



Swedish Society for Nature Conservation

Report

REDD Plus or REDD “Light”?
– Biodiversity, communities and
forest carbon certification

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Abbreviations

AFOLU	Agriculture, Forestry and Other Land Use
CCB	Climate, Community and Biodiversity
CCBA	Climate, Community and Biodiversity Alliance
CDM	Clean Development Mechanism
CFI	Community Forestry International
CFMC	Community Forest Management Committee
CO ₂ eq	carbon dioxide equivalents
DNV	Den Norske Veritas
FA	Forestry Administration (Cambodia)
FCPF	(the World Bank's) Forest Carbon Partnership Facility
FFI	Fauna & Flora International
FIP	the Forest Investment Program (initiated by the World Bank)
FPIC	free, prior and informed consent
FSC	Forest Stewardship Council
IPCC	Intergovernmental Panel on Climate Change
JNR	Jurisdictional & Nested REDD+
NFA	National Forest Authority (Uganda)
NGO	non-governmental organisation
PDD	project design document
REDD+	Reduced Emission from Deforestation and Forest Degradation
REDD+ SES	REDD+ Social & Environmental Standards
SSNC	Swedish Society for Nature Conservation
TWG-F&E	Technical Working Group for Forests and Environment
UNFCCC	United Nations Framework Convention on Climate Change
UN-REDD	United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries
VCS	Verified Carbon Standard (formerly Voluntary Carbon Standard)
VCU	Verified Carbon Units (carbon credits issued by VCS)

Preface

Tropical forests are of significant importance for both biodiversity and cultural diversity. They sustain life in a unique way both within and outside the forest. These forests are the oldest ecosystems on Earth, dating at least 70 million years back. They play an important role providing a number of ecosystem functions such as biological diversity, water storage, pollination and carbon cycling capacity. Their biodiversity contribute to the livelihoods of forest dependent communities and to the forests’ regulatory functions. In addition to this the tropical forests are an enormous carbon sink.

Today’s deforestation rate in tropical forests is alarming. Roughly 13 million ha is disappearing annually and millions of people are threatened, many of whom are the most vulnerable as they depend wholly on the forest resources. The deforestation is also one of the key factors behind the biodiversity crisis, also as many species are endemic for tropical forests.

Deforestation and forest degradation in developing countries causes approximately 17% of the annual man-made carbon emission. Through a REDD mechanism under the UNFCCC framework, developing countries that do not have an emission reduction commitment under the Kyoto protocol would still play a role in reducing greenhouse gas emissions.

Since the introduction of REDD+ where the plus stands for “conservation, sustainable management of forests and enhancement of forest carbon stocks”, there has been an increased focus on carbon stocks and the calculation of the amount in different forests.

For more than 20 decades, the Swedish Society for Nature Conservation (SSNC) has been working with environmental movements in the South to protect tropical forests and preserve them for future generations. The aim of this work is to conserve and enhance biological and cultural diversity, to promote sustainable use of forest resources, and to highlight the value of ecosystem services that the tropical forests provide.

Despite a number of efforts to stop deforestation and forest degradation in the tropical forests, both voluntary schemes and binding agreements, the situation in many tropical forest areas is worsening. This report clearly shows that carbon

offsets cannot be a financing source to halt or prevent deforestation and forest degradation. SSNC does not believe that carbon offset markets are suitable mechanisms for addressing the complex challenges of forest conservation.

The focus on quantifiable emissions reductions solely may place less emphasis on addressing the critical underlying factors that will determine whether direct driver interventions can succeed in achieving the intended emission reductions. To reach true and long lasting achievements, SSNC believes that the underlying causes of deforestation must be properly addressed by REDD+ schemes. These include both direct and indirect causes. Countries need to assess policies for sectors such as agriculture, mining, infrastructure and forestry to ensure that they do not interfere with the intention of REDD+ objectives and other forest preservation aims. REDD+ alone will be insufficient if effective land use management is not promoted at the same time. Land use activities must be actively allocated to less carbon rich land, and therefor is oil palm expansion on peat swamps non-acceptable. On a country level, historical, present and future presumptive causes for deforestation should be mapped to better be able to estimate risks in relation to the leakage effect. Adequate forest governance, enforcement capacity and tenure security are pre-conditions for effective operation of incentive schemes, such as REDD+. This must be endorsed and supported also by international actors and addressed in relation to international consumption of products from tropical forests or products that are drivers of deforestation.

Last but not least, without a true participation of local communities and indigenous people depending on forest resources, a long-lasting protection of forests cannot be achieved. A right based tropical forest protection approach is built on the acknowledgement of the key role that indigenous people and local communities play in the management of forests.



Svante Axelsson
SSNC’s Secretary General

Executive Summary

Forests are the home to hundreds of million people, out of which approximately 60 million belong to the many indigenous peoples that inhabit forest areas. Approximately one out of four people on the planet – 1.6 billion people – at least partially sustain their livelihood needs from forests. Forests also contain 80 per cent of the world’s terrestrial biodiversity, and provide a variety of ecosystem services. Forests are estimated to hold a reservoir of approximately 350 billion tonnes of carbon. Changes in the capacity of forests to store carbon have a great potential to affect the climate.

During the past 5-6 years, forests as sources of greenhouse gases have been given increasing attention within the UN Framework Convention on Climate Change (UNFCCC). Since 2007, parties to the convention have worked to develop the program *Reducing Emissions from Deforestation and Forest Degradation in Developing Countries*, (REDD, or REDD+). A program framework was formally launched through a decision at the UNFCCC meeting in Cancun in 2010, but is not yet fully operational. Prominent among the many key issues that remain to be resolved are the principles and mechanism for financing of REDD programs at the national and sub-national levels. There is, in many quarters, at least an underlying assumption that REDD will be linked to carbon trading and offsets.

Carbon credits from REDD projects are already available on the voluntary market for carbon offsets, where they are sold to companies and other entities that are not bound to reduce their emissions due to international commitments and burden sharing. As there is not yet any official system for issuing emissions reductions credits from REDD projects, the voluntary market depends on a number of independent certification systems that provide these services. The main standards that are used to certify forest carbon projects are the Verified Carbon Standards (VCS) and the Community, Carbon and Biodiversity standard (CCB). VCS focuses on carbon accounting, while CCB assesses environmental and social aspects of forest offset projects against a set of principles and criteria.

The main aim of this study is to scrutinise forest

certification standards in order to find out if they keep the promise they make for being a quality assurance for forest carbon offset projects. Case studies are presented on how the CCB standard (and to some limited extent also VCS) is being applied to certified REDD projects in Cambodia, Indonesia and Kenya, as well as to a tree planting project in Uganda. The report focuses in particular on to what extent CCB certification ensures that these projects deliver community and biodiversity benefits, and discusses to what extent the linking of REDD with carbon trading strengthens or weakens the potential for addressing the broader social and environmental concerns.

The case studies focus on a number of key concerns:

Land tenure: Issues related to land tenure are among the most central concerns to forest dependent communities. When properly implemented, REDD+ projects can play an important role in helping to clarify land tenure arrangements, resolve land use conflicts, and help secure land rights and access to forest resources for local and indigenous communities. Through the REDD+ processes, national forest departments and other government agencies that promote and benefit from activities that drive deforestation, undermine local and traditional livelihoods and violate the rights of local communities may suddenly find themselves on the other side of the fence, and with incentives to change their priorities. The satisfactory resolution of all land use issues and conflicts must be seen as a necessary precondition that would allow communities to give their free, prior and informed consent to a project.

Free, prior and informed consent (FPIC): The most recent edition of the CCB Standard includes a requirement for ensuring free, prior and informed consent by communities that are affected by certified projects. However, the Standard does not provide sufficient operational guidance in terms of determining what is an acceptable FPIC process. Best practices that are being developed emphasise that collective rights holders must themselves be allowed to define a process of obtaining their FPIC; that the free, prior and informed

consent from local communities should be obtained through mutually agreed procedures; and the need to ensure that affected communities have access to independent information and legal advice, and have relevant capacity that allows them to properly assess proposals and alternatives.

Benefit sharing: The CCB standards require projects to generate net positive impacts on the social and economic wellbeing of communities within the project area, and to mitigate negative impacts on the social and economic wellbeing of communities living outside the project zone. New projects must also “ensure that costs and benefits are equitably shared among community members and constituent groups”, but the standard provides no operative definition of concepts like ‘equitable’ or ‘constituent groups’. Only one of the reviewed projects had a benefit sharing mechanism in place before certification, and without such a mechanism there is obviously no way of guaranteeing that all groups will indeed benefit from the project.

Biodiversity: The CCB Standard applies the same biodiversity requirements regardless of whether a certified project is a REDD project or a tree planting project. This standard is highly relevant for large-scale tree planting projects. However, the central biodiversity criterion – that projects must generate net positive impacts on biodiversity compared with the ‘without-project’ baseline scenario – does not presume any proactive management of biodiversity, and is almost impossible for a REDD project to fail.

Carbon: The concept of ‘avoided deforestation’, which underpins REDD, in combination with trade in carbon credits requires the quantification of changes in forest carbon stocks against a hypothetical baseline scenario. The application of sophisticated modelling and measurements can reduce the degree of uncertainty in baseline assumptions, but they can never eliminate it. This is a fundamental argument against linking REDD to carbon markets that are connected to national emission reduction commitments, as the result of any overestimation of

emission reductions in a REDD project will lead to a *net increase* of total carbon emissions. Getting the carbon accounting right in the voluntary offset sector may not be as important from a narrow emissions accounting perspective. If projects do bring substantial benefits for communities and/or biodiversity, the only effect of overestimated reductions is that the buyer will be paying too much for the credits. Nevertheless, the very rationale behind the certification systems is to reassure buyers that they get what they pay for.

The main concerns and conclusions that emerge from this study are:

- The application of the CCB principles and requirements appears to be inconsistent and weak, with an inclination of certifiers to approve projects at the expense of a resolute consideration of the community and biodiversity interests. The definitions and procedural guidance on the application of FPIC and benefit sharing arrangements in particular are weak, and the system lacks a mechanism for challenging certification assessments made by the auditors. CCB certification can thus not be seen as assurance that communities benefit from the projects, tenure rights are respected, or that FPIC has been ensured. CCB requirements on biodiversity are also of little relevance for REDD type projects.
- Project-based approaches to REDD have serious limitations in the scope for addressing underlying drivers of deforestation and strengthening forest governance
- Project-based REDD also come with high transaction costs, in particularly when carbon markets require the (attempted) rigorous quantification of avoided emissions
- The voluntary market for REDD carbon credits reinforces the idea that REDD is about “offsetting” greenhouse gas emissions in industrialised countries,

and the presence of certification systems and the availability of carbon credits from REDD will be used as evidence that market based financing of REDD actually works

- However, carbon offset markets are not suitable mechanisms for addressing the complex challenges of forest conservation. Actions to reduce deforestation need to be financed through fund-based systems and a multitude of programs that can truly integrate the development, biodiversity and climate dimensions and address the complexity of drivers of deforestation.

1. Introduction

REDD and REDD+

Forests play a very important role for the climate. Forests are estimated to contain a reservoir of approximately 350 billion tonnes of carbon, although there is a very large margin of error in the estimates.¹ This is equivalent to around half the amount of carbon in the atmosphere, but only a tiny fraction of the carbon still locked up in fossil fuel deposits.

While changes in the capacity of forests to store carbon undoubtedly have an impact on the climate, this impact will always be dwarfed by the impact of releasing fossil carbon permanently into the active carbon pool. According to the UN’s Intergovernmental Panel on Climate Change, IPCC, deforestation and forest degradation is responsible for 17.4 per cent of global greenhouse gas emissions. The expansion of agriculture is the single most important direct cause of deforestation.

Forests fulfil more functions than merely storing carbon. Forests contain 80 per cent of the world’s terrestrial biodiversity, and provide a variety of ecosystem services. Forests are also the home to hundreds of million people, out of which approximately 60 million belong to the many indigenous peoples that inhabit forest areas.

During the past 5-6 years, forests as sources of greenhouse gases have been given increasing attention within the UN Framework Convention on Climate Change (UNFCCC). In 2005, a coalition of countries with large areas of tropical forests proposed that the possibility of compensating developing countries for measures that reduce deforestation and forest degradation should be explored. This proposal was further developed into the concept known as REDD (*Reducing Emissions from Deforestation and Forest Degradation in Developing Countries*).

In December 2007, the UNFCCC adopted a decision that officially placed REDD on the agenda for the climate negotiations leading up to the Copenhagen summit in 2009. The decision recognises the need to look at issues other than carbon, by linking the issue of reducing deforestation to the

conservation, sustainable management of forests, and enhancement of forest carbon stocks. This revised concept became known as REDD+.

An agreement to officially launch REDD+ could only be reached in December 2010, when the parties to the convention met again in Cancun.² The decision indicates that REDD+ activities should be implemented in three phases, which essentially entails 1) the development of national strategies, policies and capacity-building; 2) the implementation of national policies and measures, results-based demonstration activities, and development and transfer of technology; and 3) implementation of results-based programmes. By August 2012, 44 countries were participating in such REDD pilot initiatives under the three major multilateral REDD schemes: the UN-REDD programme, coordinated by three UN agencies, and the World Bank’s FCPF and FIP.³

The Cancun decision also clarifies that REDD+ programs must not be used for the conversion of natural forests but instead to incentivize the protection and conservation of natural forests and forest ecosystems, and to enhance other social and environmental benefits.

However, the same key issues that lead to the exclusion of forests from the Kyoto Protocol’s carbon market mechanisms in 1997 remain to be resolved. Most important among them are:

- Principles for establishing *baselines*, or the reference values against which reduced emissions is to be assessed;
- The issue of *leakage*, or how to prevent that deforestation is simply relocated from one area (or country) to another;
- *Permanence*, or how to avoid that deforestation is only postponed;
- Principles and mechanisms for *financing*, not least in order to ensure that reduced emissions that follow from

¹ Millennium Ecosystems Assessment, Chapter 21: Forest Systems. <http://www.maweb.org/documents/document.290.aspx.pdf>

² UNFCCC (2010)
³ Focali (2012a)

REDD are not cancelled out through the transfer of allowances that lead to increased emissions from fossil fuels in industrialised countries.

SSNC’s hopes and concerns about REDD+

In 2010, SSNC analysed the opportunities and risks of REDD+ from the perspectives of communities and biodiversity.⁴ The report concluded that:

- It is important to rapidly reduce deforestation, but naïve and dangerous to think that it will be quick or easy
- Reducing deforestation cannot replace large reductions of the emissions in developed countries, and emissions caused by deforestation must not be equated with emissions from the burning of fossil fuels
- Lasting reductions in the loss of forests can only be achieved through measures that also address the underlying causes of deforestation
- Forest protection programmes must be sensitive to the needs and interests of poor communities and bring benefits for them
- Action to reduce deforestation and related emissions must be based on efficient and well-functioning forest governance, respect the rights of indigenous and local communities and ensure their participation
- Forests are not only carbon – REDD must protect biodiversity and ecosystems and not support the conversion of forests to tree plantations
- Reducing deforestation requires new and appropriate financing – do not link REDD to emissions trading

The topic of the present study relates to the last point: the links between REDD+ and emissions trading. The focus and objectives are however, as will be explained below, much more specific. Readers with an interest in the more general discussion about REDD+ are kindly referred to the 2010 report for a discussion and extensive background documentation in support of these conclusions presented above.

REDD and the carbon markets

Implementing action to reduce deforestation will require considerable financial resources. In addition to the cost for the actual implementation (planning, capacity building, improved forest governance), the fundamental principle behind REDD is that payments will be made to compensate for incomes that are foregone when forests are not cleared (the *opportunity cost*). Add to that the transaction cost, which includes the costs for establishing reference levels and for measuring and verifying emission reductions. If REDD is to be used for ‘offsetting’ of other emissions or be tied to the carbon markets, then registration, certification and brokerage of certificates will also carry significant costs.

Much funding for REDD has been promised, but little has been forthcoming. In fact, donor investments in REDD+ peaked in 2010, the year of the Cancun meeting. By 2012 their own reported level of funding has dropped by about 50 percent.⁵ And already before Cancun, there was a clear tendency for donors to shift more of their investments through the multilateral funds away from REDD readiness and towards the proposed third phase of REDD – results-based payments.⁶

There is, in many quarters, at least an underlying assumption that REDD will be linked to carbon trading and offsets. But results-based payments can be implemented in at least three ways:

- 1) Entirely independently from both offsets and markets by distributing part of the publicly financed compensation for REDD based on the results achieved;
- 2) As offsets at the national level by allowing countries that provide public finance for REDD to count emissions reductions against their national reduction commitments; or
- 3) As carbon credits that can be traded on the carbon markets.

⁴ Eklöf (2011)

⁵ http://reddplusdatabase.org/graph/reported_by/funders viewed on 10 October 2012.

⁶ Eklöf (2011)

A vital reason for not linking REDD to carbon trading is that fact that carbon trading *does not reduce emissions*, but only relocates them. Carbon credits are bought for the purpose of gaining the right to emit greenhouse gases. The implication for REDD is that all the climate benefits from reduced emissions from forests in developing countries would be cancelled out by increased emissions in industrialised countries – unless the internationally agreed cap on the allowable amount of emissions is simultaneously lowered to at least the same degree.

Furthermore, human emissions of carbon that is already circulating within the biosphere and atmosphere would be replaced by emissions mainly from fossil sources. The effect would be an increase in the total amount of carbon in the system. And while emissions reductions from REDD activities are inherently non-permanent and uncertain, the emissions from fossil sources that would replace them are irreversible.

The two most common arguments used in favour of using market-based mechanisms for REDD are that carbon trading can contribute to *mobilising financial resources* and that market-based instrument are said to allocate the funds to the most *cost effective* programmes. None of these arguments stand up to scrutiny.

Financing REDD through carbon trading does not generate any new financial resources, it only moves investments from large sources of emissions in industrialised countries to the forests in developing countries. As such investments will only be made when they are cheaper than reducing emissions ‘at home’, the likely outcome is that *less* money will be invested in reducing greenhouse gas emissions. A larger part of REDD funds will also be wasted on charges and profits for an array of consultants, carbon brokers, traders and speculators on the carbon markets.

With regard to the cost effectiveness argument, this presumes that only one of two optional investments needs to be made. This is not the case, as only reducing deforestation will clearly not be a sufficient response to the climate crisis. The issue of what is being measured must also be considered. Emissions trading systems cannot handle

the multiple values of forests. Only reduced greenhouse gas emissions have a value on the carbon market. Conservation of biodiversity, development of local economies or promotion of human rights does not. Programs that are financed through public or private funds can, however, have reduced deforestation *per se* as its objective and combine that with biodiversity and development objectives.

In order for REDD to produce carbon credits for trading, robust solutions would have to be found to difficult issues like baselines, leakage and permanence of emission reductions. Due to these fundamental methodological problems – for which satisfactory solutions are unlikely to emerge – emissions reductions from REDD are not accepted within the CDM, nor can they be traded within the European Union carbon trading scheme.

REDD and the voluntary offset market

REDD credits are, however, available on the voluntary market,⁷ and in 2011 credits from REDD projects accounted for a 9 percent market share.⁸ The voluntary markets serve companies and other entities that are not bound to reduce their emissions due to international commitments or national legislation. These companies buy carbon credits in order to be able to claim that they are ‘offsetting’ their greenhouse gas emissions (or part thereof).

Because the voluntary carbon market lacks the centralised oversight structure of the compliance markets linked to the Kyoto Protocol, many offset buyers in the voluntary carbon market request third-party certification as an assurance that veracity of offset project claims has been assessed. This reliance on third party certification is particularly common for forest offset projects. Investors and buyers of forest offset credits see these certification schemes as a quality assurance. These systems are the subject of this study.

7 In 2011 the Kasigau project in Kenya became the first REDD Project ever to be issued VCS certified carbon credits. See p. 19.

8 Peters-Stanley and Hamilton (2012)

Objectives and method of the study

Many investors, international financial institutions and governments providing finance for forest offset pilot projects, as well as prospective buyers of forest offset credits, require independent third-party certification of projects. Major proponents of forest offset markets have made statements to the effect that certification is a key requirement for the credibility of these markets. Certification standards have been portrayed as a safeguard against ‘carbon cowboys’ and other unscrupulous investors in forest offsets.

The main standards that are used to certify forest carbon projects are the Verified Carbon Standards (VCS) and the Community, Carbon and Biodiversity standard (CCB). VCS focuses on carbon accounting, while CCB also assesses environmental and social aspects of forest offset projects against a set of principles and criteria.

The main aim of this study is to scrutinise forest carbon certification standards in order to find out if they keep the promise they make for being a quality assurance for forest carbon offset projects. Anecdotal evidence abounds that the CCB standard does not deliver what its principles and criteria promise, and that serious weaknesses exist in the set-up and implementation of the system. Four case studies are presented, based on visits to CCB certified REDD

projects in Cambodia, Indonesia and Kenya, and a CCB certified tree plantation project in Uganda. The report focuses on documenting how the CCB standard (and to some limited extent also VCS) has been applied in the process of certifying these projects, and in particular to what extent CCB certification ensures that the certified projects deliver community and biodiversity benefits. The report also discusses to what extent the linking of REDD with carbon trading strengthens or weakens the potential for addressing the broader social and environmental concerns.

The number of CCB certified projects is still low – ca. 30 – and hence a critical analysis at this stage holds the potential of having impact that would be unlikely once the number of certificates has risen much further. Secondly, uncertainty of whether a market for carbon credits from avoided deforestation will emerge has increased significantly, as has doubt over the very concept of such a market. If certification standards fail to provide sufficient quality assurance, a central plank of the forest carbon market proponents’ arguments that forest carbon offsets have moved on from the days of the ‘carbon cowboys’ would be challenged.

2. The main forest carbon certification standards

The two standards that are of the greatest relevance to the present study are the Climate, Community and Biodiversity (CCB) and the Verified Carbon Standard (VCS). Both standards are used to certify two fundamentally different types of land use projects:

- Projects that remove carbon dioxide from the atmosphere by sequestering carbon (e.g., reforestation, afforestation, regeneration, forest restoration, agroforestry and sustainable agriculture); and
- REDD projects, which reduce greenhouse gas emissions through avoided deforestation and forest degradation.

VCS has the limited scope of assessing only the climate impact of projects, and issuing tradable carbon credits – Verified Carbon Units – that correspond to the certified emission reductions.

The CCB standard also includes climate impact requirements, but does not issue any credits. The main objective of CCB is to ensure that certified projects also deliver benefits to local communities and for biodiversity.

Other standards with similar functions include CarbonFix⁹ and Plan Vivo¹⁰. CarbonFix is a standard for forestation projects only, which cannot be applied to REDD type projects. It is relevant to this report only in so far as it is used in the Uganda case study, a project that is also certified by the CCB. No projects certified by Plan Vivo have been reviewed in this study.

The certification process

REDD projects that seek certification follow similar general processes under VCS and CCB.¹¹

- The project proponent presents a project document to the certifying organisation, showing that the project meets all mandatory requirements of the relevant standard. For VCS certification, this includes conformity with an approved methodology for assessing and quantifying emissions reductions.
- For projects seeking CCB certification, the project document is made available for public review and comments on the CCB web site.
- The project is reviewed and validated by an accredited third party auditor, who can request additional information and/or modification in order to ensure compliance with the standards. A final validation report from the auditor constitutes the certification of the project.
- After validation, projects need to be verified at regular intervals – in the case of VCS in order to assess the amount of emissions reductions generated, and in the case of CCB to ensure that projects actually produce the promised climate, community and biodiversity benefits. Both CCB and VCS require verification to be done within five years of the last validation or verification, in order for a REDD project to remain certified.
- CCB projects that have been validated using the 1st edition of the standards (see main text below) must demonstrate to the auditor that they conform to the current edition of the standards at the time of, or shortly after, completion of a verification. This may require a new validation audit.

The Climate, Community & Biodiversity Standard – CCB

The Climate, Community & Biodiversity Alliance (CCBA) was formed in 2003. The Alliance aims to “leverage policies and markets to promote the development of forest protection, restoration and agroforestry projects through high quality multiple-benefit land-based carbon projects”.¹²

The current CCBA members are five non-governmental organizations: CARE, Conservation International, Rainforest Alliance, The Nature Conservancy and Wildlife Conservation Society. The CCBA web site lists the international research centres CATIE, CIFOR and ICRAF

⁹ www.carbonfix.info

¹⁰ www.planvivo.org

¹¹ VCS (2012a) and CCB (2010).

¹² <http://www.climate-standards.org>

as “advising institutions”, and eight private corporations and foundations as funders.¹³

The first edition of the CCB Standards was released in 2005.¹⁴ A second edition of the Standards – the one that is currently in use – was adopted in 2008.¹⁵

CCBA does not issue quantified emissions reductions certificates, and therefore encourages the use of a carbon accounting standard such as VCS in combination with CCB Standards. Unlike the VCS, the CCB standard is applied uniformly to afforestation and forest protection activities, and does not include any specific requirements or procedures for certifying REDD projects.

According to the CCB, projects certified under this standard “adopt best practices to deliver robust and credible greenhouse gas reductions while also delivering net positive benefits to local communities and biodiversity”. Project owners, investors and buyers of carbon credits all stand to gain from using the Standards. CCB certified projects “are likely to garner preferential investment and even a price premium from investors or offset buyers who support multiple-value projects and best-practice projects”. And by identifying projects that actively address environmental and social performance factors, “the Standards help investors to minimize risks by identifying high-quality projects that are unlikely to become implicated in controversy”.¹⁶

Verified Carbon Standard – VCS

Verified Carbon Standard (formerly the Voluntary Carbon Standard) is the most widely used greenhouse gas standard in the global voluntary carbon market (accounting for 58 percent in 2011¹⁷), with more than 800 projects certified. The first version of the standard was published in 2006. At the time of writing, version 3.3 of the standard had just been issued, along with updates of many other program documents.¹⁸

VCS is essentially an initiative by and for the business sector. It was founded “to provide a robust quality assurance standard that projects could use to quantify greenhouse gas emissions and issue credits in voluntary markets”.¹⁹ Founding partners include The Climate Group²⁰, the International Emissions Trading Association²¹, and the World Business Council for Sustainable Development²². The list of partners and board members is dominated by companies and institutions with a direct engagement in various aspects of carbon trading. The standard is managed by the VCS Association, a non-profit association registered in Switzerland.

Under VCS, projects are issued unique carbon credits known as Verified Carbon Units or VCUs. VCUs can be obtained for greenhouse gas emission reductions within 15 different sectors, one of which is Agriculture, Forestry and Other Land Use (AFOLU). 45 projects have been certified in this sector.²³

Projects that apply for certification have to use a VCS approved methodology for quantifying the greenhouse gas benefits of the project. VCS has approved eleven different methodologies for projects within the AFOLU sector. The VCS certified projects included in this review use methodologies VM0006 (Oddar Meanchey)²⁴ and VM0009 (Kasigau)²⁵. In both cases, the methodologies have been developed by the project proponents themselves.

13 Corporate funders include the oil company BP, Hyundai (car manufacturer), Intel (computer chips), SC Johnson (household chemicals), and Weyerhaeuser (forest industries).

14 CCBA (2005)

15 CCBA (2008)

16 Ibid.

17 Peters-Stanley and Hamilton (2012)

18 <http://v-c-s.org/program-documents/find-program-document>

19 <http://v-c-s.org>

20 www.theclimategroup.org

21 www.ieta.org

22 www.wbcsd.org

23 www.vcsprojectdatabase.org viewed on 12 October 2012.

24 VM0006 – Methodology for Carbon Accounting in Project Activities that Reduce Emissions from Mosaic Deforestation and Degradation. <http://v-c-s.org/methodologies/VM0006>

25 VM0009 – Methodology for Avoided Mosaic Deforestation of Tropical Forests. <http://v-c-s.org/methodologies/VM0009>

3. Case studies

Overview of case study projects				
Country	Indonesia	Cambodia	Kenya	Uganda
Project	Ulu Masen Ecosystem	Oddar Meanchey	Kasigau Phase I & II	Kikonda Forest Reserve
CCB certified VCS certified, methodology Other Credits issued	1 st edition, Silver level No IPCC guidelines No	2 nd edition, Gold level VM0006 No	2 nd edition, Gold level VM0009 Yes	1 st edition, Silver level No CarbonFix Yes
Project holder	Provincial Government of Aceh	Forestry Administration	Wildlife Works	global-woods international
Project partners/ developers	Fauna Et Flora International Carbon Conservation	Terra Global Capital PACT	None	National Forestry Authority
CCBA Certifier	SmartWood	TÜV SÜD	Den Norske Veritas	TÜV SÜD
Project start	Not yet started	February 2008	2005 (Phase I) 2010 (Phase II)	October 2002
Project area	750,000 ha	64,000 ha	200,000 ha	12,000 ha
Avoided emissions	101 mt / 30 yr	8,3 mt / 30 yr	42.3 mt / 30 yr	n.a.

This report presents case studies covering three CCB certified REDD projects in Cambodia, Indonesia and Kenya, and one certified tree planting project in Uganda. The original intention to also include a case study of a REDD project in Brazil could not be fulfilled due to reasons beyond the author’s control. In spite of the limited number, the three REDD projects represents a rather significant sample as to date very few such projects have yet been certified by the CCB.

Within these limitations, the case studies have been selected to cover as wide a range of diversity as possible: the project proponents include governments, private investors, and both development and conservation NGOs; they adopt community forest, land use planning and conservation approaches, and are implemented on three different continents.

Two of the REDD projects have been certified against the 1st edition of the CCB standard, and the other two against the 2nd edition of the standard.

The analysis focuses on four key issues where the CCB certification is expected to certify best practices: land

tenure, free prior informed consent (FPIC), benefit sharing, and biodiversity benefits. In one of the projects, the robustness of the VCS certification of emissions reductions is also analysed.

While much more can be said about each and every one of these projects, the presentations of the individual case studies focus on one or two issues per project. The matching of issues with projects has primarily been guided by the extent to which the case studies illustrate important experiences, but also with the view to properly address all key issues through at least one of the four case studies. The project that is used to illustrate an issue does thus not need to represent the ‘best’ or ‘worst’ cases. Additional aspects from some of the other projects are brought into the analysis in Chapter 4.

Case study 1:

Community Forests in Oddar Meanchey, Cambodia

“*Reduced Emissions from Degradation and Deforestation in Community Forests – Oddar Meanchey, Cambodia*” is the first REDD project to be developed in Cambodia. The

project encompasses thirteen community forest blocks, with a total area of 64,318 hectares, in the northern province of Oddar Meanchey. The project is expected to generate 7.1 million VCUs over a period of 30 years.

The project was initiated in 2007, and the official start date is set at February 28, 2008. The Forestry Administration of Cambodia (FA) is the official project holder. Regrettably, the FA has not been willing to discuss the Oddar Meanchey project with the author.²⁶

The validation processes for VCS and CCB had not yet been completed when the field visit for the present study was conducted in August 2012.²⁷ The final project documents and validation reports were posted by the respective organisations only in October.²⁸

Pact, a Washington-based NGO, has been instrumental in facilitating the development of the project in Cambodia in collaboration with the FA, the local NGO Children’s Development Association (CDA), the Buddhist Monk’s Association and the communities in Oddar Meanchey. A carbon development company, Terra Global Capital, was engaged to develop a VCS methodology and provide monetization services in exchange for a share of future revenues from the sale of carbon credits. The TWG-F&E²⁹ – a multi-donor committee on forests and environment, co-chaired by the FA – has been designated to administer and monitor carbon revenues.

Security of land tenure and right to access to forest resources constitute an important part of the Oddar Meanchey project’s benefits for the local communities. Community forest groups will also benefit from the implementation of project activities which will generate employment (patrolling, monitoring etc), provide skills training that can help boost incomes, and distribute fuel-efficient stoves and other equipment.

The project has helped to establish Community Forest Management Committees (CFMC) in each of the thirteen

communities, which is a requirement for getting the areas legally recognised as official community forests.³⁰ Each of the community groups has signed agreements with the Forestry Administration, whereby the CFMCs gain the right and responsibility to manage, use and protect their respective community forests for a period of 15 years. However, the communities do not own the rights to the forest carbon. The agreements that have been signed reflect a Government Decision – GD No. 699 – which designates the Forestry Administration as the official seller of forest carbon.³¹ The signing of these agreements is considered by the project proponents to demonstrate the full consent of the thirteen CFMCs to the REDD project.

Benefit sharing and FPIC

GD 699 states that the revenues generated by the sale of carbon credits will be used to maximize the benefits to local communities that participate in the project. The Community Forestry Agreements confirm that the communities will receive financial support for forest management and community development activities, but does not specify any amounts, percentages or principles for determining the share that will flow to the communities. The FA has made a unilateral commitment to allocate 50 percent of net income to the local communities in the project areas.³² The remaining percentage is to be used (presumably by the FA) for developing new REDD initiatives, and to “improve forest quality”.

But what is the “net income”? The general flow of revenues from the sale of carbon credits is the following:³³

- After deduction of the reserves that VCS requires as a buffer against future reversals, a share of the revenues will be kept to Terra Global as compensation for and return on their investments during the first 20 years of the project.
- Then the TWG-F&E will receive a management fee

²⁶ E-mail 15 August 2012.

²⁷ At the time the author had access to the 23 January 2012 version of the document submitted to VCS, and the CCB project document dated July 11, 2011.

²⁸ Terra Global Capital (2012), TÜV SÜD (2012)

²⁹ The Technical Working Group for Forests and Environment

³⁰ Under the Forestry Law (2002) and Community Forestry Sub-Decree (2003).

³¹ PDD, Annex 3

³² Bradley (2009)

³³ Ibid

- Finally the FA, Pact and other implementing partners will be compensated for their project implementation costs. In 2009 Pact estimated that the level of annual project costs would be about USD 600,000.
- Whatever remains (if anything) is considered to be the net income.

Actual numbers have only been defined for one of these steps – the percentage of revenues to be kept by Terra Global Capital. That number is, however, confidential and thus unknown to the communities in the project area. The company is only willing to indicate that their share of the revenues is “far less than 10 %”.³⁴

The allocation of the remaining incomes is still unclear, or at least not known to the local project stakeholders. The efforts so far to engage the communities – those who have been made responsible for protecting the forests – in negotiations about benefit sharing have also been limited in scope.

Already in July 2011 the project proponents claimed that the project document had been translated into Khmer, but more than a year later it has still not been made available to local NGOs and government officials.

In January 2012, PACT submitted a draft project budget (based on the approved 30-year work plan) to the FA, but by the time that the project obtained CCB certification the budget had not yet been finalized. At the time of the author’s visit in August 2012, the CFMCs and the local NGO in Oddar Meanchey were aware of discussions between the Forest Administration and Pact over the budget, but they had no role in or direct insight into the process.

With regard to the net income from the sales – after project implementation and management costs – the project is still in the process of developing a mechanism for the allocation “that will be acceptable to participating

communities, the Forestry Administration, the provincial government, the implementing organization, and the buyer”.³⁵ It is proposed that the TWG-F&E will manage a grant fund from where revenues can be channelled into CFMCs accounts that will support livelihood and water resource development activities, as well as for financing the development of new REDD and forestation projects.

During the CCB validation, the project proponents were asked to provide evidence on the consent given by local communities based on clear and transparent communication on the potential benefits of the project implementation.³⁶ In response to this request, a consultation meeting was held with the CFMCs. The documentation from the meeting shows that the principles and protocols for benefit sharing had not yet been decided. Budgets were only presented for the operational costs of the CFMCs, and for the network that coordinates them, and participants were asked to give their consent to the proposal. According to the minutes they did so by clapping their hands.³⁷ This procedure was seen by the validators to be satisfactory.

Case study 2:

The Ulu Masen Ecosystem, Aceh, Indonesia

The project *Reducing Carbon Emissions from Deforestation in the Ulu Masen Ecosystem* has been submitted by the Provincial government of Aceh in Indonesia, in collaboration with Fauna & Flora International (FFI) and Carbon Conservation, a Sydney-based carbon development company that has assisted in the project design and start-up, and mobilised a \$9 million investment from Merrill Lynch.³⁸

The project aims to protect 750,000 hectares of forestland in the northernmost parts of Sumatra, and thereby avoiding approximately 3.4 million tons of annual CO₂ emissions for the 30-year project period. At the time when the project was being developed, 428,000 ha of this land was either under logging concessions or classified as allowed for logging and/

³⁴ E-mail from Terra Global Capital to the author, 10 October 2012.

Terra Global Capital has also obtained a USD 900,000 political risk insurance contract for its investments in Oddar Meanchey – the world’s first for a REDD project – with the US Overseas Private Investment Corporation (OPIC). FERN, Focus on the Global South and Pacific Environment discuss the implications of this deal in a briefing that is available at <http://www.redd-monitor.org/wordpress/wp-content/uploads/2012/06/OPIC-Risk-Insurance-REDD-Cambodia.pdf>

³⁵ Terra Global Capital (2012)

³⁶ SmartWood (2008), Clarification request 9.

³⁷ Community Consultation Meeting on Benefit Sharing in OM CF REDD+, Anlong Veng on 14th October 2011. PowerPoint presentation and minutes.

³⁸ Provincial Government of Nanggroe Aceh Darussalam (2007)

or conversion. However, all logging concessions within the project area are inactive since 2007, when the Government of Aceh introduced a general moratorium on logging. The project proposes to use carbon finance to help justify the reclassification of areas currently zoned for logging as permanent protection forests and community-managed low-impact, limited production forest areas.

In 2008, Ulu Masen became the first REDD project to be validated under CCB. However, it also looks likely to become the first project to lose that status.

Land tenure conflicts

Since 2002, the province of Aceh enjoys a relatively high degree of autonomy compared to other provinces in Indonesia. This was reinforced through a peace agreement in 2005, which ended decades of military conflict. Elections for the provincial governor in 2006 brought the former insurgents of the Free Aceh Movement into power.

The Aceh administration has taken important steps towards recognizing customary rights to forest land, or *adat*. Traditional community institutions, *mukims*, are now formally recognised and can assign people to oversee forests, agriculture and fisheries in their respective areas. However, the extent of their influence over the management of state land is not clear, and the project identifies a risk of potential of conflicts over state land tenure and community rights.

FFI has worked with communities to develop principles for community spatial planning and land use. In the proposed REDD project, such participatory processes would continue in order to define boundaries and land use patterns. The plans would then be presented for final public consultations and parliamentary approval.

Mukim leaders within the project express a strong commitment to protecting the forests, and communities visited by the author have independently taken initiatives to do so. While they welcome the commitment of the Aceh administration to reclassify forest use, and the consultative processes that have been started, they are not yet satisfied with the extent to which the traditional rights of communities to manage and use forest resources are being

fulfilled. Furthermore, they are deeply disappointed by the development of the REDD project.

“I have been to 31 meetings about REDD, and it has produced no results and no benefits”. These are the first words uttered in an interview with the chair of the mukim association in one of the districts that the project covers. “I’m so bored with REDD, there is talk about REDD every day, but no implementation”, says his colleague in another district.

The most obvious reasons for this disappointment can be traced back to one of the project partners.

In May 2011, East Asia Minerals Corporation bought half the shares in Carbon Conservation. The company wants to open a 6,000 ha open pit gold mine in the middle of Ulu Masen. A East Asia Minerals press release explains that the company wants to use the REDD project to offset the impacts of this and other mining operations in Aceh, and hopes that the deal will “facilitate a smoother process for approval of, and support for, mining permits”.³⁹ According to an advisor to the governor, the mining company has tried every method possible to have the forest re-categorised. The Carbon Conservation CEO says that the deal was an attempt to sacrifice a small part of the Ulu Masen to protect the rest.⁴⁰

These developments have contributed to bringing the Ulu Masen project to a complete standstill. The agreement with Carbon Conservation to market and sell carbon credits from the project has been cancelled, and the Aceh administration has been looking for alternatives. However, prospective buyers (including an un-named conservation NGO) have declared that they want the land to be licensed to them as concessions in exchange for their investment – something that the administration was not willing to accept. A new Aceh administration which came into power after elections held in April 2012 has put the whole project under review.

39 <http://www.eaminerals.com/s/NewsReleases.asp?ReportID=454841>

40 <http://www.brisbanetimes.com.au/environment/conservation/credits-lost-in-tangle-of-acehs-forest-20120608-201g.html>

The other implementing partner, Fauna & Flora International, continues its work with the communities to promote forest conservation and sustainable land use, but has dissociated itself from the REDD project.

Case study 3:

The Kasigau Corridor REDD Project, Kenya

The Kasigau Corridor REDD Project is located in Southeastern Kenya, and covers a land area of just under 200,000 hectares.⁴¹ The project area is a corridor of land between the Tsavo West and Tsavo East national parks. While the project area itself houses significant populations of threatened and valuable wildlife and plant species, a key objective of the project is to also keep the corridor open and safe for migration and dispersal of animals that are protected by the national parks.

The project holder is Wildlife Works, a US based private company that describes itself as “the world’s leading REDD+ project development and management company with an effective approach to applying innovative market based solutions to the conservation of biodiversity”.⁴² In addition to running REDD projects, Wildlife Works also operates an online fashion shop that markets clothes – including a branded Puma collection – that are produced in its own factory on the project site in Kenya.

The project has been implemented in two phases. The 30,000 hectares of Phase I – The Runkinga Ranch – is a former cattle ranch, which was purchased by Wildlife Works in January 2000 and turned into a privately owned wildlife sanctuary. Phase II – The Community Ranches – is made up of 13 cattle ranches with a combined area of 167,000 ha. The ranches are for the most part owned by members of the adjacent communities in the form of group ranches, community trust lands, or – in a few cases – privately.

Wildlife Works has acquired the carbon rights for the community ranches by signing conservation easements with the ranch owners. In exchange for agreeing to manage the ranches in accordance with the REDD project objectives,

the landowners receive one third of the revenues generated through the sale of carbon credits (or 50¢ if the selling price is below 3 USD).⁴³

Communities that live in settlements around the project area will also benefit from one third of the revenues, through the implementation of a number of programs by local organisations.⁴⁴ The final one third of the income will be used to cover project implementation expenditures (many of which will also benefit communities around the project area through employment opportunities, access to seedlings etc.), and possibly also generate a surplus for Wildlife Works.

The two project phases have been independently assessed and validated by both VCS and CCB (2nd edition, Gold level). Phase II has also been verified for CCB, while Phase I is undergoing verification. In 2011 Kasigau became the first REDD Project ever to be issued VCS certified carbon credits, for a total amount of 2,7 million tonnes CO₂e of net emission reductions.⁴⁵

Climate benefits

(Note: In order to simplify the presentation, this section only refers to Phase II, which accounts for 90 percent of the expected emissions reductions of the project.)

Phase II of the project is estimated to deliver 38.8 mt CO₂e of net greenhouse gas emission reductions over a period of 30 years, or an average of 1.29 mt annually.⁴⁶

As with all REDD projects, the calculation of emission reductions build on an assessment of the amount of emissions that would be most likely to have occurred if the project had not been implemented. This is, inevitably, a speculative exercise.

In the case of Kasigau Phase II, the baseline scenario is that almost all of the above- and below-ground forest

41 Wildlife Works (2011a) and (2011b)

42 www.wildlifeworks.com

43 Allegations have been made that the previous landowners have been excluded from the ranches without compensation. It has not been possible to investigate this issue any further. Bisserbe, Noémie (2011): Les chasseurs de carbone. XXI No. 16, Automne 2011. <http://www.revue21.fr/Les-chasseurs-de-carbone>

44 Wildlife Works agreed to share the document that regulates the terms of these arrangements with the communities, but has not done so in spite of repeated reminders.

45 1,45 mt for Phase I 2005-2010, and 1,25 mt for Phase II 2010, including a 20 percent buffer withheld by VCS.

46 Den Norske Veritas (2011)

biomass and 55 percent of the soil carbon in the Phase II project area would be lost due to the expansion of slash-and-burn agriculture.⁴⁷

This baseline has been defined on the basis of an analysis of deforestation over time in a reference area that borders the project area. Documented deforestation rates in the reference area have been extrapolated using a logistic cumulative deforestation model. The result suggests that more than 90 percent of the reference area will be deforested within 30 years from the project start date.

This use of a reference area assumes that without the project, the pattern and speed of deforestation in the reference area and the project area would be identical. In order to ensure this, the VCS approved methodology that the project uses (VM0009, which was developed by Wildlife Works) requires that the reference area is similar to the project area with respect to the drivers of deforestation, the location and mobility of the agents of deforestation, and a number of other criteria. For substantiation, it also has to be clearly demonstrated that the reference area and project area are located with the same proximity to the agents of deforestation and have similar socio-economic and cultural conditions.⁴⁸

With regard to socio-economic conditions, the defined reference area is *radically different* from the Kasigau project area in several respects. Most obviously, at least 100,000 people live in the reference area, while the population in the project area is close to zero. Furthermore, almost all of the identified agents of deforestation - the Taita population, both those that live in the Taita Hills and those that have come down in search for land - live within the reference area. And while many of them live close to the project area, the proximity cannot be said to be the same. The reference area also includes land that has been designated for a variety of purposes, including some agriculture, while the project area is entirely made up of cattle ranches.

While there can be no doubt that the same drivers and

agents of deforestation are at work in both areas, the conclusion that they will result in the same rate of deforestation does not appear to have been substantiated.

It is not within the scope of this study - neither thematically, nor in terms of capacity - to try to assess whether the differences between the project and reference areas may have had any significant effect on the estimated emission reductions of the project. It is, however, relevant to examine to what extent the issue has been addressed by the VCS auditors.

The VCS standard against which the project has been certified requires the selection of “the most conservative baseline scenario for the project based on the requirements in the applicable VCS methodology”.⁴⁹

Validation and verification of the project has been conducted by DNV. In its validation report for VCS, DNV provides “reasonable assurance” that a conservative approach has been taken to estimate emission reductions.⁵⁰

The validators do not, however, in any way discuss the obvious differences in socio-economic conditions and the proximity to agents of deforestation to the project area, or how these differences may affect the rate of deforestation. Remarkably, DNV claims that the selected baseline scenario appropriately applies to the project area *because* “there are settlements to the south, east, and north of the project area and active deforestation is occurring on the outskirts of these settlements” without any recognition of the fact that these settlements are located in the reference area.

The validation report concludes that the reference area has “similar conditions and drivers of deforestation” compared with the project area, has been appropriately defined, and meets the requirements outlined in the approved methodology.

⁴⁷ The avoidance of soil carbon losses represents 70 percent of the expected emissions reductions of the project

⁴⁸ VM0009 Version 1.0

⁴⁹ VCS (2007), section 5.10.

⁵⁰ Den Norske Veritas (2011)

Case study 4: The Kikonda Forest Reserve, Uganda

The Kikonda Forest Reserve project is located in Kiboga District in western Uganda. The project covers 12,182 ha of land that is owned by the National Forestry Authority (NFA), but managed by the German private company **global-woods international AG**⁵¹ under a 49-year forest plantation lease agreement signed in 2001. The official start of the KFR project was in 2002, when the first trees were planted.

Kikonda is *not* a REDD project, but a commercial plantation project. The project will clear a total of 7,321 ha of degraded forest, bush and grasslands in order to establish plantations of *Pinus caribea*.⁵²

The Kikonda Forest Reserve is certified as a climate mitigation project by CarbonFix (see Box). 200,000 tons of CO₂ are estimated to have been sequestered by trees planted on the first 1,000 hectares that have been validated. In 2009, the project was also certified under the 1st edition of the CCB standard (2005). Furthermore, the tree plantations are certified under the Forest Stewardship Council (FSC) standards for responsible forest management.

The project was initially implemented by a local subsidiary of global-woods, called Sustainable Use of Biomass, but this is no longer the case. global-woods is now directly in charge of project implementation.

The CarbonFix standard was developed by a non-profit organisation based in Germany, in collaboration with numerous forestry and development aid organisations. CarbonFix issues carbon credits, like the VCS, but like the CCB it also includes criteria that relate to the social and environmental impacts of carbon projects. Unlike the VCS, CarbonFix offers *ex-ante* crediting, which allows project developers to secure up-front project financing.

The author visited Kikonda in September 2012. Regrettably, after the visit global-woods has not been willing to respond to any further questions about the project.⁵³

Social impacts assessment and monitoring

The 1st edition of the CCB standard requires that certified project must deliver net benefits to communities, and the project design document (PDD) must present “a credible estimate” of the net benefit changes in community wellbeing given project activities. An initial plan for monitoring community impacts must also be presented, including a plan for selecting community variables to be monitored.

The PDD for Kikonda⁵⁴ argues that communities surrounding the plantation will benefit from employment opportunities on the plantation, and from support for planting trees on private land through an organisation that has been formed around the project. However, only private landowners can benefit from the tree planting activities, and a recent global-woods report (see below) reveals that only 4 percent of the households in the area around the project have titles to the land that they cultivate. It was also expected that community members could benefit directly from forest carbon payments for trees planted in a buffer zone around the project, but this initiative has already failed and been discontinued.

With regard to negative impacts on segments of the communities, the PDD argues that as the project is simply enforcing the law it cannot be held responsible for the consequences. Since cattle grazing, charcoal burning or firewood collection in the forest reserve are not allowed according to NFA regulations, community members who were engaged in such activities before the project “will have to stop their illegal activities within the reserve and find other work outside”. The company argues that sufficient time has been allowed for affected persons to “come to terms with accepting the job offers of the project or to develop other income alternatives”. People who decide not to work for global-woods or change their source of income “still have the possibility to continue their way of living and working in other parts of the country”.⁵⁵

The position taken by global-woods has already proven to be untenable. Communities around the project area

51 <http://global-woods.com>

52 According to the project documents, some 22 hectares have been planted with *Pinus oocarpa*.

53 E-mail from global-woods 8 October 2012.

54 global-woods (2009)

55 Ibid

complain about a high level of conflict with the project: fines, arbitrary arrests of people and impoundments of cattle entering the reserve, denied access to water tanks that were constructed for use by the communities, widespread corruption among forest rangers, etc.

Underlying at least some of these problems is the failure of the project proponent to properly analyse and understand the communities and how they will be impacted by the project, to document the socio-economic and livelihood baseline conditions against which project impacts can be assessed, and to develop adequate systems for monitoring of changes. Only in 2011 – a full 9 years after the commencement of the project – did global-woods carry out what they call a “socio-economic baseline survey”.⁵⁶ The report confirms many of the problems that the communities have been complaining about, and also reveals some very significant gaps in the project proponents’ knowledge about the communities in the project area.

According to the PDD, the population in the villages that surround the forests reserve was estimated to be 12 540 people in 2006, while a new assessment in 2007 resulted in a population estimate of over 20 000 people. The most recent survey report puts the population number at almost 50,000, and adds: “Originally, it was assumed that there were 20 communities and the aim was to include all of these. During the survey, we became aware of more communities within the area and in total 44 communities were recorded.” Population growth and expansion explains some of the difference in numbers, but the ‘discovery’ in 2011 of 24 new communities suggests that global-woods has not had even the most basic understanding of the surrounding areas.

Even after the survey, the detailed understanding of groups that are likely to be affected by the project is incomplete. The survey report states that “unfortunately we do not know (the) true number of cattle keeper households in this area”, and there is no mention of any charcoal makers. Furthermore, there is still no system in place for monitoring the project’s impacts on the communities.

It is clear from the CCB project validation report that the auditors have observed many of the shortcomings of the project with regard to negative impacts on communities, baselines and monitoring. For example, “social impact monitoring should be further adapted including parameters of actual impact monitoring and focusing on actual stakeholder groups (including Charcoal makers and Nomadic cattle keepers) ... If substantial negative impacts are identified, further mitigation activities need to be defined.”⁵⁷ However, rather than requiring these problems to be addressed before certification of the project, a “Forward Action Request” was issued for the project to address later. The auditors even issued a Silver level certificate, in part based on the assessment that the project met the criteria for “Best Practice in Community Involvement”.

Global-woods now says it has modified the project’s approach to community relations: communities are allowed access to water sources within the project area, and the ban on grazing is only enforced in order to protect newly planted areas. Community representatives acknowledge significant changes, but allege that many problems still persist.

Biodiversity

The CCB standard requires the use of appropriate methodologies (e.g., key species habitat analysis, connectivity analysis) to estimate changes in biodiversity as a result of the project. Certified projects must generate net positive impacts on biodiversity within the project boundaries and within the project lifetime, measured against the baseline conditions. Furthermore, projects should have no negative effects on species included in the IUCN Red List of threatened species or species on a nationally recognized list.

Replacing the existing degraded forest, shrub and grasslands with monoculture pine plantations is undoubtedly going to have a significant negative impact on biodiversity on a major

⁵⁶ Tofte Hansen (2012)

⁵⁷ TÜV SÜD (2009)

part of the project area. The project proposes to balance the negative impact by conserving and enhancing biodiversity on a smaller “conservation area” within the project boundaries. The carbon offset project thus claims to also be a “biodiversity offset” project within the project.

The PDD also argues that the project will reduce pressures on forests in other areas, but this is not relevant in relation to the requirements of the CCB standard.

The PDD presents results of some initial biodiversity studies, including lists of threatened species. But while it is recognised that biodiversity will be negatively affected in areas that are cleared of natural vegetation and planted, no quantitative data is presented to show that this loss will be balanced by increasing diversity in the “conservation area”. There is also no support for the assumption that the “conservation area will be a refuge of natural habitat for the majority of species”.

A quick look at a map reveals that the “conservation area” has not primarily been defined on the basis of biodiversity considerations. The area is a gully with a watercourse and wetlands. The set-aside area is thus primarily made up of land that is not suitable for being converted to pine plantations. Furthermore, planting in at least parts of these areas is also restricted due to FSC and NFA rules.

The CCB validation report shows that the audit team has requested a more specific discussion of the project’s impacts on each threatened species or group of species, but conformance with CCB requirements has been certified in spite of the fact that no such information seems to have been provided. Again, the auditors have settled for requesting additional measures (identification of indicator species, monitoring procedures etc) to be taken before the first verification.

4. Discussion

The promise of REDD+ is to widen the focus from only looking at the potential climate benefits of reducing deforestation and forest degradation, and incorporate measures and mechanisms that provide benefits for communities, biodiversity and ecosystems.

VCS is the most widely used standard in the global voluntary carbon market, but the standard has had an obvious limitation in that it does not address the “plus” in REDD+. In fact, it was only on 4 October 2012 that a series of updated VCS program documents that even mention REDD+ were posted on the VCS web site – the earlier versions only speak of REDD. The updated documents incorporate the new VCS initiative for *Jurisdictional & Nested REDD+* (JNR). But the VCS interpretation of the ‘plus’ is still the pre-Cancun understanding, which is limited to sustainable management of forests and enhancement of forest carbon stocks. There is no reference whatsoever to biodiversity, and no mention of broader environmental or social benefits, in the 50 pages of requirements for JNR.⁵⁸

These limitations should present no major problem for the VCS certified projects that have been reviewed, as they have also been certified by CCB. However, the CCB Standard does not quite live up to expectations. In spite of the very limited scope of this review – in terms of the number of case studies, as well as the time and resources available for reviewing each of the projects – the findings suggest that the CCB has a problem with the consistent interpretation and enforcement of its standard. The problem can partly be attributed to weaknesses in the standards themselves – a lack of proper and workable definitions, and insufficient guidance on how principles, concepts and terms are to be interpreted and assessed – and partly to the performance of the CCB approved auditors.

With regard to the quality of the standards CCB has, somewhat ironically, been surpassed by another initiative of the CCB Alliance. CCBA has been instrumental in

developing a parallel set of standards for government-led programmes: the *REDD+ Social & Environmental Standards* (REDD+ SES).⁵⁹ The initiative aims to “define and build support for a higher level of social and environmental performance” in REDD+ programs. A second version of the standards is already available.⁶⁰

REDD+ SES is in many respects considerably more advanced than the CCB Standards. REDD+ SES builds on seven principles, which are similar to the general concepts of the CCB standards. But REDD+ SES is much more specific than the CCB standard in the 28 associated criteria and framework for indicators (the latter are to be developed at the national level). These outline minimum requirements for acceptable principles and processes related to issues like participation and free, prior and informed consent. They also offer guidance on definitions of key concepts, such as “equitable” in the context of benefit sharing, and differentiates between “rights holders” and “stakeholders” in REDD projects (some more detail is provided in the relevant sections below).

The CCB Manual for social and biodiversity impact assessments also addresses some of these issues, but they are not part of the standard against which projects are assessed.⁶¹

With regard to the quality of its auditors, CCB relies on assessments made by other certification systems. Auditors that are accredited to perform audits for the Forest Stewardship Council (FSC), or to audit forest related projects for the Clean Development Mechanism (CDM) or VCS, are qualified to also perform validations and verifications for CCB.

Over the years, FSC has seen an alarming number of controversies over dubious certifications of forest operations, particularly in developing countries. CCB approved auditors have been responsible for some of these

⁵⁹ www.redd-standards.org

⁶⁰ REDD+ SES (2012)

⁶¹ “The use of the SBIA Manual is not a requirement of the CCB Standards”. CCB (2011), Part I, p. 2.

⁵⁸ VCS (2012b)

certifications. However, unlike the FSC,⁶² the CCB system does not include any system for receiving or processing complaints against the performance of the accredited certification bodies. There is also no procedure whereby a deficient validation or verification document can be withdrawn. The only formal way of submitting a complaint is to post a public comment via the CCB web site when a certified project is up for verification, which can be as late as five years after the last validation or the verification.

The specific experiences from the reviewed project in relation to the key focus areas of the study – land tenure, FPIC, benefit sharing and biodiversity – are discussed under the respective sub-headings below.

Land tenure

When properly implemented, REDD readiness activities and REDD+ projects may play a role in helping to clarify land tenure arrangements, resolve land use conflicts, and help secure land rights and access to forest resources for local and indigenous communities. Communities in many project areas, such as Ulu Masen, already have a strong commitment to protect their forests, and have taken initiatives to do so independently of any REDD projects. There are hopes that through the REDD+ processes, national forest departments and other government agencies that promote and benefit from activities that drive deforestation, undermine local and traditional livelihoods and violate the rights of local communities may suddenly find themselves on the other side of the fence, and with incentives to change their priorities.

Helping communities assert their rights to land and resources is also one of the most vital benefits that CCB certification can potentially bring for forest dependent communities, although this may mainly be possible in the context of enabling political and legal environment.

The Oddar Meanchey project is a clear case where the project development process has helped communities secure the legal right, through formal agreements with the Forestry Administration, for their community forestry groups to

manage and access the local forests. The main challenge for the project is to help the communities exercise these rights against the massive settlements and encroachment of army personnel in the community forest areas.

In Ulu Masen, the issue of land tenure arrangements remains to be resolved. According to the project document, this will be addressed during project implementation. This is acceptable under the 1st edition of the CCB standard, which was used when the project was validated. The 2nd edition of the standard also does not require all land use issues to be resolved at the time of certification. However, in the event of unresolved disputes over tenure or use, projects are required to demonstrate how they will ensure that there are no unresolved disputes *by the start of the project*.⁶³ The implication for Ulu Masen is that all outstanding land tenure issues must thus be resolved before the first verification, which has to be completed before 5 February 2013. Given the recent developments in the project, it seems highly unlikely that this will happen.

Otherwise, as the issue of land tenure is one of the most central concerns to communities, the satisfactory resolution of all land use issues and conflicts must be seen as a necessary precondition that would allow communities to give their free, prior and informed consent to a project. And, as is discussed in the following section, in order for a project to be certified the proponent has to produce agreements to prove that such consent has already been obtained.

Free, Prior and Informed Consent (FPIC)

The first edition of the CCB standard required projects to engage a diversity of stakeholders – including underrepresented groups and women – in project planning. Before the project design is finalized, stakeholders must have an opportunity to raise concerns about potential negative impacts, express desired outcomes and provide input on the project design. Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input.

62 <http://ic.fsc.org/download-processing-formal-complains-fsc-pro-01-009-v2-0.138.htm>

63 CCBA (2008), section G5

This falls short of giving affected communities final say in final design of a project, and whether the project should be implemented at all. The inclusion of the principle of free, prior and informed consent, FPIC, into the 2nd edition represents a major improvement of the CCB Standard.

The main indicator that specifies the requirement is unequivocal with regard to the rights of communities: projects must “demonstrate with documented consultations and agreements that the project will not encroach uninvited on ... community property (including lands that communities have traditionally owned, occupied or otherwise used or acquired) ... and has obtained the free, prior, and informed consent of those whose rights will be affected by the project.”⁶⁴ Free, prior, and informed consent is also required when projects cause involuntary relocation of people *or of activities important for the livelihoods and culture of the communities*, in which case project proponents must also demonstrate that agreements with the communities include provisions for just and fair compensation.

There is, however, in another section, a paragraph that seems to contradict these requirements.

In relation to the obligation for project proponents to “document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, particularly with a view to optimizing community and stakeholder benefits”, a footnote text explains that “in cases where it is unclear whether a project will be implemented or not, it is acceptable to start with a preliminary community consultation, provided there are plans for appropriate full engagement before the start of the project.”⁶⁵

But how can communities be expected to give their “prior” and “informed” consent to a project where the consultations on issues of key importance to them – such as the benefits that the project will bring them – have not yet been concluded?

As these points illustrate, the CCB standard does not provide sufficient operational guidance in terms of determining what is an acceptable FPIC process.⁶⁶ Although such processes must always be tailored to the specific circumstances, the REDD+ SES standard includes a number of important indicators, notably that collective rights holders must themselves be allowed to define a process of obtaining their FPIC, and that the free, prior and informed consent from local communities should be obtained through mutually agreed procedures. More detailed advice on procedures for respecting the right to FPIC is provided in a recent publication by RECROFT and GIZ.⁶⁷

Another fundamental issue is the need to ensure that the affected communities not only have sufficient access to information, but also relevant capacity that allows them to properly assess proposals and alternatives, before entering into negotiations. This includes access to independent information – one REDD project developer, whose project has not yet been submitted for certification, informed the author that they always provide land rights holders with independent legal council before entering into any formal agreement.

However, project proponents and implementing agencies in several of the reviewed projects argue that communities cannot be expected to understand the bigger picture of the project, and thus only need to be informed about those aspects that affect them directly.

Benefit sharing

The principles and arrangements for benefit sharing will look very different from case to case, depending on land ownership/tenure, traditional use of resources, composition of affected groups, project set-up and many other variables. That is also reflected in the few case studies of this report.

It does not, however, follow from this that all these different arrangements should be found to be in compliance with CCB requirements.

⁶⁴ Ibid, paragraph G.5.3. Text within brackets is provided in a footnote in the Standards document.

⁶⁵ Ibid, paragraph G.3.8. including footnote 27.

⁶⁶ The CCB Social and Biodiversity Impact Assessment (SBIA) Manual for REDD+ Projects includes a few references on the links between SBIA and FPIC, but no guidance on requirements. CCB (2011).

⁶⁷ Anderson (2011)

Both editions of the CCB standards require projects to generate net positive impacts on the social and economic wellbeing of communities within the project area, and also to identify and mitigate negative impacts on the social and economic well-being of communities living outside the project zone.

The 2nd edition the standards of adds, in the introductory “Concept” paragraph, that projects must “ensure that costs and benefits are equitably shared among community members and constituent groups”, but no operative definitions are provided of concepts like ‘equitable’ or ‘constituent groups’.⁶⁸ With regard to equity the corresponding indicator against which projects are assessed only require that benefit must be “positive” for all community groups. The indicators also require impacts to be estimated for “all constituent socio-economic and cultural groups”, and to be evaluated “by the affected groups”, but there is no process for the proper identification of rights holders and other stakeholders, nor any distinction between the two.

Common for all the projects covered is that the socio-economic baseline information against which impacts – positive or negative – can be assessed is insufficient. In addition, only one of the projects (Kasigau) had a benefit sharing mechanism in place before certification, and without such a mechanism there is obviously no way of guaranteeing that all groups will indeed benefit from the project.

Furthermore, there is precious little evidence of any community involvement in assessing the impacts of the projects. To the extent that communities have been consulted, they have not been consulted on larger issues of the sharing of benefits between different stakeholders. Consultations have mainly focused on project activities that are implemented specifically for the benefit of the communities. The most advanced case is Kasigau, where land owners and community organisations have full control over how the community share of revenues is spent.

In the case of Kikonda, the project developer has clearly failed in meeting even the most basic requirements in terms of both establishing a baseline against which impacts can be assessed, and identifying the likely negative impacts of the project. As a result, there is no credible basis for claiming that the net impact will be positive. The auditor has, in spite of a very superficial review of the community section of the project, spotted some of these weaknesses but still approved the validation and even awarded it a silver/gold level qualification point in this area.

Biodiversity

As with the rest of the CCB standard, the same biodiversity requirements apply regardless of whether a certified project is a REDD project or a tree planting project. As the Kikonda case study has clearly shown, the CCB standard is highly relevant for large-scale tree planting projects. But for REDD projects, the level of performance that the standard requires is remarkably low.

The central CCB biodiversity criterion – that projects must generate net positive impacts on biodiversity compared with the ‘without-project’ baseline scenario – is almost impossible for REDD projects to fail. The very fact that deforestation and forest degradation is reduced will almost automatically produce a better status for biodiversity than would have been the case had the degradation continued unabated. It is difficult even to deliberately design a REDD project scenario where this would not happen.

This requirement does not presume any proactive management of biodiversity. It is only in relation to the biodiversity related requirements to mitigate offsite biodiversity impacts and monitor biodiversity impacts that the CCB standard rewards good practices within the projects.

Even the Gold standard requirement is entirely based on location, not on management practices or other project activities. The only requirement is for the project zone to include a site of high biodiversity conservation priority that meets either vulnerability or irreplaceability criteria that are defined in the Standard. This is a change from the first

⁶⁸ CCBA (2008), section CM.1.

edition of the CCB standard which – although limited in scope – did in fact reward management practices that were beneficial for biodiversity (the use of native species when planting trees), or beneficial for soils and water, with points to qualify for Silver or Gold standard certification.

Several of the projects in the case studies do more than what is presently required: for example, they protect wildlife from poaching, and they promote natural regeneration or enrichment planting with indigenous species in degraded areas. None of these efforts are rewarded in the CCB system, in spite of claims to promote best practices for the benefit of biodiversity.

Carbon

According to Wildlife Works, there is “little need for speculation as to what would happen in the absence of” their Kasigau project.⁶⁹

But speculation is an inevitable part of the REDD process. As writer Dan Welsh has put it, carbon offsets “are an imaginary commodity created by deducting what you hope happens from what you guess would have happened”.⁷⁰ The application of sophisticated modelling and measurements can reduce the degree of uncertainty in baseline assumptions, but they can never eliminate it. Yet, trading in credits from avoided deforestation requires actual and hypothetical emissions reductions to be treated as equal and interchangeable entities.

It may be argued that getting the carbon accounting right may not be as important in the voluntary offset sector as it is in the regulated markets that are connected to national emission reduction commitments. In the latter case, reductions obtained through a REDD project will be offset by increased emissions which would otherwise have to be avoided by way of some other investment or measure. In this context, the result of any overestimation of emission reductions in a REDD project will lead to a *net increase* of carbon emissions. On the voluntary market, the immediate

effect of overestimated reductions is that the buyer will be paying too much for the credits. For projects that do bring substantial benefits for communities and/or biodiversity, this is not necessarily a bad thing.

Still, getting the accounting right is important for the credibility of systems – like the VCS – that certify emissions reductions and issue carbon. The very rationale behind such systems is to reassure buyers that they get what they pay for. Furthermore, the voluntary carbon market is setting precedents for emerging and possible future compliance forest carbon markets. Acceptance of dubious methodologies and practices on the voluntary market may thus have more widespread and serious repercussions.

⁶⁹ Section G2.1 of the CCB Project Design Documents for Kasigau Phase I and II.

⁷⁰ Dan Welsh: A Buyer's Guide to Offsets. Ethical Consumer 106, May/June 2007.

5. Conclusions

Do the certification systems deliver what they promise?

The review of a small number of CCB certified projects covered in this study suggests that there is no consistent interpretation or enforcement of the CCB principles and requirements. This can be partly explained by the lack of clarity in the standard with regard to the definition of concepts and required procedures. Nevertheless, validators also appear to be strongly inclined towards approval of projects, at the expense of a resolute defence of the community and biodiversity interests that the standard is meant to guarantee. If this is a reflection of an urgency to get CCB certified credits on the market, then that would not be unique. Similar pressures have tempted other certification systems – not least the FSC in its early days – to issue many questionable certificates.

The current CCB requirements on biodiversity are of little relevance for REDD type projects. A standard that claims to identify “high-quality” projects that “adopt best practices to generate significant benefits” for biodiversity⁷¹ would have to request significantly more from projects it certifies.

In order to strengthen its relevance and integrity, CCB may want to:

- Build on the effort that has been invested in developing the REDD+ SES Standards, and initiate a substantial upgrade of the CCB standard.
- Incorporate more developed definitions of concepts and more specific procedural requirements for acceptable FPIC processes and benefit arrangements.
- Integrate the principle of equitable sharing of benefits into the CCB indicators against which projects are evaluated, clarify the meaning of this principle and elaborate guidelines and/or benchmarks that make it possible to assess whether the requirement is met, applicable to a range of different project settings and designs.

- Ensure that sufficient baseline data are available that will allow a proper evaluation of project impacts.
- Undertake a transparent process to review the performance of approved auditors on the basis of projects that have been criticised, and establish formal and transparent procedures for handling complaints.

REDD, forest offsets and carbon markets

The voluntary forest carbon certifications have, so far, been confined to certifying stand-alone projects (although this is now changing with the updated VCS standards, see p. 24). Stand-alone projects can, without any doubt, be important for saving local forests from being degraded or destroyed, and bring considerable benefits for biodiversity and communities. To the extent that CCB certification is successful in channelling more resources to such projects, this is valuable.

However, the mechanism for generating resources for these projects is to produce credits for the climate offset market, and this comes with considerable constraints.

The main currency on the offset market is carbon – other types of benefits that projects may generate are only rewarded by a fraction of the buyers of offsets. While REDD credits on the voluntary market sold at an average price of 12 USD/t CO₂eq in 2011, they compete with credits from wind power, bioenergy and landfill methane projects which all sell at an average price around 4 USD and account for almost 50 percent of the market.⁷² The difficulties that some CCB certified projects have in even finding a buyer for the credits they produce suggest that the demand for ‘premium’ REDD+ credits is very limited. To meet the challenge of mobilising the resources that are needed to manage forests for multiple benefits, the focus must be shifted towards non-market sources of financing which can allocate resources on the basis of a wider range of considerations.

⁷¹ CCB Standards Fact Sheet, https://s3.amazonaws.com/CCBA/CCBStandards_FactSheet.pdf

⁷² Peters-Stanley and Hamilton (2012)

The project-based approach to REDD also has some very important limitations:

Underlying drivers of deforestation: While they may be able to change the behaviour of the direct agents of deforestation, stand-alone projects cannot even begin to address the underlying drivers of deforestation. These drivers may be government policies that provide economic incentives for deforestation, or consumer demand for cheap meat, paper, biofuels, and a host of other products that contribute to deforestation in the tropics. Addressing these drivers requires the participation of policy makers at the national level and – an aspect which is almost entirely absent in the REDD debate – in the industrialised countries.

Forest governance: Many site-based REDD projects have weak or no links with national or local authorities. As a result, they do not produce any benefits for them in terms of capacity, experiences or revenues, and have little prospect for having any impact on forest governance, forest policy and REDD readiness. Officials of forest authorities that have been interviewed would like to see the REDD projects and their proponents in the voluntary sector engage more with public policy and institutions. Some national governments are considering introducing taxes on revenues from the voluntary REDD markets in order for the projects to make some contribution to the public effort.

Leakage: In locations where the drivers and agents of deforestation are strictly local, it may be possible to assess the leakage (the displacement of deforestation) from a single REDD project with reasonable accuracy. In other cases, even the country level is too small to capture the problem of leakage. A recent study of 34 methods for quantifying leakage found that although VCS applies the widest range of criteria and tools, none of the methodologies make any attempt to assess international leakage.⁷³ As a result, there is a considerable risk that emission reductions will be over-

estimated. Within the voluntary sector the uncertainties that are inherent in the process of quantifying avoided emissions may not be of vital importance – it may even have positive effects in cases where exaggerated assessments result in a larger flow of funding for projects that provide actual biodiversity and community benefits (although there are no safeguards to prevent projects that undermine livelihoods or otherwise violate the rights of local communities from also being certified by the VCS). But if and when REDD credits are traded on the regulated carbon markets, any over-estimation of reductions will result in *net increases of global greenhouse gas emissions*.

Transaction costs: The additional costs for developing and certifying REDD projects for the purpose of conforming with carbon certification standards and procedures, and for monitoring, verifying and marketing emission reductions and credits, may be quite considerable, in particular for small projects.⁷⁴ The implication is that a significant share of investments that are allegedly made for climate mitigation may in fact be spent on activities that do not actually contribute to reducing emissions. The share of these costs is likely to be less for larger-scale programmes, but can only be eliminated when programmes are financed by non-market mechanisms.

In addition to these limitations and constraints, there are a number of more fundamental concerns about the impact that the voluntary carbon offset market for REDD is likely to have on wider climate change discourse.

- The voluntary market for REDD carbon credits reinforces the idea that REDD is about “offsetting” greenhouse gas emissions in industrialised countries
- Those who want to link REDD+ to the regulated market will use the presence of certification systems and the availability of carbon credits from REDD as evidence that market based financing of REDD actually works.

⁷³ Henders (2012)

⁷⁴ In spite of pooling thirteen community forests into one project, Oddar Meanchey does not expect to generate any net revenues at all for at least the first 6-7 years.

- Both of these effects are counterproductive. The climate benefits that REDD can produce must not be allowed to be cancelled out by offset, and official REDD programs need to adopt a much broader approach to forest conservation and management than can be fitted to the narrow interests of markets. REDD needs to be financed through fund-based systems and programs that can truly integrate the development, biodiversity and climate dimensions and address the complexity of forest use and governance challenges.
- The voluntary market for REDD carbon credits reinforces the idea that REDD is about “offsetting” greenhouse gas emissions in industrialised countries, and the presence of certification systems and the availability of carbon credits from REDD will be used as evidence that market based financing of REDD actually works
- However, carbon offset markets are not suitable mechanisms for addressing the complex challenges of forest conservation. Action to reduce deforestation needs to be financed through fund-based systems and a multitude of programs that can truly integrate the development, biodiversity and climate dimensions and address the complexity of drivers of deforestation.

Summary of conclusions

The main concerns and conclusions that emerge from this study are:

- The application of the CCB principles and requirements appears to be inconsistent and weak, with an inclination of certifiers to approve of projects at the expense of a resolute consideration of the community and biodiversity interests. The definitions and procedural guidance on the application of FPIC and benefit sharing arrangements in particular are weak, and the system lacks a mechanism for challenging certification assessments made by the auditors. CCB certification can thus not NOT be seen as assurance that communities benefit from the projects, tenure rights are respected, or that FPIC has been ensured. CCB requirements on biodiversity are also of little relevance for REDD type projects.
- Project-based approaches to REDD have serious limitations in the scope for addressing underlying drivers of deforestation and strengthening forest governance
- Project-based REDD also comes with high transaction costs, in particularly when carbon markets require the (attempted) rigorous quantification of avoided emissions

Annex

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Acknowledgements

SSNC is grateful for the kind assistance of by a large number of individuals who have helped inform this study. The author has benefitted from time and information provided by numerous members of communities and local authorities in the project areas, as well as persons associated (currently or previously) with the following organisations and institutions:

Cambodia: Children Development Association (CDA), Culture and Environment Preservation Association (CEPA), Fauna & Flora International, Focus on the Global South, NTFP Exchange Programme, PACT

Indonesia: Down to Earth, Forest Peoples' Programme, Jaringan Komunitas Masyarakat Adat (JKMA) Aceh, Province of Aceh Governor's office, Pusaka, REDD-Monitor, Rumpun Bambu, Sawit Watch, Walhi

Kenya: African Wildlife Foundation, Ermis Africa, Kasigau Development Trust, Kasigau Ranch, Marungu Hill Conservancy Association, Ministry of Forestry and Wildlife, Wildlife Works

Uganda: Climate Development Initiatives, global-woods, National Forestry Authority, Uganda Coalition for Sustainable Development

International: Asia Indigenous Peoples' Pact (AIPP), Center for International Forestry Research (CIFOR), Climate, Community and Biodiversity Alliance (CCBA), FERN, Focali, University of Otago

Thanks also to translators/guides/drivers that facilitated the case study visits.



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