AIJ forestry evaluation and implications for CDM A/R projects

As the first CDM Aorestation and Reforestation (A/R) projects are being approved, it is time to synthesise the lessons learned from forestry projects implemented under the AIJ pilot phase and their implications for the CDM. A number of studies have investigated the contribution of such projects and their key findings are elaborated on below.¹

Leakage accounting
Carbon sequestration estimates in AIJ projects have ranged from 57 Mt CO₂-eq. to 57,000 tCO₂-eq. per project.² However, some AIJ projects have overstated their climate mitigation benefits through poorly estimated baselines. Leakage – which occurs when climate mitigation benefits are negated as a result of baseline agents shifting their activities elsewhere – has been difficult to estimate, costly and time-consuming. Very few projects have been able to periodically follow up on leakage processes despite their important implications for the projects’ mitigation objectives. Due to the relative short timeframe, it has also been difficult to assess whether AIJ projects have created incentives outside the project boundaries to increase GHG emissions.³

Environmental outcomes
AIJ projects promoting forest conservation have helped increase the funding available for protected area management. However, AIJ reforestation projects have promoted plantations of low species diversity, thereby ignoring the interests of those stakeholders who prioritise species which provide the household with fruits, fodder or poles rather than with sellable timber. Indeed, although PDDs often suggest that project activities will enhance local biodiversity, in practice few projects have been able to periodic monitoring activities, in addition to the contractual verification activities by DOEs. It may also be important to create ‘buffer’ carbon budgets to compensate for natural or induced leakage.⁴

Implications for CDM projects
The AIJ experience suggests that CDM A/R projects may only meet both climate mitigation and sustainable development objectives if they:

- Build in flexibility
  Baseline conditions and leakage rates are constantly shaped by local and regional socio-economic dynamics, thereby directly impacting on projects’ real emission reductions and indirectly on management priorities. Thus, it is important to secure funding for unexpected expenditures and periodical monitoring activities, in addition to the contractual verification activities by DOEs. It may also be important to create ‘buffer’ carbon budgets to compensate for natural or induced leakage.⁵
- Prioritise biodiversity hotspots
  It may be inequitable to favour CDM reforestation activities which only benefit private companies involved in the timber market. Poor rural communities and protected area managers have little opportunities to diversify livelihoods and secure funding for conservation; carbon projects can become a source of long-term finance in these cases. If avoided deforestation is considered eligible post-2012, one should account for the fact that the designation of protected areas has sometimes followed political rather than environmental motivations. Thus, carbon conservation activities should be promoted only in biodiversity hotspots and resources should be dedicated to the implementation of community-outreach activities and the establishment of forest protection partnerships with rural communities.
- Negotiate and legitimise project activities
  Local populations likely to be affected by project activities, should be involved in the project design from the beginning. Being sensitive to local socio-ecological realities is fundamental to understand whether property rights are contested and to minimise the risk of social conflict. Small-scale A/R activities implemented through community-based organisations can distribute carbon funding more equally than projects that focus only on private landholders. Critical is to ensure that carbon forestry activities are compatible with local land-uses and productive dynamics.
- Secure funding and networks
  The AIJ experience suggests that carbon funding alone cannot provide for both climate and development outcomes. Relying on existing organisations and networks may be critical to deliver multiple objectives more effectively. In addition, project managers may need to further invest in capacity-building activities and to promote the sharing of environmental knowledge among project actors and existing networks in order to build trust.

Finally, uneven project distribution has characterised the AIJ phase and characterises the CDM as well. This also suggests that CDM expertise and supportive legislative frameworks are not sufficiently developed for CDM activities to be implemented and secured in the long term. Addressing these drawbacks remains the CDM’s greater challenge.

¹ Landell-Mills, N. and I. Porras (2002), Silver bullet or fools’ gold? A global review of markets for forest environmental services and their impacts on the poor. London, IIEE.
² Albán, M. and M. Argüello (2004), Un análisis de los impactos sociales y económicos de los proyectos de fijación de carbono en el Ecuador. El caso de PROFAFOR-FACE. London, IIEE.
⁵ http://unfccc.int/kyoto_mechanisms/aij/activities_implemented_jointly/items/2094.php