# The Monte Pascoal Pau Brasil ecological corridor carbon, community and biodiversity initiative:

## another carbon offset failure

by Jutta Kill

World Rainforest Movement

# THE MONTE PASCOAL-PAU BRASIL ECOLOGICAL CORRIDOR CARBON, COMMUNITY AND BIODIVERSITY INITIATIVE: Another carbon offset failure

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*"While REDD proponents are acting as if lessons are in hand and REDD methodologies are proven, successfully piloted, and adequate to guide REDD, the empirical grounds for accepting this are at best tenuous. At worst, they are disingenuous."*[2]

REDD, which stands for ***R***educing ***E***missions from ***D***eforestation and Forest ***D***egradation, is the most recent proposal advanced by governments and conservation groups as well as many companies, to supposedly halt forest loss and contribute to avoiding runaway climate change.[3] In many places where REDD projects have appeared, traditional forest use practises have been vilified while the drivers of large-scale deforestation remain unaddressed. Communities have seen access to forests they traditionally use restricted and benefits promised to communities have turned out to be empty promises.[4]

This article looks at one particular forest offset project in the south of Bahia, Brazil, that has been marketed as a pilot project for financing restoration of 'degraded' forest through the sale of carbon credits.[5] In addition to the project restoring degraded forest areas, communities in the project region were promised social benefits from the project. The research showed that few of the promised community benefits materialised and ever fewer lasted. In addition, the project ran into difficulties when the national forest law was changed in 2012, reducing restoration obligations on private land owners. As a result, land owners lost interest in providing their land for restoration to the offset project. But the project proponents had already signed an agreement to deliver carbon credits to a cosmetics company based on the assumption that land owners would respond to the incentive the carbon offset project was offering: the project pays private land owners so they will comply with the legal obligation to maintain or restore a certain portion of their land as intact forest. With legal requirements for forest restoration reduced, the carbon project has been unable to find the land needed for generating the offset credits promised in the carbon contract.

### *History and background to the Monte Pascoal carbon offset initiative*

For many traditional and indigenous peoples' communities in the Monte Pascoal region artisanal fishing and tourism are the main sources of income. In recent decades, expansion of tourism, eucalyptus plantations, cattle farming on a large scale and the related deforestation and land speculation have had significant impact on the livelihood of these communities. Communities also perceived environmental

[1] Article based on field research by Patricia Grinberg (2013), Ivonete Gonçalves and Winfridus Overbeek (2009). Published in "Leyes, políticas y economía verde al servicio del despojo de los pueblos" (Laws, policies and green economy at the expense of communities dispossession) special compendium of the "Biodiversidad sustento y culturas" (Biodiversity livelihoods and cultures) magazine carried out jointly by Alianza Biodiversidad, World Rainforest Movement (WRM) and Friends of the Earth Latin America and the Caribbean (ATALC) in December 2013. This document was made possible with support from Siemenpuu Foundation – Finland.

[2] Michael I Brown (2013): Redeeming REDD. Policies, incentives and social feasibility for avoided deforestation. Earthscan. Page 58.

[3] For the connection between REDD and international climate negotiations see also the article '*Enmascarando la destrucción: REDD+ en la Amazonía peruana*' by Joanna Cabello at http://wrm.org.uy/.

[4] For more detail, see also the WRM booklet '10 things communities should know about REDD'. The booklet highlights ten serious problems that a forest carbon offset project can cause for the people involved or the communities affected. http://wrm.org.uy/books-and-briefings/10-things-communities-should-know-about-redd/

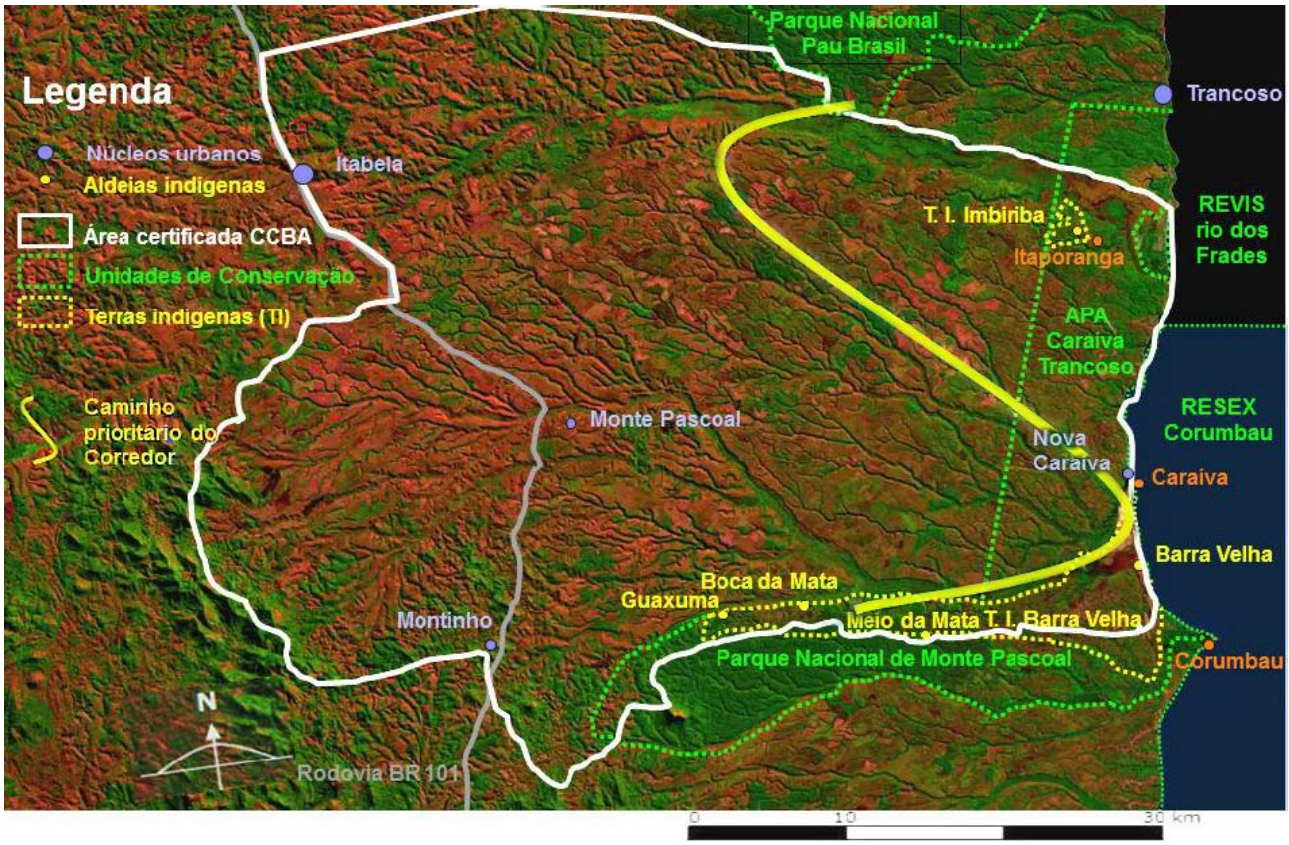
[5] While technically a reforestation project, the project is often cited as an example of a REDD project and it meets all the characteristics of a REDD project. In addition, for local communities affected by such carbon offset projects, these technical distinctions are secondary where the impacts of the project are similar irrespective of its technical specification as REDD, CDM or afforestation and reforestation offset project / and where little meaningful information tends to be provided to communities about the differences between these technical classifications of different types of forest carbon offset projects. We therefore use the terms 'forest carbon offset' and 'REDD offset' as synonymous in this article to describe the *Monte Pascoal – Pau- Brasil Ecological Corridor: Carbon, Community and Biodiversity Initiative*, or in short, the *Monte Pascoal REDD offset project*.

changes such as decreasing water quality and increasing depletion of fish stocks in recent decades, and residents began discussing the need to take action to safeguard forests, mangroves and coastal areas as far back as the late 1990s.

The local initiatives eventually resulted in the creation of the marine Extractive Reserve of Corumbau in 2000 with the explicit purpose of protecting the livelihoods and culture of the region as well as guaranteeing the sustainable use of marine life along 65 km of coast, where artisanal fishing sustains many of the about 500 families in the traditional communities.

*"The movement started entirely in Caraiva, [it was] about the watershed, the deforestation […]. It was a project created inside the community, neither IBIO nor the big NGOs were involved."* CEO of ASSOCIACAO DOS NATIVOS DE CARAIVA

In parallel, and with little community involvement, large international conservation NGOs and regional groups have been promoting the initiative of ecological corridors in the Atlantic Rainforest, originally proposed by the Brazilian Ministry of Environment and supported by the World Bank.[6] It aims at connecting remnants of the native *Mata Atlantica*, including fragments found in two National Parks of the *Monte Pascoal-Pau Brazil Ecological Corridor* area.




AmbientalPV Ltda (2009): CDM Programme Activity Design Document.
THE MONTE PASCOAL - PAU BRASIL ECOLOGICAL CORRIDOR

Since those groups were in need of including a local institution, they approached the local association, *Associação dos Nativos de Caraiva*, (ANAC). The large conservation NGOs Conservation International (CI) and The Nature Conservancy (TNC) also became involved in the elaboration of the conservation project at this stage and provided funding for parts of the conservation initiative. Financial contributions were also

[6] http://www.conservation.org.br/publicacoes/files/CorredorCentraldaMataAtlantica.pdf

received from plantation companies Veracel and Aracruz, facilitated by the regional group IBIO, which has close links to Veracel.[7]

TNC proposed to include a ca. 1,000 hectares carbon offset component into the 24,000 hectares conservation initiative, with the aim restoring a corridor between the two national parks. The funding for creating this corridor was to come from the sale of carbon credits.[8] 17 hectares were restored during 2008 as part of a carbon offset contract with Kraft Foods, the global food company, and a *Corporate Partner* of CI. In 2009, a 30-year carbon contract was signed with the cosmetics company *Natura Cosméticos* for restoration of 250 hectares of 'degraded land' that would store 316 tonnes of CO2e.

In 2010 the forest offset project was advertised as the first forest restoration project in Brazil to have received certification from the Climate, Community & Biodiversity standard, CCB.[9] This standard is used by many REDD and other forest carbon offset projects as evidence for the social and environmental benefits that the REDD project supposedly provides (see box). The *Monte Pascoal forest restoration project* received a special distinction, the Gold Level of the CCB which is meant to indicate that the project provides additional social benefits that go beyond the minimum requirements of the CCB.

While official documents related to both the carbon offset project and the larger conservation initiative talk about degraded pasture and cattle raising as causes for forest loss, they say next to nothing about ***another*** main cause of deforestation in the region: the rapid expansion of eucalyptus tree plantations on a large scale.[10] Between 1990 and 2010, the area covered with eucalyptus plantations in the region grew significantly. Much of this expansion of large-scale monoculture plantations took place at the expense of the native *Mata Atlantica*, and pulp and paper companies like Veracel and Suzano, the largest tree plantation companies operating in the region, have played a significant role in reducing the native *Mata Atlantica* forest to the small fragments that remain today.[11] During the 1990s for example, Veracel saw its activities suspended because of the company's involvement in deforestation.[12]

*"This entire region of the Monte Pascoal as far as Jequitinhonha was intact forest, until the 1980s. Then groups of people arrived, disguised as promoters of agrarian reform, even before the [Landless Peasants' Movement] MST existed. These people entered the forest, tore down everything, sowed some grass, put two or three cows on the land and sold the wood to the sawmills in the region. Ironically these areas today are all eucalyptus monoculture. It was a way of occupying land that belonged to the state and which after having been cleared and degraded, the land was sold to pulp and paper companies who turned it into eucalyptus plantations."*

A look at the main international actors behind the conservation initiative as well as the *Monte Pascoal carbon offset project* might go some way towards explaining why one main cause of deforestation, conversion of *Mata Atlantica* to large-scale monoculture eucalyptus plantations, appears to have been *structurally* forgotten in the offset project documentation: The large conservation NGOs that are the main proponents of the project, have close links to Veracel, the largest plantation company in the region.

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[7] http://www.cepf.net/Documents/final_bioatlantica.pdf

[8] See box ¿'Compensar' emisiones de carbono? in 'Enmascarando la destrucción: REDD+ en la Amazonía peruana' by Joanna Cabello at http://wrm.org.uy/

[9] Although many articles and references suggest that the whole *Monte Pascoal forest restoration project* is CCB certified, in reality, the CCB certification relates only to the 17 hectares that were planted in connection with the first of three carbon contracts signed, with Kraft Foods. The headline on the CI Brasil website for example read *"Projeto de restauração florestal recebe selo CCB no Brasil. Área de 1.000 hectares no Corredor Ecológico Monte Pascoal – Pau Brasil deve remover 360 mil toneladas de dióxido de carbono da atmosfera em 30 anos",* with the detail that the CCB certificate only covers some 17 hectares left for the smaller print in the final paragraphs of the announcement. http://www.conservation.org.br/noticias/noticia.php?id=443, accessed 02 August 2013

[10] http://www.mo.be/en/article/sustainable-paper-eucalyptus-plantations-bahia-brazil and film *Sustainable on Paper* http://vimeo.com/50781178

[11] CEPEDES (2008): Violaçoes Socioambientais promovidas pela Veracel Celulose, priopriedade da Stora Enzo e Aracruz Celulose. http://wrm.org.uy/oldsite/paises/Brasil/CEPEDES_2008.pdf

[12] Veracel certification by FSC. WRM Briefing http://wrm.org.uy/actions-and-campaigns/new-briefing-on-fsc-certification-of-plantations/

Veracel's plantation, Bahia – photo by Toni Ormundo

**Instituto BioAtlantica (IBIO)** was created in February 2002 as a result of a series of dialogues between its founding members, Conservation International, Aracruz Celulose, Petrobras, Veracel Celulose and Dupont do Brasil. In 2004, TNC and Fibria, successor of pulp and paper company Aracruz - and part-owner of Veracel - joined IBIO. Members of the Advisory Council include Erling Lorentzen, the former owner of Aracruz Celulose, and one of Brazil's most controversial and richest entrepreneurs, Eliezer Batista.[13]
**Conservation International (CI)** is one of the world's largest conservation organisations. Its CEO earns US$ 464,500 annually[14] and its 'Corporate Partners' include BHP Billiton, Bunge, Cargill, Chevron, Coca-Cola, Goldman Sachs, Kimberly-Clark, Kraft Foods, McDonald's, Monsanto, Newmont Mining Corporation, Rio Tinto and Shell.[15] In Brazil, CI is involved in a number of carbon market related conservation initiatives, including the *Monte Pascoal-Pau Brazil Ecological Corridor* and the *Green Games Project*, an initiative that aims to offset the carbon emissions of the 2016 Olympic Games in Rio de Janeiro, through restoring some 5,400 hectares in the *Guandu Basin* in the state of Rio de Janeiro.[16] CI also convened the Climate, Community & Biodiversity Alliance (CCBA), which developed among others the CCB standard, to which 17 hectares of the *Monte Pascoal REDD offset project* are certified. TNC and CI are also among the most active promoters of carbon markets generally, and in particular, the inclusion of forest conservation activities into carbon markets. Carbon conservation projects with CI involvement for which local opposition or dodgy carbon calculations have been documented include **among others** a REDD project in the North Kivu province of the DRC that has sold carbon credits to the Walt Disney company[17]; the Alto Mayo REDD

[13] http://ibio.org.br/quem-somos/conselho-consultivo/?lang=en, accessed 12 August 2013.
[14] http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=3562#.Ug5BdJJkOAg
[15] http://www.redd-monitor.org/2011/05/12/conservation-international-%E2%80%9Care-they-any-more-than-a-green-pr-company%E2%80%9D/
[16] http://www.conservation.org/Documents/CI_Brazil_Atlantic-Forest.pdf
[17] http://www.redd-monitor.org/2011/09/02/a-very-different-kind-of-walt-disney-production-conservation-internationals-redd-project-in-the-democratic-republic-of-congo/

project in Peru, also with sales to Walt Disney company[18], the Central Cardamom Protected Forest project in Cambodia[19], and the Makira Forest REDD project in Madagaskar.[20] The Washington Post describes **The Nature Conservancy (TNC)** as "the world's richest environmental group, amassing $3 billion in assets by pledging to save precious places. But recently it has aligned closely with corporations. In addition to land conservation, it pursued drilling, logging and development. Its approach has led to strange bedfellows".[21] BP, Chevron, ExoonMobil and Shell are represented on its Business Council and it pays its CEO US$ 561,000 annually.[22] TNC also is a member of the Climate, Community & Biodiversity Alliance. The organisation also invested US$5 million in the World Bank Forest Carbon Partnership Facility's Carbon Fund, a key initiative promoting REDD as a carbon market mechanism. Carbon conservation projects with TNC involvement for which local opposition or dodgy carbon calculations have been documented include its *Guaraqueçaba* forest carbon offset project Parana's coastal region in the south of Brazil, for which Texaco-Chevron, General Motors and American Electric Power provided funding, in return for carbon credits[23] and the Noel Kempff REDD pilot project in Bolivia.[24] **The Rainforest Alliance (RA)** is one of the largest in the business of land use certification, including through its own label, as accredited certifier for the Forest Stewardship Council (FSC), the CCB, the Verified Carbon Standard (VCS), and other carbon standards. Controversial REDD projects involving RA as a certifier include the Surui Forest Carbon Project in Brazil; the Madre de Dios REDD project in Peru; the Sofala Community Carbon project in Mozambique[25] and the first widely marketed REDD project to let its CCB certification expire, the Ulu Masen REDD project in Indonesia.

***What was the REDD project meant to achieve?***

The objectives of the carbon offset project are described in the project document for the *Monte Pascoal – Pau- Brasil Ecological Corridor: Carbon, Community and Biodiversity Initiative* that was submitted for the CCB certification. This project document focuses on the 17 hectares restoration work undertaken as part of the first carbon contract, but suggest that additional areas like the 250 hectares that are part of the carbon contract with *Natura* would be managed with the same goal and that additional contracts would be signed to enable the restoration of 1,000 hectares through carbon offset finance and these additional areas would then also seek CCB certification.

The document states that *"The main purpose of the project activity is to restore the environmental integrity of the area, specifically:*

- *To contribute to climate change mitigation by increasing carbon stocks through the growth of planted trees and the enhancement of natural regeneration;*
- *To provide valuable technical skills, work, and income to the local communities;*
- *To promote biodiversity through the creation of connected forest areas between Monte Pascoal and Pau Brasil National Parks;*
- *To increase the quality and stabilize the flow of the waters in the Caraíva River through the restoration and protection of springs and riparian zones;*
- *To reduce soil erosion.*"

[18] http://www.redd-monitor.org/2013/04/26/disneys-commitment-to-mickey-mouse-redd-conservation-internationals-trick-baseline-for-the-alto-mayo-project-in-peru/
[19] http://www.redd-monitor.org/2012/04/25/conservation-international-illegal-logging-and-corruption-in-the-cardamoms-cambodia/
[20] http://www.redd-monitor.org/2010/09/28/voices-from-madagascars-forests-the-strangers-theyre-selling-the-wind/
[21] http://www.washingtonpost.com/wp-dyn/nation/specials/natureconservancy/
[22] http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=4208#.Ug5DCJJkOAg
[23] http://www.pbs.org/frontlineworld/stories/carbonwatch/moneytree/ , http://www.redd-monitor.org/2012/06/07/community-voices-on-the-nature-conservancys-guaraquecaba-climate-action-project-were-suffering-here-to-help-them-over-there/
[24] http://www.greenpeace.org/international/en/publications/reports/carbon-scam-noel-kempff-carbo/
[25] http://www.redd-monitor.org/2013/06/18/carbon-discredited-new-report-on-envirotrades-nhambita-carbon-project-in-mozambique/

The project document further states that *"a local cooperative will carry out the restoration activities, including planting and maintenance"* and that *"[n]ew work opportunities will be created by the project for local community members, who will be paid for their labor inputs. These opportunities will include reforestation activities (seed collection, seedling production, planting, maintenance) conducted through the local cooperative Cooplantar, as monitoring activities (carbon, biodiversity, community). All socio-economic monitoring activities will be conducted by members of local community associations."*[26]

The report[27] from the certification audit conducted by the Rainforest Alliance (RA) for the CCB states that the project was awarded a special distinction, the Gold Level of the certificate, and that this distinction was awarded because of the social contributions of the projects. In particular, the RA report mentions *"a list of activities that will be implemented together with the local communities aiming to increase their awareness about the project and other issues such as landscape planning and cooperative administration"*; *"all the activities proposed are aimed to increase the awareness of the communities about the project and consider the direct participation of these communities in the project design, monitoring and implementation."*; *"during the field audit it became clear that the communities' representatives are very involved in the project design which is based in the local customs."*; *"[a]ll employment position for the implementation of the project activities will be filled by local communities´ representatives."*

**Another certification standard – this time for REDD**

In 2003, Conservation International convened the Climate, Community & Biodiversity Alliance (CCBA), describing the initiative as a "partnership between leading companies and NGOs seeking to foster the development of forest protection and restoration activities around the world that deliver significant climate, local community and biodiversity benefits."[28] CCBA members include six companies (BP, Intel, SC Johnson, Sustainable Forestry Management, Weyerhaeuser and GFA Envest) and five NGOs (Conservation International, CARE, Rainforest Alliance, The Nature Conservancy and the Wildlife Conservation Society).

A set of criteria developed under the umbrella of the CCBA and published as the CCB standard, became the most widely used certification standard for REDD and other forest carbon offset projects. Just over 100 projects were listed on the CCB project database by August 2013, of which over 70 had received the CCB certificate, some 20 were undergoing audits, and about 10 had let their certificate expire or had withdrawn from the process. The CCB certificate has become quasi a pre-requirement for successful sale of REDD project credits in the voluntary carbon market:

*"Actually, it is not profitable, but if you do not have certification companies will not buy carbon credits. The price paid even with the carbon certification at the time did not even pay for the restoration."*

In 2012, the Swedish Society for Nature Conservation, SSNC, published a report[29] that confirmed a widely-held perception, that CCB certification shares the shortcomings of certification schemes used by tree plantation (FSC) and oil palm (RSPO) companies to certify their plantations: Providing a smokescreen for those seeking certification and paying for the certificate rather than giving credible assurance that standards are complied with or that benefits promised to communities have been delivered.

[26] https://s3.amazonaws.com/CCBA/Projects/The_Monte_Pascoal-Pau_Brasil_Ecological_Corridor/cpa_dd_caraiva.pdf
[27] https://s3.amazonaws.com/CCBA/Projects/The_Monte_Pascoal-Pau_Brasil_Ecological_Corridor/The_Nature_Conservancy_Brazil_CCB_valid_assess_09.pdf
[28] http://www.climate-standards.org/2009/04/16/launch-of-forest-carbon-standards-in-new-languages-reaches-key-audiences/
[29] SSNC (2012): REDD Plus or REDD "Light"? Biodiversity, communities and forest carbon certification. http://www.naturskyddsforeningen.se/sites/default/files/dokument-media/REDD%20Plus%20or%20REDD%20Light.pdf

***Did the project achieve its goals of restoring forests and fulfil the promises of community benefits?***

The *Monte Pascoal carbon offset* project linked to the 250 hectare carbon contract with *Natura Cosméticos* is currently in a "standby phase". To date only 56 hectares of the contracted 250 hectares have been restored. Two reasons are given for the 'standby' that the *Monte Pascoal carbon offset project is currently facing*:

First, the difficulty of convincing enough land owners to actually sign up for the project. This difficulty is to a large extent due to changes to the Brazilian forest legislation that came into force in 2012. Until then forest owners were obliged to register and maintain a certain percentage of their land protected. In the *Mata Atlantica* region, the percentage of land to be protected amounted to 20%, and areas around springs and the banks along the rivers had to be maintained in so-called APPs. In the context of REDD, TNC and CI have argued that because many land owners were violating the legal obligation to restore, protect and register the forest as called for by law, carbon offset projects should be used as 'incentive' to increase carbon storage in forests, and pay the land owners to restore the land they were obliged to maintain or restore as forest by law. Many have criticised this argument as a perverse incentive: Instead of making those who violate the law pay, they are paid an 'incentive' to obey the law.

The *Monte Pascoal reforestation carbon project* was based on this very argument put forward by conservation groups in Brazil. But following changes to the forest law that were adopted in 2012, few private land owners wanted to become involved in the carbon restoration project. The new forest law reduced the size of the areas to be restored and provides for state support in restoration if land owners register the land as required. Because of these changes, the new legislation provides the same impunity from past violation of the law than the carbon offset had promised, and the motivation for private land owners to become involved in the carbon restoration initiative disappeared.

*"At the time, many owners showed interest in this project [including] one private property of 10,000 acres, the fazenda Palmares. The owner had agreed to provide the area for the restoration. Almost all the [carbon contract] projects could have been implemented there. But the owner reconsidered, withdrew the offer, thinking the legal obligations for restoration and preservation could be much smaller [than anticipated]."*
IBIO representative

Second, the CCB standard made changes to the methodologies and criteria that carbon offset projects seeking CCB certification must comply with. The updated CCB standard requires that land included in the reforestation project had been deforested before 1990, a change meant to prevent the perverse incentive of forest being cleared and shortly after being included in a reforestation offset project.

When private land owners who had previously indicated interest in participating but withdrew their offer to become involved in the project when the forest law was changed, the project started running out of land that could be restored for completion of the *Natura Cosméticos* carbon contract. There were also difficulties in finding land that would fulfil the new CCB standard requirements.

*"Our big strategic mistake was not to provide an exit for ourselves if the land owner does not accept the restoration offer, if other companies do not come, if the Forest Code was to been changed. So that while we would not make money, we'd have several restoration projects happening. None of that was done and now we're in this uncomfortable situation of not being able to deliver the product that Natura bought."*
*Representative of* GRUPO AMBIENTAL NATUREZA BELA

The only property owner who was showing interest in providing land for the project was the pulp and paper company Veracel. The company already has involvement with the project, a brochure described as 'case study' on the website of the 'New Generations Plantation Project' is titled "*Veracel Celulose. Forest*

*restoration, carbon storage and income generation: Monte Pascoal – Pau Brasil Ecological Corridor*".[30] A consultancy, Way Carbon, was hired in February 2013 to determine whether the areas on land held by Veracel might be eligible under the new CCB rules.

Including these areas in the reforestation offset project financed through the *Natura Cosméticos* contract would raise a number of additional questions and is controversial even among the proponents of the carbon and conservation initiative. As a local activist interviewed during the field work for this article observed, *"Veracel has social and environmental commitments with the territory that have to be met because they are gaining a lot of money from the territory. The company has legal obligations to restore. "*

In addition to the problems of using land held by Veracel because of the company's legal obligation to restore the degraded land there is also the issue of public appearance: What would local communities, international press and the buyer of the carbon credits say if one of the country's largest plantations companies were to be paid through a carbon offset project to restore degraded land when its tree plantations have turned some hundred thousand hectares of land into 'green desert'?

A further complication would arise because using land held by Veracel would also require the carbon project to change its story of what would have happened without the carbon offset project: The original project documentation uses the argument that without the carbon restoration project, the land would continue to be used as pasture and grazing cattle would prevent the reforestation of the degraded areas. But there are no grazing cattle on the land Veracel offered for restoration, and on some areas natural regeneration is taking place. "*This is a weakness in the new project that needs to be carefully evaluated*." a project proponent remarked. At the same time, the pressure to find suitable areas to fulfil the contractual obligation is palpable: *"We have a project contract with Natura and we need to present accurate accounts of the [carbon] values sequestered. The company is buying so many tonnes of carbon, they won't know if 100 per cent is in areas of landowners, or on company land, or in agricultural settlements - who will know is the certifier. The company is buying carbon.*" This approach stands in sharp contrast with the concerns raised by local residents, who fear they will be left to deal with the long-term consequences, should anything go wrong with the trees planted for the carbon project: "*The buyer of the carbon credits is Natura; they make shampoo and stuff and earn a lot of money, they are only interested in the certificate. If 30 years from now things didn't go as planned, if there was no monitoring, Natura may come and enquire 'where are these trees planted for us?' And the name of ANAC is there, we are here, but IBIO is in Rio de Janeiro.*"
PRESIDENTE da ANAC

At the time of writing, no decision had been announced regarding the location of the missing areas to be restored under the *Natura Cosméticos* carbon contract. But the project's problems go beyond having run out of land to fulfil the obligations signed through the carbon offset contract, and the risk of the carbon being released long after the conservation organisations have move on, and the local community associations left to assume the responsibility.

**Getting caught up in predicting a future that all of a sudden changes**

Each carbon offset project has to describe a story of what would have happened on the land without the carbon offset project. These stories claim to describe the most probable land use and they include a calculation of the carbon emissions that would have been produced without the carbon offset.[31] This calculation is then compared with the carbon emissions that are

[30] http://newgenerationplantations.com/pt/pdf/climate_south_brazil_carbon.pdf

[31] In the case of tree planting and other REDD projects, the calculations produce a number of how much extra carbon is absorbed and stored in the trees. Thus the number of the credits from a project is equivalent to how much extra carbon has been stored in the trees planted or not cut down as predicted. For more detail see *Trading Carbon. How it works and why it is controversial*. www.fern.org

expected if the carbon offset is implemented as described in the project documents. The difference between these two calculations s the number of carbon credits that the project can sell. Often in the voluntary carbon market, the buyer of the carbon credit pays in advance and receives the credits once the project has been implemented and audited ('validated and verified', in the language of the carbon market). A standard called VCS, Verified Carbon Standard, is the most commonly used for these carbon calculations in REDD projects.

The risks associated with both the contracting before the implementation of the project as well as the contradictions in the carbon calculations are manifold and led to the description that *"Offsets are an imaginary commodity, created by deducting what you hope happens from what you guess would have happened."*

In the case of forest carbon offsets, additional risks arise because the carbon stored temporarily in a tree or in the soil can be released any time into the atmosphere. But the carbon in the tree or soil was meant to store the carbon away from the atmosphere for hundreds if not thousands of years because a carbon credit was sold so the buyer can claim that his emissions from burning fossil fuel do not have a negative impact on the climate. That claim becomes null and void when the carbon from the tree is released.

Another contradiction, or even perverse incentive, of REDD offset projects is that in order for the project to qualify as an offset project, the owners of the land have to describe their activities as a threat to the forest.[32] In the case of many REDD projects involving forest dependent communities this means that communities who for generations have protected the forest must describe their forest use as a risk to the forest: Because if there is no risk to the forest being destroyed, there is no hypothetical story that can be told about the carbon in the forest being at risk of being released into the atmosphere. And without such a story that the forest would have been destroyed, there is no carbon to be saved, and no carbon credits to be sold. A perverse pressure on forest dependent communities to describe themselves and their land use as risk to the forest. This pressure is already feeding the dangerous myth that forest dependent communities are one of the most important agents of deforestation.

The case of the Monte Pascoal project shows another form of perverse incentive that in the end also backfired on its proponents: The argument for the offset project was that private land owners had been violating the law which required protection or restoration of a certain percentage of their land. The law was violated widely, aided by institutional corruption and weak enforcement agencies. The carbon offset project proposed to pay private land owners to obey the law – a perverse incentive in a context where the law itself is good but law enforcement is weak. The offset project would reduce even further the compliance with the law (why comply if noncompliance is paid for…) and contribute nothing to the strengthening of law enforcement agencies. It would instead provide impunity to those who violated the law.

It was this argumentation that the law wasn't complied with anyways that the *Monte Pascoal offset project* was based on, which the Rainforest Alliance accepted as credible story of what would have happened without the carbon offset project, and for which RA agreed that carbon credits should be awarded.

Another Brazilian carbon offset project involving tree plantations, the *Plantar* offset project in the state of *Minas Gerais*, promoted by the World Bank's Prototype Carbon Fund, changed its

[32] See also '*Enmascarando la destrucción: REDD+ en la Amazonía peruana*' by Joanna Cabello –at http://wrm.org.uy/ - for the implications of this requirement for communities who are practising swidden agriculture.

story of what would have happened without the carbon offset three times before its story was finally considered sufficiently credible to meet the standards of the body that registered the project (see WRM bulletin 151, February 2010).

As the *Monte Pascoal carbon offset project* shows, signing legal contracts on the basis of such hypothetical stories of what would have happened, is risky because the story used to calculate the number of carbon credits that can be sold may well be the wrong story. Yet on the basis of this story the buyer of the carbon credit is allowed to claim that his carbon emissions have not had a negative impact on the climate.

***Community interests the first to be discarded***

Providing technical skills, work, and income to the local communities, where tourism and artisanal fishing were by and large the only sources of income for local residents, were cited as key components of the *Monte Pascoal reforestation project*. CI Brasil's Luis Paulo Pinto in an interview with journalist Patricia Grinberg in April 2013 described the importance of COOPLANTAR, explaining that *"One of the goals was to create alternative employment and income associated with an environmental strategy, help structure a cooperative and insert them into the market [...]. With the formalising of the structure, members of the co-op began to have legal rights, meals provided, able to use proper equipment to work in the field, they received a preparation that enabled them to work on any forest restoration project."*

The Rainforest Alliance also stated among the reasons for awarding the Gold Level CCB certificate to the project that "*all employment position for the implementation of the project activities will be filled by local communities´ representatives*". And an article in the journal *Ecological Restoration* titled '*COOPLANTAR: A Brazilian Initiative to Integrate Forest Restoration with Job and Income Generation in Rural Areas*' describes the local co-op as "*a cooperative that specializes in restoration of the Atlantic Forest in the Monte Pascoal–Pau Brasil Ecological Corridor in southern Bahia, Brazil, and provides job and income for members of local impoverished communities*." [33]

Hence, COOPLANT, the local co-op created with the purpose of carrying out reforestation, tree planting and maintenance work for the *Monte Pascoal project*, played an important part in the justification of the GOLD Level CCB certificate distinction as well as in the PR material about the project. And while the initiative certainly provided some training and skills in tree planting and maintenance, and initially some employment and income, many co-op members were without employment at the time of the research for this article, others had started taking up jobs as day labourers at the cattle ranches, on the coffee or cayenne pepper plantations or in the tourism industry.

Work at COOPLANTAR had dried up when the co-op became embroiled in a dispute with the regional labour tribunal over employment of non-co-op members in its work for the reforestation project (the labour legislation does not allow the co-op to contract out work to non-members).

And while the involvement of the co-op continues to be highlighted in public relations material, residents interviewed during the field work for this article expressed their disappointment over the muted interest of the conservation groups in supporting the co-op in resolving the dispute with the labour tribunal.

"*We are 34 co-op members, 30 of whom did fieldwork. We had to hire another 30 workers, with all the requisite paperwork, totalling 60 people working in the field. [...] It was then that the Attorney of the Ministry of Labor based in Eunápolis determined that the cooperative cannot provide work to non-co-op members. Ever since, IBIO has retreated*." PRESIDENTE DA COOPLANTAR

[33] http://er.uwpress.org/content/28/2/199.abstract

*Natureza Bela*'s JOSE FRANCISCO JUNIOR, a founding member of COOPLANTAR states matter-of-factly that *"Now, if tomorrow a landowner appeared saying 'I have 100 acres eligible to restore' and Cooplantar is still not functioning, we could hire any company."* When asked about the impact of employing a company other than COOPLANTAR, Junior agreed that "*It is true, this detail is part of CCB certification. Because in that case the benefit would go to a company and not to a workers' cooperative. It would be ideal if Cooplantar continued to operate.*"

In a similar vein to *Natureza Bela* however, CI's Luis Paulo Pinto also seems to consider the dispute a matter for the co-op to resolve on its own: *"It is natural, always there is the initial enthusiasm, then wear starts to show, this labor issue was unexpected, they can stop here or go forward. It may be that a group of coop members forms a company, people have to take over and move ahead."* His view of who is responsible for ensuring that the local co-op that was assigned a central role in the project documents elaborated by the conservation groups gets back on its feet is echoed by IBIO's project representative: *"We will not solve the problems of all the communities. ANAC and ASBENC took part in the founding of Cooplantar, which was founded because conditions did not exist to do legal work through these associations."*

Yet, the local associations ANAC and ASBENC equally feel booted out, commenting that their only remaining contribution to the project is their name and signature in project documentation:

*"They were cutting of the budget the targets that ANAC - ASBENC should perform, which consisted of visiting the plantations, monitor, that was the role of both associations, but ceased to happen."*[34]

For IBIO, the reason for this disengagement with the local groups is quickly identified: *"The work of ANAC and ASBENC remained small-scale, so our challenge is to think up projects suitable for these small associations, educational projects, benefits for these communities, culture; that however is not our area of expertise. Once we have a better structured network, we hope to again include ANAC and ASBENC in more leadership roles."*

Another social component of the project was the setting up of public computers with internet access. The story of what happened with the LAN House, the public internet access installed as part of the project, resembles that of many CSR project promises to build schools or hospitals – part of the hardware is provided but as soon as problems arise, the project is abandoned, left for others to pick up: As part of the carbon offset project, publically accessible computers with internet access were installed at the office of the local association ANAC. Many local residents began to use the service as it provided the only publically available internet access in the village (internet services had arrived with the tourists and their laptops but access for residents remained unavailable). After a while, the computers were disconnected because the computers stopped functioning as a result of a lack of protection of the machines against the humid and salty air that is typical in the coastal areas. Eventually, the computers and internet access at the ANAC offices were re-instated, but not through the help of the carbon offset project but with the support of the federal agency ICMBIO, the Instituto Chico Mendes de Conservação da Biodiversidade.

### *What remains of the local co-benefits the Monte Pascoal carbon offset project was to deliver?*

The field visit to this much advertised and certified forest carbon offset project has revealed yet another forest carbon offset project that does not keep the promises it made to the local communities. The shortcomings revealed by the *Monte Pascoal forest offset project* are systemic to REDD offset projects: The project provides few, and mainly temporary benefits to the communities whose real needs remain unaddressed while one of the region's biggest agents of deforestation, the pulp and paper company

[34] Interview with the CEO of ANAC.

Veracel, private – often absentee - land owners and conservation organisations turn out to be the main beneficiaries of the project.

As a community activist in the Caraiva region remarked, *"These are momentary campaigns, not activities structured so they do not primarily serve the certification needs of Veracel, or Petrobras, or the carbon market, but that will empower communities. [...] The big environmental organizations only involve communities through participation when local actors are needed to legitimize the socio-environmental considerations included in the project." "These communities have basic needs to build a perspective. With such rich marine and terrestrial land and with some of the most abundant biodiversity on the planet, youths today in Southern Bahia, they finish high school and have no perspective, they just think to migrate to São Paulo to earn money while their territory is being depleted for capital flowing to Sweden and Finland."*[35] This reality remains unchanged and unchallenged, and possibly even reinforced through the forest carbon offset project. The research also provided more evidence that certification standards like the CCB are unable to provide any real quality assurance.[36]

The interviews with local community members also brought out another troubling confirmation that information provided by proponents of REDD and other carbon offset projects when they seek community support for these activities appears one-sided. Insufficient explanation is given about the fact that these offset credits are used by companies to justify additional emissions above a legal limit (if the credits are sold in a compliance market like the EU ETS or the Kyoto Protocol's Clean Development Mechanism, CDM) or are used to greenwash the polluting operations of a company. When asked if he knew that these carbon credits were sold to companies that then claim to 'offset' such pollution with the carbon credits they purchase from projects like the *Monte Pascoal forest offset project,* a local resident who had taken part in workshops about the project responded: *"I don't think that is right. I was in the Environmental Education Forum in Salvador and the issue was discussed. The car manufacturer does not stop after selling a thousand cars a year, they want to sell 10,000; the producer is not satisfied with harvesting a thousand [pés] of coffee, they want 20,000; but it all costs, more public water to irrigate the coffee plantations and the citizen wants to have a car for himself, one for his wife, one for his son ... This is not right. It is like throwing trash in the river that then gets washed down to another city. "*

The *Monte Pascoal carbon reforestation project* seems to mirror the pattern of REDD as a top-down initiative: A community is presented with a ready-made proposal that rarely will address the actual needs of the community because they were not involved in the design stages of the project and the project rhythm and timelines aligne poorly with those of the community. Benefits to communities are considered 'co-benefits' rather than the core objective and starting point of the project. The comment by a representative from IBIO suggests that this may have been no different in the case of the *Monte Pascoal carbon offset project*: *"It does not matter whose land it is, and my commitment is with the animals, I want more forest, as fast as possible. I have worked with Instituto Cidade, with Natureza Bela, now with IBIO, the name of the organisation changes but the goal is the same. Some say 'you are encouraging pollution'. No! We are effectively removing carbon from the atmosphere and the animals are benefitting. It is concrete and simple to explain, it's a way to finance restoration. That BNDES is the most predatory of all in Brazil, that Petrobras is the most polluting in this Brazil, does not matter: the critters want more fruit, more forest."*
And TNC describe the 'challenge' of involving communities in their conservation initiatives as follows:

*"The engagement of local partners is another item rather delicate, whereas a carbon project is long-lasting (at least 30 years), and community dynamics is much faster than that, undergoing changes that may escape*

[35] Referring to Veracel, the pulp and paper company operating a large pulp mill and over 100, 000 hectares of monoculture eucalyptus plantations in the region. The company is a joint venture between Brazilian company Fibria and Finnish-Swedish corporation Stora Enso.
[36] See for example SSNC (2012): REDD Plus or REDD "Light"? Biodiversity, communities and forest carbon certification. http://www.naturskyddsforeningen.se/sites/default/files/dokument-media/REDD%20Plus%20or%20REDD%20Light.pdf;

*some of the project's assumptions. Thus, there is a great effort related to the dedication of partners and continuous process of engagement to ensure the commitment of all."*

In contrast to the IBIO perspective, for local activists and community organisations, it does matter very much who owns the land to be included in a conservation initiative. And while for them, too, animals and forests matter because their livelihood depends on a healthy forest and mangroves, the health of the communities also matters: *"We do not see these NGOs participating in education, job creation and income generation but always in analysis, analysis that leaves nothing to the communities or the territory."*

In fact, the concern of communities seems far from a serious consideration in many REDD initiatives advanced by conservation NGOs, as the following comment shows:

"*We are all hopeful about REDD+. And of course we all know it will be a disaster. It would be a miracle if some of the $4.5 billion were to drop from the tables of the consultants and managers like you and me to the tables of "the poor". History shows it won't*."[37]

[37] Michael I Brown (2013): Redeeming REDD. Policies, incentives and social feasibility for avoided deforestation. Earthscan. Page 58.