been used.** This is a severe gap. If the temporary units had been used by a buyer before their expiry, after the expiry the carbon removals associated with these units may not be stored in soils or biomass anymore. This would undermine the environmental integrity of the CRCF because it would lead to higher levels of emissions in the atmosphere than without the use of the mechanism.
 - For that reason, **provisions are needed to clarify that buyers bear the responsibility for replacing temporary units upon their expiry.** Provisions must be developed to ensure that registries inform buyers of units about the expiry of these units so that buyers can fulfil this responsibility. Alternatively, the methodology should clarify for which purposes temporary units may be used. Provisions to address this should be specified in the in the delegated act(s) that are to be adopted on the requirements concerning the Union registry (Article 12.1a CRCF

Regulation) and the implementing acts on the structure, format and technical details of the certification registries, of the recording, holding or use of certified units (Article 12.a CRCF Regulation).

- **Lacking provisions on prolonging the monitoring period:** As stated above, temporary units expire at the end of the monitoring period of the relevant activity unless the monitoring period is prolonged. However, the draft methodology does not contain any provisions on how this is to be done. These need to be added.
- **Lacking provisions on monitoring of reversals:** The draft methodology states that operators shall monitor every [x] years over the monitoring period any identified risk of reversal over the stored carbon (p. 13). However, this provision addresses the monitoring of risks of reversals, but not of reversals **themselves**. This is a severe gap. The text should be revised to say “*any reversal over the stored carbon*” instead of “*any identified risk of reversals over the stored carbon*”.
 - Considering the high costs associated with monitoring, in our view it would be acceptable to require monitoring of reversals to be done only every 5 years if credits are issued on an ex-post basis, so after the mitigation impact has been verified.
- **Missing rules if monitoring ceases:** Rules should also be formulated for the event that monitoring of reversals ceases. It should be clarified that in such cases units issued for the activity would expire and would need to be compensated for.
- **Clarification needed for liability mechanisms:** For reversals occurring during the monitoring period, the draft methodology foresees an insurance policy or comparable guarantee product with an insurance company that manages a pool of units from which reversals can be covered. Alternatively, operators should directly participate in a buffer pool to which they must contribute an amount of units that corresponds to the reversal risks. The certification scheme shall ensure the resilience, sufficiency and solvency of the buffer pool (p. 13-14).
 - **Lacking provisions on implementation of risk assessment:** The draft methodology states that the contribution to the buffer pool shall be determined by a risk assessment. If no risk assessment is conducted, a default risk rate of 20%, 25% or 30% (yet to be determined) shall be used (p. 13). It should be clarified under which circumstances no risk assessment needs to be conducted. Additionally, provisions should be added to exclude activities from eligibility for which the risk assessment is very high.
 - **Specification needed which type of reversals are covered:** It should be clarified that any liability provision covers unintentional reversals such as natural disturbances. It should also be clarified that intentional reversals are compensated through the pool if the operator does not or cannot fulfil their contractual arrangements so that he cannot be held liable.
 - We welcome the proposal in the draft methodology that units held in a pool of units for liability purposes shall expire after the end of the monitoring period, unless the monitoring period is prolonged.

- **Provisions lacking on continued operation of the buffer pool in case of bankruptcy of the buffer pool operator:** Such provisions should be added.
- **Prohibiting updating the baseline in case of reversals:** Provisions should be added to prohibit that the baseline of a carbon farming activity is updated (adjusted upwards) in the case of reversals to make sure that the reversals are adequately accounted for.
- **Legal agreements that restrict land management practices that would result in reversals:** Provisions should be added to require legal agreements with project operators that restrict or prevent land management practices that would result in reversals (by the operators themselves or by third parties).
- **Clarification of text needed:** The draft methodology states that in the management of the activity special attention should be paid to mitigation practices resulting in a smaller risk of reversal due to disturbances (p. 16).
 - It should be clarified what is meant by “special attention” and whether this provision implies any consequences for the risk assessment, the buffer pool contribution or how reversals are to be addressed.

Section 5: Sustainability requirements

- **Requirement for co-benefits for biodiversity addressed by positive list:** The requirement of the CRCF sustainability criteria that activities certified under the framework need to have co-benefits for biodiversity is addressed by the draft elements for a methodology by referring to a positive list of practices. The draft makes reference to Annex VII of the Nature Restoration Law (NRR). It includes examples of restoration measures to be considered by Member States when preparing their national restoration plans. It lists measures like “Make use of ‘close-to-nature’ or ‘continuous cover’ forestry approaches” or “Apply paludiculture”. According to the draft co-benefits can be guaranteed if such measures are implemented as carbon farming activities. This would constitute a simplified approach. Indeed reference to the NRR is useful and co-benefits of the listed restoration measures can be expected.
- **Increasing biomass carbon stocks:** The draft methodology requires that the volume of tree felling has to be lower than the increment in the activity area. This implies that carbon stocks in living biomass shall not decline at any point in time over the course of the project.
- **Mitigation of risk to adversely affect adaptation measures:** The authors of the draft methodology state that “no risks of doing significant harm to climate change adaptation” is expected because the introduction of trees “usually” improves local climate conditions, e.g. by providing shade, water storage, cooling etc. Still, the draft requires that the activity shall not adversely affect the adaptation efforts or the level of resilience to physical climate risks and shall be consistent with local, sectoral, regional or national adaptation strategies and plans. This includes, for example, avoiding water stress of plants on the project area.

- **There are no constraints on the use of the grown wood.** The expected use of biomass to be harvested has implications for the overall effect of carbon storage by the activity. It can be expected that the use of biomass extends beyond the project time. Moreover, since emissions due to biomass harvest are accounted for as emissions, ignoring carbon storage in products leads to underestimation of removals.
- **Additional sustainability criteria:** the draft methodology puts forwards additional more explicit sustainability requirements, including to avoid inputs or release of substances into soil that may harm human health or the environment, to minimise the use of pesticides and fertiliser and favour alternative approaches, to prevent the introduction of invasive alien species or manage their spread, and to avoid significant effects on Natura 2000 sites in view of their conservation objectives.
- **Use of non-native species open:** The draft methodology allows the introduction of non-native species if the project can demonstrate that their use leads to favourable and appropriate ecosystem conditions or that the native species typical for the site in question are not anymore adapted to projected climatic and pedo-hydrological conditions. As the activity is targeting degraded areas, there is a high likelihood that typical native species of later succession stages are considered non-suitable. Species representing earlier succession stages, however, might still be suitable and well adapted. The methodology should therefore consider different succession stages and define the term “native species typical for the site”.

Information to be included in the certificate of compliance

- **Information to be made available on CRCF units:** The information to be included in certificates and publicly available background information should be amended (see the specific proposals in our [cross-cutting findings](#)).

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