

# REDD in Brazil

Two case studies on early forest carbon offset projects

Jutta Kill



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**Jutta Kill**

**Edited by the Heinrich Böll Foundation Brazil**

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REDD in Brazil:

Two case studies on early forest carbon offset projects

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# CONTENTS

<b>1 REDD in Brazil: an introduction</b>	7
1.1 Forests in the UN climate talks	8
1.2 REDD in Brazil	11
<b>2 Two case studies:</b>	
<b>Forgotten failures with consequences that still affect communities</b>	17
2.1 The Guaraqueçaba Climate Action Project: “Suffering here to help them over there”	18
2.2 The Monte Pascoal-Pau Brasil Ecological Corridor: Carbon, Community and Biodiversity Initiative	35
<b>3 Conclusion: What are the lessons from these two REDD failures?</b>	50





# 1 REDD in Brazil: an introduction

*In many places where forest carbon projects are implemented, traditional forest use has been blamed for forest loss while the drivers of large-scale deforestation remain unaddressed – and deforestation and the emissions associated with it continue. This article explores some of the controversies that arise when conservation groups or specialist companies, often supported by international agencies like the World Bank, arrive with their forest carbon pilot initiatives. Two early forest carbon offset projects in Brazil, the Guaraqueçaba Climate Action Project in the coastal Mata Atlântica biome of Paraná and the Monte Pascoal – Pau-Brasil Ecological Corridor: Carbon, Community and Biodiversity Initiative in the Mata Atlântica biome of the far south of Bahia left mainly broken promises. The Guaraqueçaba Climate Action Project also severely restricted access to forest gardens. These negative consequences are all too familiar to communities faced with forest carbon projects – or REDD projects as they are frequently referred to since the UN climate talks in 2007.<sup>1</sup>*

In recent years, Brazil has expanded the use of tradable credits into environmental legislation, such as the Forest Code. Brazilian state governments such as the north-western Amazon state of Acre are pioneering the development of REDD at jurisdictional level, while forest carbon market initiatives and individual forest carbon projects are taking place in several states. This article provides a brief overview of existing REDD and related offset trading initiatives and their relation with UN climate talks. Based on experience with two early forest carbon offset projects in Brazil, the *Guaraqueçaba Climate Action Project* in the coastal *Mata Atlântica* region of Paraná and the *Monte Pascoal – Pau-Brasil Ecological Corridor: Carbon, Community and Biodiversity Initiative* in the far south of Bahia, the article then explores some of the controversies that arise when REDD projects that may look promising on paper, come face to face with reality.

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1 In this article the terms forest carbon offset and REDD project are used interchangeably because all projects referred to in this article were designed to generate carbon offset credits. Projects that predate the introduction of the term ‘REDD’ (Reducing Emissions from Deforestation and Forest Degradation), while not using the term in their original project descriptions, at later stages of implementation made reference to the concept of ‘REDD’. Hence both terms are used to refer to projects aiming to restore or maintain forests by generating carbon credits that can be marketed to raise funds for project implementation.

## 1.1 Forests in the UN climate talks

Forests not only sustain millions of forest-dependent communities and indigenous peoples, but also store large amounts of carbon. Despite their importance, and over three decades of international programmes aimed at halting their loss, forests continue to be destroyed at an alarming rate and with dire consequences for forest peoples and biodiversity, as well as for the climate. With the emergence of UN negotiations on climate change, initiatives aimed at halting the destruction of forests have increasingly focused on forests as carbon stores. This focus on carbon has resulted in less attention to the direct drivers and underlying causes of deforestation – industrial agriculture and plantations, cattle ranching, commercial logging and mining, infrastructure and the associated development model that relies on ever-growing consumption. Along with the increasing emphasis on forests as carbon stores, market-based instruments also moved to the centre of the debate. Since 2007, the United Nations Framework Climate Change Conference (UNFCCC) has discussed how to reduce forest loss – or more precisely, how to reduce the emissions caused when forests are destroyed – under a concept called REDD (**R**educing **E**missions from **D**eforestation and **F**orest **D**egradation).<sup>2</sup> According to the concept, forest-rich countries in the global South would reduce their rates of deforestation, and hence their emissions of greenhouse gases. When the inclusion of forests into the Kyoto Protocol's carbon trading mechanisms was first debated – and rejected – by negotiators during UN climate talks from 1997 to 2002, a strong argument was that it is not possible to address forest loss effectively with individual projects.<sup>3</sup> Yet this was the approach of the Clean Development Mechanism (CDM), the trading instrument that was debated as a funding source for forest carbon projects at the time.

In 2007, when UN climate negotiators at the 13<sup>th</sup> Conference of the Parties to the UNFCCC (COP 13) in Bali, Indonesia, decided to discuss new ways of reducing emissions from forest loss, they introduced the term REDD. They also agreed not to focus on individual projects. Under REDD, activities to reduce emissions from forest loss should be based on national – and initially also on sub-national – action plans that would address forest loss more comprehensively than would be possible with individual projects. Monitoring and accounting for the emissions from forests was also to be done at national level. Financing (from industrialized countries) would be tied to the country with REDD activities

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- 2 A second acronym, REDD+, has been introduced. It refers to activities that reduce emissions not only from Deforestation and forest Degradation (REDD) but also (+) from activities involving “*the conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries*”. In this publication, REDD is used to refer to both.
  - 3 For more detail on why forests were not included in the Kyoto Protocol's carbon market mechanisms see FERN (2001): Sinks in the Kyoto Protocol: A Dirty Deal for Forests, Forest Peoples and the Climate. <http://www.sinkswatch.org/sites/fern.org/files/2001.07%20-%20Sinks%20in%20the%20Kyoto%20protocol.pdf>.

demonstrating that emissions had actually been reduced and not just displaced to another region in the country, and that activities undertaken went beyond measures previously planned. In the ongoing debate about how to finance REDD activities, industrialized countries request that they receive emissions credits in return for their financial support. The expectation is that industrialized countries would be able to count these credits toward reductions in greenhouse gas emissions (GHG) they may commit to undertake after 2020. Those favouring REDD activities financed through carbon credits also argue that such a trading mechanism could mobilize finance from the corporate and financial sector.

What instruments to use to finance action to reduce deforestation and the GHG emissions caused by it remains a debate mired in controversy – not just at the UN climate negotiations but also in those places where the World Bank and international agencies, conservation groups and specialist companies arrive to implement their forest carbon and REDD pilot initiatives. They are controversial not only because they are seen as selling a license to pollute, but also because they are based on the false assumption that small-scale agriculture and shifting cultivation are key drivers of deforestation. In reality, this has long been shown to be a myth. Shifting cultivation contributes very little to forest destruction, and in addition provides a livelihood for millions of forest-dependent communities. Yet, almost all REDD projects restrict community access to land that forest peoples traditionally use. Furthermore, the large majority of REDD pilot initiatives are designed to generate carbon credits for sale in a carbon offset trading mechanism.

### **The false and perverse logic of carbon offsets**

Carbon offsets provide the owner of a carbon credit with the possibility of releasing more emissions than the law allows – they provide a license to pollute. When consumers or companies without legal restrictions on the emissions they cause buy carbon offsets, they seek not just to reduce their carbon footprint – they also buy the right to advertise their membership in a socially and environmentally responsible community.

Because carbon offset purchases allows the buyer of the credit to claim that additional emissions – emissions that are above a legal or moral limit – have been nullified, the carbon offset project has to demonstrate that the credits it is selling are also additional savings of emissions. Each carbon offset project therefore has to tell a story of what would have happened without its existence. In the case of forest carbon projects, these stories have to describe what would have happened to the forested land without the forest carbon offset project. The story must also include a calculation of how many tonnes of carbon dioxide would have been released into the

atmosphere without the carbon offset project.<sup>4</sup> This number of tonnes of carbon dioxide that would have been released without the REDD offset project is then compared with another calculation: the level of carbon emissions expected if the REDD project is implemented as described in its documentation. The difference between these two figures is the number of carbon credits that the project can sell.

And herein lies the flaw of all carbon credit calculations: we will never know what would have happened without the project and reality often turns out to be different from the story described in project documents. But the numbers for calculating how many carbon credits a project can sell go back to these stories of what would have been, and the unverifiable calculations that are based on these hypothetical stories. The result is that carbon offset projects sell credits for emissions they claim would otherwise have been released into the atmosphere – but no-one can verify this claim because no-one can know what would have happened without the project.

Forest carbon offsets are especially risky because the carbon stored temporarily in a tree or in the soil can be released at any time into the atmosphere. But the tree, say, was meant to store carbon away from the atmosphere for hundreds if not thousands of years because a carbon credit was sold so that someone might claim that his or her emissions from burning fossil fuels do not have a negative impact on the climate. That claim becomes invalid if the carbon from that tree is released.

The logic behind carbon credits is particularly problematic for REDD offset projects that involve shifting cultivation or small-scale farming. In order for a REDD offset project to generate carbon credits, the users of the land have to describe their activities as a threat to the forest. If the activities are not a threat to the forest, there is no risk of deforestation and therefore no credits that can be generated from avoiding deforestation! For 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 in the hypothetical story of what would have happened without the REDD project. Without such a story – that the forest would have been destroyed – there is no carbon to be saved, and thus no carbon credits to be sold. This necessity by design to describe the land use of forest dependent communities as a risk to the forest is already reinforcing the dangerous myth that forest dependent communities and small-scale farmers are among the most important agents of deforestation.

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4 For more detail see WRM (2014): *10 things communities should know about REDD*, <http://wrn.org.uy/articles-from-the-wrm-bulletin/recommended/10-things-communities-should-know-about-redd-re-launched-with-a-new-introduction/>, and Jutta Kill et al. (2010): *Trading Carbon. How it works and why it is controversial*. [www.fern.org](http://www.fern.org).

## 1.2 REDD in Brazil

At the 2009 UN climate summit in the Danish capital Copenhagen (COP 15), Brazil announced its voluntary commitment to reduce greenhouse gas emissions by 36-39% by 2020, including reducing deforestation in the Amazon region by 80% by 2020, as compared to the average rate of deforestation for the 1996-2005 period.<sup>5</sup>

Six months prior to this announcement, the first draft of a legislative proposal for a REDD mechanism in Brazil was introduced in the National Congress. This proposal, PL 5586/2009, introduced by a Member of Parliament from the state of Amazonas, outlined a legal framework on the basis of which national REDD policy could subsequently be developed.<sup>6</sup> The proposed legal framework would have allowed market-based instruments such as carbon trading as one of the financing options for the proposed REDD mechanism.<sup>7</sup> The proposal was dropped in 2010,<sup>8</sup> and a new draft, PL 195/2011, was introduced in 2011. Organizations affiliated with the Grupo Carta de Belém outlined the risks associated with the creation of tradable assets as proposed in the 2011 draft and criticized the focus on financing through carbon markets.<sup>9</sup> No federal legislation establishing a legal framework for REDD had been approved by October 2014.

Already in 2008, governors from several states in the Brazilian Amazon created the Amazon Governors' Forum with the objective of promoting a unified position with respect to financing for REDD. The Amazon Governors' Forum is part of an international alliance, the Governors' Climate and Forests Task Force (GCF), a collaboration at subnational level between 22 states and provinces from Brazil, Indonesia, Mexico, Nigeria, Peru and the United States. The states that have come together in the GCF committed to advancing programmes designed to promote reduced emissions from deforestation and land use (REDD+) within their jurisdictions. They also work together to link these so-called sub-national REDD activities with emerging carbon markets "*and other pay-for-performance opportunities*".<sup>10</sup>

The Amazon Governors' Forum acquired a strong strategic position, due to it being able to claim representation from all state authorities in the 'Legal Amazon', which includes the states of Acre, Amazonas, Amapá, Mato Grosso, Maranhão, Pará, Rondônia, Roraima and Tocantins – 61.2% of the Brazilian territory. The Forum supported the abovementioned initial draft federal legislation on REDD+.

5 Brazilian National Climate Change Plan (Act 12.187/2009 and Decree 7.390/2010).

6 <http://www.camara.gov.br/proposicoesWeb/fichadetramitacao?idProposicao=441407>.

7 For a detailed description of the legislative initiatives related to REDD in Brazil, see also Camila Moreno (2013): Case Study Brazil. In: REDD+ and the Underlying Causes of Deforestation and Forest Degradation. Global Forest Coalition. [http://wrm.org.uy/wp-content/uploads/2013/11/Global\\_Forest\\_Coalition\\_REDD-and-UC.pdf](http://wrm.org.uy/wp-content/uploads/2013/11/Global_Forest_Coalition_REDD-and-UC.pdf).

8 The MP who had introduced the bill was not re-elected and thus the draft had to be withdrawn.

9 <http://grupocartadebelem.wordpress.com/projetos-de-lei/>.

10 See the GCF website: [http://www.gcftaskforce.org/about/gcf\\_overview/](http://www.gcftaskforce.org/about/gcf_overview/).

In late 2009, the Governors' Forum launched a report prepared by its Task Force on REDD+ and Climate Change.<sup>11</sup> The report's recommendations, also presented during the UN climate negotiations in Copenhagen in December 2009, included the request that carbon markets and offset finance be introduced as potential financing options for REDD. National and international NGOs that also favoured a market-based financing option for forest protection supported the report.<sup>12</sup> This recommendation for a market-based funding mechanism was at odds with the Brazilian position at UN climate negotiations, where the country had opposed the use of international trading mechanisms for financing forest protection since the idea was first introduced and rejected in 1997. The question of whether or not to use carbon trading to finance forest protection continues to be one of the most contentious points in the debate, both at the UN level and in Brazil. In February 2014, the Amazon Governors' Forum (GCF) published a report titled '*Contributions to a national strategy on REDD+: A proposal for allocation between states and the union*'.<sup>13</sup> The report notes that even though national action plans on climate change and reducing deforestation in the Amazon have been adopted, specific national legislation on REDD+ is still needed. The report further laments that the draft legislation at federal level on REDD+, PL195/2011 and PL212/2011 on Payments for Environmental Services have not advanced since 2012. Concerned that this situation would present a disadvantage to tapping potential international funding sources for REDD, the report "*presents a proposal by the Brazilian Member States of the GCF for the division of titles or credits generated from reducing emissions from deforestation, called in the proposal REDD+ Units (U-REDD+)[...]*".<sup>14</sup>

When the forest debate was re-introduced into UN climate negotiations under the heading of REDD in the 2007 Bali Road Map, emissions reductions from forest loss were to focus on activities that tackled deforestation at national level, with some initial action at sub-national level permissible. The intention was that countries would be taking on obligations to reduce emissions from forest loss at national level and then agree domestically how to address, monitor and account for the action taken. The argument for favouring national commitments and responsibility for action to reduce deforestation was that such a national focus would overcome the problems associated with a project-based approach such as

11 Viana, Virgílio M. (ed.). (2009) REDD and Climate Change Task Force-Report. Brasília, DF. [http://www.fas-amazonas.org/pt/useruploads/files/relat%C3%B3rio\\_i\\_for%C3%A7a\\_tarefa\\_eng14.12\\_2.pdf](http://www.fas-amazonas.org/pt/useruploads/files/relat%C3%B3rio_i_for%C3%A7a_tarefa_eng14.12_2.pdf).

12 Groups supporting the report include national organizations FAS, IPAM and IDESAM, and international groups Conservation International, Environmental Defense Fund and Forest Trends/The Katoomba Group.

13 Força Tarefa de Governadores para o Clima e Florestas (2014): Proposta de alocação das reduções de emissões "U-REDD" nos estados brasileiros. Organizado por Mariano C. Cenamo; Pedro G. Soares; Junia Karst. IDESAM, 2014.

14 Free translation of original text: "apresenta uma proposta dos Estados-membros do GCF no Brasil para a divisão de créditos ou títulos gerados a partir das reduções de emissões do desmatamento, aqui chamadas de Unidades de REDD+ (U-REDD+24)". Ibid, page 18.

that of the Kyoto Protocol's Clean Development Mechanism. One of the flaws of a focus on projects was that deforestation would just be moved outside the project area, with no change in overall deforestation rates at national level.

With divergences of opinion over the use of market-based mechanisms between the federal and state levels in Brazil, and no federal legislation in place, several states advanced their own initiatives. Acre, Amazonas and Tocantins already have laws providing a framework for action on climate change or 'environmental services'. The same is true to some extent for the states of Bahia and Paraná, where the two forest carbon projects discussed in the second part of this publication are located. Acre and Amazonas have legislation that includes specific regulations on REDD, and Amapá has been working with the consultancy Verified Carbon Standard to develop state-level regulation specifically on REDD.<sup>15</sup> Assessing the state of legislation related to REDD and 'environmental services' in six Amazonian states, NGO IDESAM writes: "*Most states included in this study are interested in accessing various financial sources to support REDD+ actions and offer credits which could be absorbed by different compensatory and non-compensatory markets. Some of them are already implementing structures to allow their systems to generate credits for transacting in these markets (such as Acre and Amazonas); these structures are also provided for in the legal framework being constructed in states such as Rondônia and Amapá. Even those which have not yet defined their strategy in the legal framework have also expressed their intention to access voluntary market resources, considering them a promising source of short-term resources.*"<sup>16</sup>

### The State System of Incentives for Environmental Services in Acre

In 2010, the state of Acre adopted the State System of Incentives for Environmental Services (SISA, *Sistema Estadual de Incentivos a Serviços Ambientais*). The law establishes a system for creating financial incentives to help protect so-called 'environmental services'. The 'services' mentioned in the law include forest carbon stocks, water, soil, biodiversity and traditional knowledge. The law also describes a framework for establishing links with either national or international markets for these 'services'. One of the programmes described in the SISA is called ISA Carbono, Environmental Service Incentives for Carbon. The ISA Carbono programme is considered the most advanced jurisdiction-wide public policy on REDD worldwide. It is also the first component of the law for

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15 [http://www.institutocarbonobrasil.org.br/redd\\_/noticia=737607](http://www.institutocarbonobrasil.org.br/redd_/noticia=737607).

16 IDESAM (2012): REDD+ in Amazonian States: Mapping initiatives and challenges for integration with the Brazilian strategy. Page 16. <http://idesam.org.br/wp-content/uploads/2013/09/REDD-nos-Estados-da-Amazonia-english-version-2ed.pdf>.

which the institutions described in the SISA law are being established.<sup>17</sup>

### Amazon Fund main funding source for REDD in Acre

For Acre, the Amazon Fund, administered by the Brazilian national development bank (BNDES) has been the most important domestic source of financing for the state's implementation of ISA Carbono, a REDD framework that would eventually include funding through carbon market mechanisms. The Amazon Fund was proposed at the 2007 UN climate meeting in Bali, and has been operational since 2009 with the “*aims to raise donations for non-reimbursable investments in prevention, monitoring and combating deforestation and promoting conservation and sustainable use of forests in the Amazon Biome*”.<sup>18</sup> As of March 2014, the Amazon Fund had received funding from the Government of Norway (US\$ 758.6 million), the German Development Bank KfW (US\$ 22.9 million) and Brazilian oil company Petrobras (US\$ 5.1 million).<sup>19</sup> Four days after the SISA law was adopted in the state of Acre, the Amazon Fund approved the R\$ 60 million project *Valorização do Ativo Ambiental Florestal*, to help with implementation of the law.<sup>20</sup>

### Individual REDD projects

Alongside these state initiatives and the policy debate at national level, individual forest carbon projects continue to be formulated. In the state of Acre, such REDD projects formally require approval, and are then entered into a registry administered by the state. However, at least one of the REDD projects already in existence in Acre, the Purus project, has been able to sell carbon credits, among others to the FIFA for ‘offsetting’ emissions related to the 2014 World Cup in Brazil, without being approved by the state registry. Another REDD project in Acre, the Valparaiso & Russo REDD project is said to be currently seeking approval from the registry. Both projects have been awarded certificates by the dominant REDD certification scheme, the Climate, Community and Biodiversity Standard (see box on page 26).

17 The legislation creates (1) an Institute for Regulation, Control and Registry, responsible for the technical and scientific aspects involved in creating measurable units of ‘environmental services’; (2) a State Commission for Validation and Monitoring of these ‘environmental services’; (3) a public-private partnership Agency for the Development of Environmental Services that will be involved in developing projects and marketing of the ‘environmental services’, e.g. in the form of REDD carbon credits; (4) a Scientific Committee; and (5) an Ombudsman’s Office, which would investigate claims of mismanagement or misconduct that citizens might raise. For more detail, see WWF (2013): Environmental service incentives system in the state of Acre, Brazil. [http://assets.wwf.org.uk/downloads/sisa\\_report\\_english.pdf](http://assets.wwf.org.uk/downloads/sisa_report_english.pdf).

18 [http://www.amazonfund.gov.br/FundoAmazonia/fam/site\\_en/Esquerdo/Projetos/](http://www.amazonfund.gov.br/FundoAmazonia/fam/site_en/Esquerdo/Projetos/).

19 [http://www.fundoamazonia.gov.br/FundoAmazonia/fam/site\\_pt/Esquerdo/Doacoes/](http://www.fundoamazonia.gov.br/FundoAmazonia/fam/site_pt/Esquerdo/Doacoes/).

20 M. Schmidlehner (2013): Os desdobramentos do capitalismo de desastre no Acre – a “adicionalidade do medo”. In: *Contra Corrente* No. 5. September 2013. See also: [http://www.fundoamazonia.gov.br/FundoAmazonia/fam/site\\_pt/Esquerdo/Projetos\\_Apoiados/Lista\\_Projetos/Estado\\_do\\_Acre](http://www.fundoamazonia.gov.br/FundoAmazonia/fam/site_pt/Esquerdo/Projetos_Apoiados/Lista_Projetos/Estado_do_Acre).



The state of Acre is also already receiving funding from the German development bank KfW for demonstrating reduction of emissions through expansion of state programmes. One of the programmes financed in part with KfW 'REDD Early Movers' funding supports rubber tappers, including in the region where the Purus REDD offset project is taking place. The intention is to provide an incentive to rubber tappers to not switch from rubber tapping to cattle ranching, which would involve forest loss (and CO<sub>2</sub> emissions) from clearing for pastures. As elsewhere in the Amazon, the land question is unresolved in many areas, with overlapping claims and allegations that many land title documents have been acquired illegally. REDD offset projects in the region will be unable to avoid this context of conflict over unresolved land tenure. Such a context of unresolved land tenure also increases the risk of the same emission reduction being counted twice. This could happen if the private REDD offset project in Acre were to sell emissions from land used by rubber tapper communities, and where these communities are receiving payments through the state programme that is co-financed by the KfW 'REDD Early Movers' grant. While KfW does not receive tradable carbon credits, its payments are conditional on the state of Acre demonstrating that the KfW funding has contributed to the previously agreed volume of emissions saved from avoiding deforestation. This is a risk that will arise in all jurisdictions where individual REDD offset projects are implemented in places that are also subject to state-level or national REDD initiatives, and where no system is in place to subtract from reductions attributed to national/subnational programmes the credits that are sold by individual REDD offset projects.

Well-known Brazil-based individual forest carbon offset projects that market carbon credits include the Suruí Forest Carbon Project in the state of Rondônia, the Cikel REDD Project in Pará and the Juma project in Amazonas. The same is true for the two projects that will be discussed in more detail below. A more recent project in Pará state, the São Felix do Xingu REDD+ project, is described by The Nature Conservancy as a "*municipal-level REDD program*". It shows the connection between REDD and the infrastructure set up to facilitate the trading of the forest conservation units created under the 2012 Forest Code (see Box): "*In July 2009, The Nature Conservancy signed a Memorandum of Understanding with local stakeholders to implement an environmental registry system for private lands in São Félix do Xingu, as a first step to achieving compliance with Brazil's Forest Code. Signatories included municipal and state government representatives, the leader of the local cattle ranchers' union, and representatives from one of the largest meat processing companies in Brazil.*"<sup>21</sup>

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21 The Nature Conservancy: Combating Deforestation and Climate Change in Brazil's Amazon. <http://www.nature.org/ourinitiatives/urgentissues/global-warming-climate-change/how-we-work/brazil-redd-fact-sheet-final.pdf>.

## Market-based instruments beyond REDD: Trading Forest Restoration Credits

Brazil has also pioneered market-based instruments that claim to protect forests outside of the climate change and REDD policy arena. The most advanced example is the revised Forest Code of 2012.<sup>22</sup> The revision created a new unit of tradable credits called ‘environmental reserve quota’, or CRA (*cota de reserva ambiental*). Landowners who cleared forests in excess of legal limits<sup>23</sup> are obliged to restore the illegally cleared land, or risk losing access to agricultural credit. But the Code provides an alternative to restoring the illegally cleared forest on their own land: landowners can buy CRA certificates, with each certificate representing 1 hectare of intact forest elsewhere, where a landowner has maintained original vegetation over and above what is required by law. As the news agency Reuters reported, these forest restoration credits are “*the main asset to be traded on a new green exchange opened in Rio de Janeiro. The exchange, BVRio, [Bolsa Verde do Rio de Janeiro] was founded by Pedro Moura Costa, former owner of EcoSecurities, which once dominated the global trading of carbon credits.*”<sup>24</sup>

Gerson Teixeira, the former president of Associação Brasileira de Reforma Agrária, the Brazilian Association for Agrarian Reform, warned that the introduction of such tradable forest restoration credits would pose a great risk to Agrarian Reform in Brazil. The historical instrument of Agrarian Reform has been the expropriation of *latifúndios that could be shown to be unproductive* and thus not fulfilling the constitutionally required social function of the land. The introduction of CRAs created an instrument that could shield owners of *latifúndios* from expropriation for social purposes because CRAs would transform unproductive estates into carbon factories and repositories of environmental reserves. This in turn would allow landowners to claim that the land is fulfilling the constitutionally required productive function. “*The possibility of buying carbon credits transforms those unproductive latifúndios into ‘carbon factories.’*”<sup>25</sup>

22 Law 12.651/2012. [http://www.ima.al.gov.br/servicos/gestao-florestal/car/Codigo%20Florestal\\_2012.pdf](http://www.ima.al.gov.br/servicos/gestao-florestal/car/Codigo%20Florestal_2012.pdf).

23 The minimum area under protection ranges between 50% and 80% of the natural vegetation cover in the Amazon region and 20% to 35% in other forest types.

24 Brazil sets final rules for forest use, allows tradable credits. 7 May 2014. [www.pointcarbon.com](http://www.pointcarbon.com).

25 Gerson Teixeira (2012): Latifúndios improdutivos viraram fábricas de carbono. <http://www.mst.org.br/Gerson-Teixeira-latifundios-improdutivos-viraram-fabricas-de-carbono>.

## 2 Two case studies: Forgotten failures with consequences that still affect communities

Two forest carbon restoration projects that were among the first set up with the aim to generate carbon credits in Brazil are rarely mentioned in the current debate about REDD. Yet, they deserve to be remembered. This section describes their failure, both in terms of generating lasting benefits for communities and of marketing carbon credits. Many negative impacts remain for the communities and many promises of the project generating local employment and community benefits were broken. The contradictions that arose when convoluted calculations had to be made about how much carbon would be saved, and thus could be marketed as carbon credits, caught up with both projects: they encountered difficulties generating sufficient carbon credits to fund project activities and the promised community benefits. One of the projects is also experiencing difficulties fulfilling contractual obligations because more carbon credits had been sold in advance than the project could generate.

Information on the *Guaraqueçaba Climate Action Project* in Paraná, Brazil is based on several visits by the author to the project area between 2008 and 2011, as well as interviews in communities in the Guaraqueçaba region. Information on the *Monte Pascoal-Pau Brasil Ecological Corridor project* in Bahia, Brazil, is based on extensive desk research and correspondence with researchers that carried out the field work cited in relation to the project.

## 2.1 The Guaraqueçaba Climate Action Project: “Suffering here to help them over there”<sup>26</sup>

In 1999, several years before the term REDD was coined, one of the world’s first forest carbon projects was launched in the *Mata Atlântica* biome of southern Brazil. *The Guaraqueçaba Climate Action Project* is a joint initiative of the U.S.-based conservation group The Nature Conservancy (TNC) and the Brazilian NGO Sociedade de Pesquisa em Vida Selvagem e Educação Ambiental (Society for Wildlife Research and Environmental Education, SPVS). The project is located in the coastal municipalities of Antonina and Guaraqueçaba, in the state of Paraná.<sup>27</sup> Three of the world’s largest carbon emitters – General Motors (GM), American Electric Power and Texaco / Chevron – provided the funding for TNC’s Brazilian partner SPVS to buy c.19,000 hectares of land, mostly from cattle ranchers who held land but did not live in the region. The land bought with the money from the three corporations had been degraded by water buffalo grazing and was to be restored as part of the forest carbon project. The carbon absorbed and saved in the vegetation as a result of project activities was to provide carbon credits to the corporate funders of the project: “*The project may allow General Motors Corporation to receive recognition and greenhouse gas emission offsets. Without compromising biodiversity objectives, [TNC] will design the project plan to place General Motors in a position to be eligible for carbon offsets.*”<sup>28</sup> Generating carbon credits that the corporations could use should the US government sign the 1997 Kyoto Protocol, or should the companies be obliged to reduce greenhouse gas emissions through other binding reduction commitments, was thus an explicit objective of the project. A “*Comprehensive Agreement for The General Motors Atlantic Rainforest Restoration Project*”, signed in June 2000 between

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- 26 Community members talk about their experience with the *Guaraqueçaba Climate Action Project* in the following films: (1) WRM (2012): *Disputed Territory: The green economy versus community-based economies*. The video not only shows the impacts of the REDD project, but also the struggle of the community of Rio Pequeno to recover their territory, through collective food production and the implementation of an agro-forestry system. <http://wrm.org.uy/videos/disputed-territory-the-green-economy-versus-community-based-economies/>; FERN (2012): *Suffering here to help them over there*. 12-minute film with local testimonies about the forest carbon project. <http://www.fern.org/sufferinghere>; (3) Mark Schapiro (2010): *The Carbon Hunters*. Schapiro reports on the injustice created by TNC’s carbon project and how local communities have lost their livelihoods as a result of the project. <http://www.carbonradewatch.org/video/the-carbon-hunters.html> and <http://www.redd-monitor.org/2010/05/20/new-frontline-video-the-carbon-hunters/>; Amy Miller (2013): *The Carbon Rush*. <http://www.thecarbonrush.net/about>.
- 27 The Nature Conservancy (2009): *Guaraqueçaba Climate Action Project*. <http://www.nature.org/ourinitiatives/regions/southamerica/brazil/placesweprotect/guaraqueaba.xml>.
- 28 Part Three of Documentation on a U.S. Senate Committee on Finance investigation into conservation programmes undertaken by The Nature Conservancy in relation to the administration and enforcement of Federal tax laws governing exempt organizations and charitable donations. Quote from page 63 of document at [http://www.finance.senate.gov/imo/media/doc/tncPart%20III\\_final.pdf](http://www.finance.senate.gov/imo/media/doc/tncPart%20III_final.pdf).

General Motors, SPVS and TNC, cites among the objectives of the project the “*implementation of a climate action mitigation project to protect plants and animals; [...] to mitigate greenhouse gases in the earth’s atmosphere, principally through reforestation and the prevention of deforestation; [...] and to generate certified credit offsets for GM*”.<sup>29</sup> TNC was responsible for managing the corporate investment and carbon credit transactions of the investing companies, as well as all carbon calculations. SPVS had the responsibility of managing the project area and buying the land. Documents from a 2004 U.S. Senate Committee on Finance investigation into conservation instruments used by TNC note that the organizations involved in the *Guaraqueçaba Climate Action Project* were aware of “*the Brazilian government’s reluctance to accept forest conservation projects to receive credits*”. The Senate Committee on Finance report further states: the groups involved in the *Guaraqueçaba Climate Action Project* “*will focus especially on participation in the debate concerning the crediting of forest conservation projects*”; “[...] *two of the four elements of the project partners’ core strategy were to ‘inform key decision-makers in the climate change arena about the benefits of forest conservation projects’ [...] and to ‘position the project as a CDM [Clean Development Mechanism] pilot project for the Brazilian Government’*”; and “*project partners will engage and inform U.S. officials to promote the project’s acceptance under guidelines established by this government*”.

Presented internationally as a model<sup>30</sup> by TNC in the early days of the REDD debate, current TNC material on the topic no longer mentions the project – or lessons learned from the experience.

## History and background

Caiçara is the name given to the traditional population of mixed Indigenous and European descent that lives along the south-eastern coast of Brazil, including the land that is now part of TNC’s *Guaraqueçaba Climate Action Project*. For centuries the indigenous Guarani and traditional Caiçara communities have used the forests in this coastal *Mata Atlântica* biome. The region’s forests and mangroves provided the basis for Caiçara livelihood: shifting cultivation, mainly of cassava, small agricultural plots near dwellings, subsistence hunting and artisanal fishing, gathering palm hearts for food and vines for handicrafts. “*These people have an intimate relation with the Atlantic Forest, from which they extract wood for their canoes and constructions, fishing equipment, work implements, utensils, medication etc*”, writes sociologist Antônio Carlos Diegues.<sup>31</sup> He continues: “*Relative geographic isolation and a traditional way of life, characterized by limited accumulation of capital and dependency on the market economy, and by importance of kinship relations and of manual technologies with a small impact*

29 Ibid. Page 62 [http://www.finance.senate.gov/imo/media/doc/tncPart%20III\\_final.pdf](http://www.finance.senate.gov/imo/media/doc/tncPart%20III_final.pdf).

30 <http://www.nature.org/ourinitiatives/urgentissues/global-warming-climate-change/places-we-protect/guaraqueaba-climate-action-project.xml>.

31 Diegues, A. C. (2004): As populações tradicionais da Mata Atlântica e o extrativismo. Reserva da Biosfera da Mata Atlântica.



Community forest restoration project, Antonina

Julian Hill (CC)

*on nature, have ensured that their areas of the Atlantic Forest have been kept relatively well preserved.*<sup>32</sup> The Guaraqueçaba region is home to one of the few remaining intact and largely non-fragmented areas of *Mata Atlântica*, or Atlantic Forest, in Brazil. It is also home to approximately 10,000 people, of whom 1,700 live in the town of Guaraqueçaba.

Even though their way of life is dependent on the forests and mangroves, registering or fencing off the land they depended on was never considered necessary by the Caiçara communities: the territory was understood as an area of shared use, belonging to everyone. Most of the land in the area was legally classified as *terra devoluta*, publicly owned land on which the families lived with their belongings that were passed down from generation to generation. They worked the land and forest, sometimes individually as a family unit, sometimes collectively.<sup>33</sup>

32 Diegues, A. C. (1998): The myth of untamed nature in the Brazilian rainforest. São Paulo. Page 95.

33 C. Adams (2003): Pitfalls of Synchronicity: A case study of the Caiçaras in the Atlantic Rainforest of South-eastern Brazil. In D. G. Anderson & E. Berglund (eds.), *Ethnographies of Conservation*.





Jutta Kiff (CC)

Area degraded by deforestation and water buffalo grazing at Antonina

### Causes of deforestation

In the 1970s, the government of Paraná offered tax incentives to attract new industries, with the intention of bolstering economic development in the region.<sup>34</sup> Logging, palm heart processing and buffalo ranching became the main large-scale activities. The tax incentives attracted people from other regions, who began to register and take possession of large tracts of land, in many cases through *grilagem*, the illegal registration and appropriation of land – a common practice in rural areas of Brazil at the time. Many areas thus appropriated were part of the communal territories of Caiçara communities.<sup>35</sup> As noted above, although Caiçara communities had customary rights over the land, most did not have registered legal property documentation – in part because they lacked the political and administrative connections that many of the new landowners had. In the process, many local communities were threatened and families were forced off their lands. Ranchers arriving from outside the region also used *jagunços*, hired killers, and even water buffalo herds to force access into the properties of small peasants. The social effects of water buffalo ranching therefore were

34 M. Marangon & L. P. P. Agudelo (2004): Comunidades rurais da APA de Guaraqueçaba: entre diálogos e conflitos. [http://www.anppas.org.br/encontro\\_anual/encontro2/GT/GT04/libia\\_patricia.pdf](http://www.anppas.org.br/encontro_anual/encontro2/GT/GT04/libia_patricia.pdf).

35 Ibid.

particularly severe.<sup>36</sup>

*“Buffalo ranching, introduced when a road penetrated the region in the 1970s, has caused extensive forest clearing for pastures. Unsustainable extractive activities such as logging, heart-of-palm gathering, over fishing, and hunting were eroding the resource base of Guaraqueçaba’s rich forests.”*<sup>37</sup> This description from 2008 by TNC of the drivers of deforestation in the Guaraqueçaba region demonstrates a biased and incomplete analysis of the direct and underlying causes of deforestation. Such incomplete analysis in turn vilifies small-scale traditional forest use such as that of the Caiçara culture. Particularly in implementation, such a bias leads to conservation projects focusing on restricting access to forest dependent communities rather than tackling the direct drivers and underlying causes of deforestation. These direct drivers and underlying causes are often connected with the core business of the corporate donors that finance the conservation initiatives. A case in point: while the economic incentives of the 1970s undoubtedly attracted industries that produced significant environmental damage and deforestation, TNC fails to distinguish these from the centuries-old traditional Caiçara use of forest gardens and gathering of heart-of-palm and vines. The experiences vis-à-vis the *Guaraqueçaba Climate Action Project* reported below by community members show that such poor analysis of drivers and underlying causes of forest loss can have devastating consequences for forest-dependent communities.<sup>38</sup>

### Conservation and the Guaraqueçaba Climate Action Project

The Guaraqueçaba Environmental Protection Area (EPA) – established in 1982 and covering 300,000 hectares of non-fragmented *Mata Atlântica* – predated the arrival of forest carbon offset projects in the Guaraqueçaba region. The EPA contains different types of protected areas, ranging from conservation to strict preservation, and overlaps with the territory that the Caiçara and Guarani communities have been using for centuries. The regulations impose significant and far-reaching restrictions on communities’ traditional subsistence practices and sources of income, contributing to their impoverishment and to the disruption of the Caiçara way of life.

In her case study on craftsmanship in Caiçara communities, Renata Marques Leitão writes: *“Public policies defined for the area had a strong ecological basis and a weak local social understanding. Guaraqueçaba EPA was established without regard for the real needs of local communities in terms of natural resources,*

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36 Ranchers opted to raise Asian water buffalo instead of cattle because they are more resilient and thus better suited to the local conditions in the deforested areas, which are prone to flooding.

37 The Nature Conservancy (2008): Guaraqueçaba Environmental Protection Area. Parks in peril. <http://expomaquinarias.com/wherewework/southamerica/brazil/protectedarea/guaraquecaba.html>.

38 See also footnote 22 for four films presenting how communities in the project area view the Guaraqueçaba Climate Action Project.



*inherent to their way of life. That has created a contradiction: on one hand the law says that the traditional cultures should be preserved, on the other, the law restricted the traditional practices of use of the natural resources – the backbone of Caiçara culture. Consequently, in the name of nature protection, the culture has been damaged.”<sup>39</sup>*

These consequences were exacerbated when three private nature reserves were created that form the *Guaraqueçaba Climate Action Project*. The reserves are made up of land that SPVS had been buying, mainly from buffalo ranchers that had arrived in the region in the 1970s. These land purchases commenced in the late 1990s, after TNC and SPVS signed an agreement, and in 1998 began implementing conservation activities in the Guaraqueçaba EPA area. These early activities were funded by USAID and corporate donations.<sup>40</sup> Even though traditional use had been severely restricted when the government introduced a management plan for the Guaraqueçaba EPA in 1995, communities retained access to the forests they had been using for centuries. With the creation of the *Guaraqueçaba Climate Action Project*, however, communities lost access to that forest, in part because the private nature reserves were blocking access to the forests they traditionally used.

## The project



39 Renata Marques Leitão (2011): *Craftsmanship as a means of empowerment for the traditional population of Guaraqueçaba: a case study*. Page 27. [https://papyrus.bib.umontreal.ca/xmlui/bitstream/handle/1866/8727/Leitao\\_Renata\\_2011\\_memoire.pdf;jsessionid=3699B9C5466DBEDD8504ED88E676800F?sequence=2](https://papyrus.bib.umontreal.ca/xmlui/bitstream/handle/1866/8727/Leitao_Renata_2011_memoire.pdf;jsessionid=3699B9C5466DBEDD8504ED88E676800F?sequence=2).

40 [http://pdf.usaid.gov/pdf\\_docs/Pdacd215.pdf](http://pdf.usaid.gov/pdf_docs/Pdacd215.pdf).

Between 2000 and 2002, TNC negotiated agreements worth US\$ 18 million with three of the world's biggest greenhouse gas polluters – General Motors, Chevron and American Electric Power.<sup>41</sup> The money would finance the purchase of land by SPVS, preferably land bordering the Guaraqueçaba EPA. The funds would also be used to restore degraded forest land on the former water buffalo ranches and their management for a period of 40 years. Three Natural Heritage Private Reserves (RPPN – acronym in Portuguese) covering a total area of c.19,000 hectares were created: Serra do Itaquí, financed with US\$ 5 million from AEP; Morro da Mina, paid for with US\$ 3 million from Chevron; and Cachoeira, with the US\$10 million invested by General Motors. In return for their funding, the companies would receive carbon credits that they could use for marketing purposes or to offset part of their corporate emissions. What the companies own is thus not the land, or the trees, or even the carbon in the trees, but the right during the 40-year duration of the project to use a portion of the carbon stored in the trees as compensation for their carbon dioxide emissions, through the carbon credits they receive. Indirectly, therefore, they influence how the land that generates the carbon credits is used. Information contained in a 'Preliminary Project Plan' dated 10 April 2000 and related to the GM reserve explains that “[a] primary goal of the project is to generate as much as 2 million tons of carbon benefits that are scientifically quantifiable and long-lasting and that will be recognized as certified carbon offsets eligible for credit under a prospective international carbon trading regime”, and that the project partners “will make every effort to maximize the possibility that the carbon benefits generated by the project will ultimately be accepted, credited, and available to GM to meet its emission-reductions targets”.<sup>42</sup>

### Corporate Greenwashing

Journalist Mark Schapiro, who visited the project site in 2009, writes: “*The trees in the Cachoeira reserve could never offset even a fraction of GM's total carbon footprint — a single Hummer H2 (which the company started producing the same year it signed on to the Guaraqueçaba project) would require about 50 trees to offset. But the Nature Conservancy and its partners aimed to use the Brazilian reserves as a test case for preserving forests via corporate carbon credits.*”<sup>43</sup>

All three companies that provided the funding for the land purchases had

41 AEP was also involved in another early forest carbon offset project managed by TNC, the Noel Kempff project in Bolivia. See the 2009 Greenpeace report *Carbon Scam: Noel Kempff Climate Action Project and the Push for Sub-national Forest Offsets* for an assessment of TNC's Noel Kempff project. <http://www.redd-monitor.org/2009/10/22/carbon-scam-the-noel-kempff-project-in-bolivia/>.

42 Part Three of Documentation on a U.S. Senate Committee on Finance investigation into conservation programmes undertaken by The Nature Conservancy in relation to the administration and enforcement of Federal tax laws governing exempt organizations and charitable donations. Quote from page 63 of document at [http://www.finance.senate.gov/imo/media/doc/tncPart%20III\\_final.pdf](http://www.finance.senate.gov/imo/media/doc/tncPart%20III_final.pdf).

43 M. Schapiro (2009): GM's Money Tree. Mother Jones magazine. <http://www.motherjones.com/environment/2009/11/gms-money-trees>.

aggressively lobbied the U.S. government not to ratify the 1997 Kyoto Protocol – which would have meant emissions reduction obligations for the corporations. Funding the TNC forest carbon offset project enabled them to hedge their bets: should the U.S. government, despite the corporate lobbying, assume a legally binding emissions reduction target internationally, the project would yield carbon credits that the corporations could use if faced with restrictions on their greenhouse gas emissions in future.

The global carbon markets that the corporate investors and NGO promoters of the project had predicted would be the vehicles to market carbon credits have yet to materialize. But even without these trading opportunities, the project became a much-cited example in corporate and NGO brochures related to climate change and Corporate Social Responsibility.

The World Business Council for Sustainable Development, for example, writes in a brochure titled ‘Towards a sustainable cement industry’ that “*international cement companies might find it advantageous to invest in projects such as the Guaraqueçaba Climate Action Project. It could provide a cost-effective approach to address their CO<sub>2</sub> liability, while simultaneously enhancing their corporate image and making sustainable improvements.*”<sup>44</sup>

On its website, TNC described it as a model project: “*The Guaraqueçaba Climate Action Project proves that what’s good for nature is also good for people.*” Miguel Calmon used to be TNC’s forest carbon director in Latin America. On the website he is quoted as saying: “*It was very important to the Conservancy to ensure that local people had a stake in keeping the forests around Guaraqueçaba standing. Everyone has to make a living somehow — so if you can’t farm or ranch, how can your family earn money? That’s why we and our partners have involved so many community members in income-generating, sustainable enterprises.*”

### Broken Promises: Community needs of no interest to TNC and SPVS

There are more than a dozen villages around the three reserves, linked by dirt roads and/or accessible by canoe along small rivers. Most are home to just a few dozen people living in structures made of wood and reeds. Around the edges of the private forest carbon reserves, signs have gone up: No hunting, fishing or removal of vegetation. When asked about the “*many community members*” TNC claims they have involved “*in income-generating, sustainable enterprises*”, community members the author met during visits in 2008-2011 responded with incredulity, sarcasm or both.

“*It’s a very mysterious project,*” one woman commented in an interview in 2010. “*And we still haven’t seen any results from it.*” “*SPVS does not talk to the community, just the once when they first arrived. They scared us, they wanted to give us rules,*” a neighbour adds. “*That was when SPVS told us about the rules and that we could not go into the forest anymore.*” Another community member talks about being *hemmed in* by SPVS. “*We were promised work, but there’s no*

44 <http://62.50.73.67/web/projects/cement/tf1/batelle-full-case.pdf>.



First Environmental Education Center built by SPVS in Antonina, 2003

Jutta Kluft (CC)

work.” And another man explains that in the past, “*No one needed to leave the community in order to find work. Today there’s no work here. If you don’t leave to find work there just isn’t enough to provide for a family.*”<sup>45</sup>

In a brochure celebrating the 10<sup>th</sup> anniversary of the *Guaraqueçaba Climate Action Project*, TNC writes: “*Besides creating local jobs and income, the project also supported the **construction of an Environmental Education Center**, which has already served to inform more than 8,000 visitors about the importance of Atlantic Forest Conservation and carbon removal*”.<sup>46</sup> What the brochure fails to mention is that the centre is not open to the people actually living in the nearby villages surrounded by the private forest carbon offset reserves.

These different perceptions of the project demonstrate a wide gap between the TNC and SPVS presentation of the project and the experience of the communities that actually live in the area and are affected by the project. The promises of improved living conditions and opportunities for income generation gave rise

45 Pers. comm. during visits by the author to villages affected by the project, between 2008 and 2011.

46 <http://www.nature.org/ourinitiatives/regions/southamerica/brazil/placesweprotect/guaraqueaba.xml>.





Jutta Kill (CC)

Sponsored by big greenhouse gas polluters

Two case studies: Forgotten failures with consequences that still affect communities

to a handful of initiatives that gradually fizzled out after a few years. A women's group was organized so they could earn an income through dressmaking. The project lasted for a short period; by 2010, it had ceased to exist. Of the 47 local jobs the project initially provided – paying only slightly more than the minimum wage – very few remained by 2010, even though SPVS had promised employment would last for 40 years, the planned lifetime of the project. What's more, most of the local community members hired were employed as forest rangers – a position that required them to monitor the activities of their neighbours and inform the environmental police of the state of Paraná, the *Força Verde* (Green Force), when they became aware of community members entering the forest area. The *Força Verde* is an armed force patrolling the protected area, and with powers of arrest.

## The project's impacts on the community: Persecution

*“There’s no more freedom here.  
SPVS buy this, buy that, till there’s  
nowhere for us to go.”*

One of the stated goals of the *Força Verde* is to prevent large-scale poaching, particularly of the endangered and highly valuable hearts of palm, as well as exotic primates and birds. While there is a thriving black market in illegally harvested *palmito*, few arrests are known of individuals linked to this illegal *palmito* extraction – or the major logging or wildlife-smuggling enterprises. The common perception among the forest-dependent communities is that instead of pursuing organized wildlife smuggling, illegal logging and *palmito* extraction on an industrial scale, the *Força Verde*'s enforcement efforts have focused on local people cutting palm for its succulent heart – collected as food to eat, not to sell at scale – or collecting wood to build their homes and canoes.

In order to increase compliance with the ‘no entry, no hunting, no fishing’ rules, SPVS works closely with the *Força Verde*, even though the reserves are registered as private property, not public land, which the *Força Verde* have a mandate to patrol. Several community members commented that the *Força Verde* have long had a presence in the region, but that the persecution became much more severe with the arrival of the conservation organizations and their carbon project. When in 2009 he visited the communities near the Cachoeira carbon reserve bought with funding from General Motors, journalist Mark Schapiro was told by a young farmer: “*One day a group went out, looking for vines in an area belonging to our community. In our territory. So we were chopping down vines and some SPVS employees passed by. In their area they have some police that are called park rangers and they shot over us – they didn’t get anybody. SPVS doesn’t want us here. They don’t want human beings in the forest. The land isn’t even theirs, it’s ours.*”<sup>47</sup>

In the film ‘Disputed Territory’ and related articles produced by the World Rainforest Movement, community members share their experiences with the SPVS and their collaboration with the *Força Verde*: “*[The forest rangers] wanted us to collaborate with [SPVS], and we agreed to collaborate [...] but then they started sending the guards in. Around three days went by and they started to send the guards to my house. They came in saying that I had hidden things there, it was completely wrong. If the door was closed they would come in anyway. They would bang on the door and say they had a court order, they didn’t care about anything, they would just come right in. [...] The Força Verde came into our house numerous times, not once or twice, many times. [...] If there was any kind of weapon in the house, they would grab it and take it with them. You couldn’t even have a knife, they would*

47 The Money Tree. A series of film clips by Mark Schapiro for Frontline TV about the Guaraqueçaba Climate Action Project. <http://www.pbs.org/frontlineworld/stories/carbonwatch/moneytree/>.

*take it away, they wanted everything. [...] They never showed us anything, they just turned up and came right into the house. Once when I wasn't home they came in holding a gun. My brother-in-law was in bed, the door was ajar like that, my father was there, outside. They came along, pushed the door, banged on it until the latch came open. My brother-in-law was sick, with the flu and a headache. They showed him a gun and he said, 'What's going on, I'm sick and you break in like this.' [...] And they showed up at my house like that numerous times. Collaboration? That kind of collaboration isn't good for anything, it's just harassment. It would be better to end it. And they tried to fool a lot of people that way."*

Another community member described to WRM researchers how her husband was handcuffed in their home by the *Força Verde*, who claimed that they were just doing their job. Another time, when he cut down a tree to build a canoe, he was imprisoned for 11 days, and had to pay bail in order to be released. The WRM writes: *"Their lives today are filled with hardships and fear: if they stay at home, they have no means of survival, but if her husband goes out to look for work elsewhere, she and her children will be left alone, frightened and unsafe. This also underscores how the impacts of the SPVS project and the persecution accompanying it affect women and families as a whole."*<sup>48</sup>

Quaro Quaro is a small village accessible only by motorized canoe. The villagers had been nearly abandoned because of pressure from SPVS that prevented people from using the forest or planting crops. *"Everyone is gone. We are the only ones left,"* a woman explains to journalist Mark Schapiro, with sadness in her voice. *"If we sold our land, where would we go?"* In his film *Carbon Hunters*, Schapiro also relates the experiences of a 35-year-old farmer and carpenter who had to leave his village near the private reserve TNC helped establish with funding from General Motors. When he could no longer hunt and gather plants in the forest, leaving was the only option, he explains. Earlier that year, he had been arrested at gun point and thrown in jail for 11 days for cutting down trees to repair his mother's home in Quara Quara.

Harassment and arrests by the *Força Verde* when people are looking for food, wood or vines in the forests that their families have guarded for centuries are taking their toll. Many have chosen to move away from the place that was their home for generations. Many families have moved to Antonina, the nearest town. *"Antonina is a small town that has few resources for generating income, few possibilities for people who come from the rural zone without skills and without the defences to live in the urban environment,"* the Mayor of Antonina, Carlos Machado, told Schapiro. *"They stay in the outskirts of town, in the mangrove swamps, in irregular, inhospitable situations. It creates a lot of social problems for us. . . . Families have been torn apart by prostitution, drugs and alcoholism."*

48 Winfridus Overbeek (2010): *Economia Verde no Brasil: a privatização da Mata Atlântica. Projetos de REDD e áreas protegidas e seus impactos sobre mulheres e homens em comunidades tradicionais no litoral do Paraná. Acción por la Biodiversidad sobre Economía Verde.* [http://wrm.org.uy/oldsite/paises/Brasil/Economia\\_Verde\\_no\\_Brasil\\_a\\_privatizacao\\_da\\_Mata\\_Atlantica.pdf](http://wrm.org.uy/oldsite/paises/Brasil/Economia_Verde_no_Brasil_a_privatizacao_da_Mata_Atlantica.pdf).



Many families have abandoned the village...

Jutta Kill (CC)

*Directly or indirectly it was through these conservation projects that the population came here and created a ring of poverty around our city causing a really big social problem here.”*

Machado represented the 35-year old carpenter from Quara Quara in court. He told Schapiro that he had represented a string of people like the young carpenter – villagers taken to court on charges of violating the strict prohibitions in the reserves. *“I know he didn’t go cut that tree down to speculate on the wood,”* Machado says in Schapiro’s film *Carbon Hunters*. *“It’s one thing, the wood seller who is destroying [the forest] — this is very different from a caboclo who cuts down a tree to build a fence.”*

These distinctions appear to be of little concern to TNC’s former director of forests and climate in Latin America, Miguel Calmon. In an interview with Schapiro he said: *“The carbon idea is not really tangible to people in the community. You can’t go into these private reserves. That land is not their land anyway. If you used to go [into the forest] from your house across the road, now you can’t. That land is already owned.”*<sup>49</sup>

The TNC statement reveals a view of conservation that is fundamentally

49 M. Schapiro (2009): GM’s Money Tree. Mother Jones magazine. <http://www.motherjones.com/environment/2009/11/gms-money-trees>.





Jutta Klil (CC)

...due to harassment and arrests

different from that of the communities that call the *Mata Atlântica* forests home. Their ways of life and livelihoods have been shaped by the forests and they have shaped the forests while preserving them.

*“Yes, we have always preserved the forest, except that sometimes we need to cut a few trees too, sometimes we need to build a house, we need wood. But it’s not allowed, so things are difficult. [...] Before we would clear a few trees to plant our crops, but we can’t do that anymore. When the SPVS arrived, that was the end of everything. In the place where my father lived, it’s impossible to live now. Before he had his crops, he planted cassava, he planted beans, but now they can’t plant anything. [...] Before he didn’t have to buy beans, he didn’t have to buy corn, he planted lots of vegetables, he cleared a few trees and planted, and he got most of his food from the land. And now he can’t plant anything, he has to buy everything. Rice and beans and cassava, all the things he used to plant. [...] Before there were no diseases and now a lot of people are sick all the time. [...] They promised that they were going to help my father but up until now we haven’t seen any help, things have just gotten worse and worse. They said they were going to help, and then the Força Verde came and wanted to take my father to prison on top of everything else.*”

Two case studies: Forgotten failures with consequences that still affect communities

*That's the help they've given us.”<sup>50</sup>*

Another community member from the village of Rio Pequeno adds: *“I don't have the right to go out and do what I used to do when I was 12, 14, 15 years old. I'd grab my fishing rod and get a fish to bring to my family or to feed myself. You don't have the right to walk into the forest to go and cut a heart of palm to eat. I'll get arrested and I'll be called a thief.”<sup>51</sup>* With access to their forest gardens cut off, families that used to grow cassava, and produce and sell cassava flour, now have to buy almost all the food they eat, including cassava flour.

### Communities recover land

While many local families were forced to leave their Caiçara communities, trying to make a living in the cities, others have returned to their communities because they found it difficult to adapt to life in the city. In the WRM article cited above, one resident who returned says: *“I prefer this place, it's peaceful here. But there's not much else we can do.”*

In addition to those who returned, there are those who have refused to leave despite the difficulties they face. They have resisted the pressures exerted by the *Força Verde* and SPVS. In one location, a group of community members organized to recover land lost to the water buffalo ranchers in the 1970s, and restore the degraded pastures. When they heard that a ranch owner in the municipality of Antonina was in the process of selling his land to the SPVS in the late 1990s, the local communities joined together and, with the support of the Landless Peasant Movement (MST), occupied the land in 2003. Twenty families are now living in the settlement, which is named after late environmental activist José Lutzenberger. They are still awaiting official designation as an agrarian reform settlement by the Brazilian government but that has not stopped them starting to restore the degraded land.

During the community's arduous struggle against pressures exerted by the ranch owner, the SPVS and environmental agencies, the ranch owner committed a series of environmental crimes. These included the diversion of a river and the indiscriminate use of agrottoxins, all of which were reported to the environmental authorities – who ignored the reports. Meanwhile, the families who joined the Caiçara communities and small farmers nearby, initiated small reforestation projects, and are working collectively to set up an agroforestry system, combining organic farming with the cultivation of trees. Each family also has a small individual plot of land to meet their subsistence needs. The community has also organized transport to enable them to sell surplus produce grown organically on

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50 Winfridus Overbeek (2010): *Economia Verde no Brasil: a privatização da Mata Atlântica. Projetos de REDD e áreas protegidas e seus impactos sobre mulheres e homens em comunidades tradicionais no litoral do Paraná. Acción por la Biodiversidad sobre Economía Verde.* [http://wrm.org.uy/oldsite/paises/Brasil/Economia\\_Verde\\_no\\_Brasil\\_a\\_privatizacao\\_da\\_Mata\\_Atlantica.pdf](http://wrm.org.uy/oldsite/paises/Brasil/Economia_Verde_no_Brasil_a_privatizacao_da_Mata_Atlantica.pdf).

51 Pers. comm. during visits by the author to villages affected by the project, between 2008 and 2011.

the collectively farmed agroforestry plots in the nearby market town of Antonina.

In a conversation with WRM researchers, a community member of the new settlement, working in the areas being recovered through agroforestry, shares her experience in restoring the degraded land: *“I have been living here for four years and I like it. [...] I work here, have some land too, and we work collectively. [...] So everyone helps, it’s very good, [...] In the future, further along, there’s going to be a thicket that will grow into agroforestry [...] so my companions and I will be able to have income, I think this is for the future. And it’s nice to come in here, see the trees, the plants. We don’t work just for money, we work with life in mind as well. We work with a lot of pride, a lot of love. Because plants are a form of life just like us, they also get thirsty [...]. I lived in the city [...] the city is horrible. [...] Here you can leave the house open. [...] And for my kids, this place is paradise. [...] Here there’s no violence.”*<sup>52</sup>

### A model project unfit for replication

*“It would be better if we’d never heard of SPVS in this region.”*<sup>53</sup>

The persecution by the *Força Verde* and the actions of SPVS have caused a situation in which communities affected by the *Guaraqueçaba Climate Action Project* feel like prisoners, cornered in their own houses, locked out of a forest that their families have called home for generations and that today they can look at but cannot go into or share in its bounties. When asked if the projects conserve the forest, community members respond that when they were still able to grow their crops close to their homes, there was more to hunt because the animals also fed off their crops. Now that they cannot maintain their forest gardens anymore, the animals have also become less numerous.

The Caiçara communities also do not share the view held by TNC and SPVS that their traditional way of life – the gathering of *palmito*, vine and other forest produce, subsistence hunting and fishing, and the cultivation of forest gardens – is the cause for the widespread forest loss in the region. *“We have been here for many generations, and still the forests haven’t disappeared like they did elsewhere. Still the rivers aren’t contaminated. Still the biodiversity isn’t extinct,”* one community member in the village of Rio Pequeno explained. Instead, by excluding villagers from the forests, the *Guaraqueçaba Climate Action Project* and the adjacent conservation area are pulling out the communities’ lifeline. The forest carbon projects were designed to generate offset credits for some of the

52 WRM (2012): Disputed Territory. The green economy versus community-based economies. A story of the peoples of the Atlantic Forest in southern Brazil. <http://wrm.org.uy/videos/disputed-territory-the-green-economy-versus-community-based-economies/>.

53 Peasant affected by the restrictions introduced by the *Guaraqueçaba Climate Action Project* in interview for the FERN film *Suffering here to help them over there*; see footnote 23.

world's largest polluters, and they are doing it by cutting off people from the land. Few of the people in these Caiçara communities have motors on their boats, even fewer own cars. People with some of the smallest carbon footprints on Earth are being displaced by companies with some of the biggest. *"It's a game that only has economic aims. It favours the big businesses and the NGOs. They don't care about the environment, they care about profit, the NGOs as much as the businesses; through carbon credits, they keep polluting, they keep earning more. And it's the communities that pay the price for all of this."*<sup>54</sup>

What TNC and its corporate partners promoted internationally as a model for forest restoration using carbon finance has turned out to be yet another example of suffering for local communities that have maintained the forest their families have depended on for generations. *"The forest can't be sold, it's ours. The others can use it but they need to know how to share it with us, not buy everything and expel us,"* a villager explains in the film *Suffering here to help them over there*.<sup>55</sup> In recent years the project has hardly ever appeared in promotional materials TNC produces to advocate for forest carbon markets and REDD. However, the restrictions for Caiçara communities that have protected the forests as a home and source of sustenance over the course of centuries remain in place. The forest carbon model of forest protection that SPVS and TNC are advocating is a threat to the Caiçara way of life, not a model for forest restoration to be replicated elsewhere. In sharp contrast with the benefits and employment that SPVS and TNC promised, Caiçara communities connect the *Guaraqueçaba Climate Action Project* with persecution by the *Força Verde* and harassment, violations of human rights, including social, cultural and environmental rights, and the loss of access to the forests that have always provided for them. It is thus a model forest carbon project unfit for replication.

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54 Pers. comm. during visits by the author to villages affected by the project, between 2008 and 2011.

55 <http://www.fern.org/sufferinghere>.





Veracel's eucalyptus plantation, Bahia

## 2.2 The Monte Pascoal-Pau Brasil Ecological Corridor: Carbon, Community and Biodiversity Initiative<sup>56</sup>

Like the *Guaraqueçaba Climate Action Project* in Paraná, the *Monte Pascoal – Pau-Brasil Ecological Corridor Initiative* has been marketed as a pilot project for financing restoration of ‘degraded’ forest through the sale of carbon credits.<sup>57</sup> It was the first project in Brazil to be awarded the ‘*Climate, Community & Biodiversity*’ certificate in 2010. The project is located in the far south of the Brazilian state of Bahia, in a region where the native *Mata Atlântica* forests have been destroyed

56 This section is an updated version of an article by the author, published in *Biodiversidade* and based on field research by Patricia Grinberg (2013), Ivonete Gonçalves and Winfridus Overbeek (2009).

57 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 such technical classifications. 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 the *Monte Pascoal REDD offset project*, for short.

by cattle ranching and, more recently, by large-scale monoculture eucalyptus plantations supplying a nearby pulp mill. In addition to the forest carbon project restoring degraded forest areas, communities in the project region were promised social benefits from the project. But the project ran into difficulties when the Forest Code, the national forest law in Brazil, was changed in 2012, reducing private landowners' restoration obligations. As a result, landowners lost interest in providing their land for restoration to the carbon offset project. But the project proponents had already signed an agreement to deliver carbon credits to a cosmetics company based on the assumption that landowners would respond to the incentive the carbon offset project was offering: the project pays private landowners so they will comply with the legal obligation to maintain or restore a certain portion of their land as native 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 forest restoration and carbon offset initiative

For many traditional and indigenous peoples' communities in the far south of Bahia, Brazil, where the project is located, artisanal fishing and tourism are the main sources of income. In recent decades, the expansion of tourism, large-scale eucalyptus plantations, cattle ranching on a large scale and the related deforestation and land speculation have had a significant impact on these communities' livelihoods. Community members speak of having perceived environmental 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.

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

*"The movement started entirely in Caraíva, [it was] about the watershed, the deforestation [...]. It was a project created inside the community, neither IBIO nor the big NGOs were involved."*<sup>58</sup>

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.<sup>59</sup> It aims

58 Representative of Associação dos Nativos de Caraíva. Cited in J. Kill (2013): The Monte Pascoal-Pau Brasil Ecological Corridor Carbon, Community and Biodiversity Initiative: Another carbon offset failure. Page 2. [http://wrm.org.uy/wp-content/uploads/2013/11/Carbon\\_community\\_and\\_biodiversity\\_initiative.pdf](http://wrm.org.uy/wp-content/uploads/2013/11/Carbon_community_and_biodiversity_initiative.pdf)

59 <http://www.conservation.org.br/publicacoes/files/CorredorCentraldaMataAtlantica.pdf>.



at connecting remnants of the native *Mata Atlântica*, including fragments found in two National Parks of the *Monte Pascoal-Pau Brazil Ecological Corridor* area.

The conservation groups approached the local association, *Associação dos Nativos de Caraíva* (ANAC), to become involved in the project. The large conservation NGOs Conservation International (CI) and TNC, who were also already part of the *Guaraqueçaba Climate Action Project*, became involved in the formulation of the conservation project at this stage and provided funding for part of the conservation initiative. Financial contributions were also received from tree plantation companies Veracel and Aracruz, facilitated by the regional group IBIO, which has close links to Veracel.<sup>60</sup>

TNC proposed to include a c.1,000-hectare carbon offset component into the 24,000-hectare conservation initiative, with the aim of restoring a corridor between the two national parks. The funding for creating this corridor was to come from the sale of carbon credits. 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 the restoration of 250 hectares of 'degraded land' that would store 316 tonnes of CO<sub>2</sub>e.

In 2010, the forest offset project was advertised as the first forest restoration

<sup>60</sup> [http://www.cepf.net/Documents/final\\_bioatlantica.pdf](http://www.cepf.net/Documents/final_bioatlantica.pdf).



## PROJETO DE RESTAURAÇÃO FLORESTAL

# Fazenda Sossego

**Proprietária:** Aldir Maria Bortot

**Município:** Porto Seguro

**Área restaurada:** 56,23 hectares

**Início do plantio:** julho de 2010

**Tonelada equivalente**

**de carbono:** 17.769 ton

**Modalidade:** Serviço Ambiental (Carbono)

**Fonte do recurso:** Natura Cosméticos

**Responsável técnico:** Dilson Sena de Andrade Netto (63851/CREA-BA)

corredor  
**MONTE PASCOAL**  
clima, biodiversidade

**PAU BRASIL**  
e comunidade



### INICIATIVA



### APOIO



Forest Restoration Project at Porto Seguro, South Bahia

project in Brazil to have received certification from the 'Climate, Community & Biodiversity' standard, CCB.<sup>61</sup> This standard is used by many REDD and other forest carbon offset projects as evidence of 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 rearing as causes for forest loss, they say very little about *another* main cause of deforestation in the region: the rapid expansion of eucalyptus tree plantations on a large scale.<sup>62</sup>

61 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 2 August, 2013.

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



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 Atlântica*, 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 Atlântica* forest to the small fragments that remain today.<sup>63</sup> During the 1990s for example, Veracel saw its activities suspended because of the company's involvement in deforestation.<sup>64</sup>

*“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.”*<sup>65</sup>

The main international and regional actors behind the conservation initiative, as well as the *Monte Pascoal carbon offset project*, have close links with Veracel, the largest plantation company in the region.

Instituto BioAtlântica (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 Antônio Sérgio Alípio, director of Veracel.<sup>66</sup>

Conservation International (CI) is one of the world's largest conservation organizations. Its CEO earns US\$ 464,500 annually,<sup>67</sup> 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.<sup>68</sup> In Brazil, CI is involved in a number of carbon

63 CEPEDES (2008): Violações Socioambientais promovidas pela Veracel Celulose, propriedade da Stora Enso e Aracruz Celulose, [http://wrm.org.uy/oldsite/paises/Brasil/CEPEDES\\_2008.pdf](http://wrm.org.uy/oldsite/paises/Brasil/CEPEDES_2008.pdf).

64 Veracel certification by FSC. WRM Briefing, <http://wrm.org.uy/actions-and-campaigns/new-briefing-on-fsc-certification-of-plantations/>.

65 Pers. Comm. with community activist during research visit in 2012. Cited in J. Kill (2013): The Monte Pascoal-Pau Brasil Ecological Corridor Carbon, Community and Biodiversity Initiative: Another carbon offset failure. Page 12. [http://wrm.org.uy/wp-content/uploads/2013/11/Carbon\\_community\\_and\\_biodiversity\\_initiative.pdf](http://wrm.org.uy/wp-content/uploads/2013/11/Carbon_community_and_biodiversity_initiative.pdf)

66 <http://ibio.org.br>.

67 <http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=3562#.Ug5BdJkOAg>.

68 <http://www.redd-monitor.org/2011/05/12/conservation-international-%E2%80%9Ccare-they-any-more-than-a-green-pr-company%E2%80%9D/>.

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 by restoring some 5,400 hectares in the *Guandu Basin* in the state of Rio de Janeiro.<sup>69</sup> CI also convened the *Climate, Community & Biodiversity Alliance (CCBA)*, which developed among others the CCB standard, by 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, in general, and of the inclusion of forest conservation activities in carbon markets, in particular. 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 Democratic Republic of the Congo (DRC) that has sold carbon credits to the Walt Disney company;<sup>70</sup> the Alto Mayo REDD project in Peru, also with sales to Disney;<sup>71</sup> the Central Cardamom Protected Forest project in Cambodia;<sup>72</sup> and the Makira Forest REDD project in Madagascar.<sup>73</sup> The Washington Post describes 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.*”<sup>74</sup> BP, Chevron, ExxonMobil and Shell are represented on its Business Council, and it pays its CEO US\$ 561,000 annually.<sup>75</sup> TNC also is a member of the *Climate, Community & Biodiversity Alliance*. The organization 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 the *Guaraqueçaba* forest carbon offset project described above and the Noel Kempff REDD pilot project in Bolivia.<sup>76</sup> The Rainforest Alliance (RA) is one of the largest in the business of land use certification, including, through its own label, as an accredited certifier for the Forest Stewardship Council (FSC), the CCB, the Verified Carbon Standard

69 [http://www.conservation.org/publications/Documents/CI\\_Brazil\\_Atlantic-Forest.pdf](http://www.conservation.org/publications/Documents/CI_Brazil_Atlantic-Forest.pdf).

70 <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/>.

71 <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/>.

72 <http://www.redd-monitor.org/2012/04/25/conservation-international-illegal-logging-and-corruption-in-the-cardamoms-cambodia/>.

73 <http://www.redd-monitor.org/2010/09/28/voices-from-madagascars-forests-the-strangers-theyre-selling-the-wind/>.

74 <http://www.washingtonpost.com/wp-dyn/nation/specials/natureconservancy/>.

75 <http://www.charitynavigator.org/index.cfm?bay=search.summary&orgid=4208#Ug5DCJkOAg>.

76 <http://www.greenpeace.org/international/en/publications/reports/carbon-scam-noel-kempff-carbo/>.

(VCS) and other carbon standards. Controversial REDD projects involving RA as a certifier include the Suruí Forest Carbon Project in Brazil, the Madre de Dios REDD project in Peru, the Sofala Community Carbon project in Mozambique<sup>77</sup> and the first widely marketed REDD project to let its CCB certification expire, the Ulu Masen REDD project in Indonesia.<sup>78</sup>

Os projetos e seus atores: produzir gráficos

### 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 to the CCB for certification. This project document focuses on the 17-hectare restoration work undertaken as part of the first carbon contract, but suggests that additional areas like the 250 hectares that are part of the carbon contract with cosmetics company *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. 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.”*

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*”

77 <http://www.redd-monitor.org/2013/06/18/carbon-discredited-new-report-on-environrades-nhambita-carbon-project-in-mozambique/>.

78 For more information on these international actors and their involvement in forest carbon market initiatives, see WRM (2014): ‘Trade in Ecosystem Services. When payment for environmental services delivers a permit to destroy’, <http://wrm.org.uy/books-and-briefings/trade-in-ecosystem-services-when-payment-for-environmental-services-delivers-a-permit-to-destroy/>.

conducted by members of local community associations.”<sup>79</sup>

The report<sup>80</sup> 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.”

## **CCB - 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.”<sup>81</sup> 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 in August 2014, 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 a quasi-prerequisite for the successful sale of REDD project credits in the voluntary carbon market:

*“Actually, it is not profitable, but if you do not have certification, companies*

79 [https://s3.amazonaws.com/CCBA/Projects/The\\_Monte\\_Pascoal-Pau\\_Brasil\\_Ecological\\_Corridor/cpa\\_dd\\_caraiva.pdf](https://s3.amazonaws.com/CCBA/Projects/The_Monte_Pascoal-Pau_Brasil_Ecological_Corridor/cpa_dd_caraiva.pdf).

80 [https://s3.amazonaws.com/CCBA/Projects/The\\_Monte\\_Pascoal-Pau\\_Brasil\\_Ecological\\_Corridor/The\\_Nature\\_Conservancy\\_Brazil\\_CCB\\_valid\\_assess\\_09.pdf](https://s3.amazonaws.com/CCBA/Projects/The_Monte_Pascoal-Pau_Brasil_Ecological_Corridor/The_Nature_Conservancy_Brazil_CCB_valid_assess_09.pdf).

81 <http://www.climate-standards.org/2009/04/16/launch-of-forest-carbon-standards-in-new-languages-reaches-key-audiences/>.

*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<sup>82</sup> that confirmed a widely-held perception: 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 assurances that standards are complied with or that benefits promised to communities have been delivered.

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, there is difficulty convincing enough landowners to actually sign up for the project. This difficulty is to a large extent due to changes in 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 Atlântica* region, the percentage of land to be protected amounted to 20%, and areas around springs and along river banks had to be maintained as Permanent Protection Areas (APPs – acronym in Portuguese). In the context of REDD, TNC and CI have argued that because many landowners were violating the legal obligation to restore, protect and register the forest as called for by law, carbon offset projects should be used as ‘incentives’ to increase carbon storage in forests, and pay the landowners to restore the land they were obliged to maintain or restore as forest by law. Many have criticized 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 adopted in 2012, few private landowners 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 for restoration if landowners register the land as required. Because of these changes, the new legislation provides the same impunity from past violation of the law as the carbon offset had promised, and the motivation for private landowners to become involved in the carbon

82 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>.

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 landowners who had previously indicated interest in participating but withdrew their offer 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 landowner does not accept the restoration offer, if other companies do not come, if the Forest Code was 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 showing an interest in providing land for the project was the pulp and paper company Veracel. The company is already involved 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”*.<sup>83</sup> A consultancy, Way Carbon, was hired in February 2013 to determine whether the areas of 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 one local activist noted: *“Veracel has social and environmental commitments to the territory that have to be met because they are making 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 appearances. What would local communities, the international press and the buyer of the carbon credits say if one of the country’s largest tree plantation companies were to be paid through a carbon offset project to restore degraded

83 [http://newgenerationplantations.com/pt/pdf/climate\\_south\\_brazil\\_carbon.pdf](http://newgenerationplantations.com/pt/pdf/climate_south_brazil_carbon.pdf).

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, thus preventing the reforestation of the degraded areas. But there are no cattle grazing 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 – the one 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.*” President of 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 organizations have moved on, while the local community associations are left to shoulder the responsibility.

### Community interests the first to be discarded

In a region where tourism and artisanal fishing were by and large the only sources of income, the provision of technical skills, jobs and incomes was cited as a key component of the *Monte Pascoal reforestation project*. In an interview with journalist Patricia Grinberg in April 2013, CI Brasil’s Luis Paulo Pinto described the importance of COOPLANTAR, explaining: “*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 formalization 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 training 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 positions 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 jobs and income for members of local impoverished communities".<sup>84</sup>*

Hence, COOPLANTAR, 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. The initiative certainly provided some training and skills in tree planting and maintenance, and initially some employment and income. Only a few years later, however, many co-op members were jobless or working in activities unconnected with the forest carbon offset project, as day labourers on cattle ranches, on 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 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 Labour based in Eunápolis determined that the cooperative cannot provide work to non-co-op members. Ever since, IBIO has retreated."* President of COOPLANTAR

Natureza Bela's José Francisco Junior, a founding member of COOPLANTAR, states matter-of-factly: *"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 labour 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 – assigned a central role

<sup>84</sup> <http://er.uwpress.org/content/28/2/199.abstract>,



in the project documents produced 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:

*“The activities to be carried out by ANAC and ASBENC were cut out of the budget, they were overseeing and monitoring the planting, that was one of the activities of the two associations but it didn’t happen.”*

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 and 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 publicly 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. They had stopped working as a result of a lack of protection against the humid and salty air that is typical of coastal areas. Eventually, the computers and internet access at the ANAC offices were reinstated – 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?

Research into this much advertised and certified forest carbon offset project has revealed yet another project that does not keep the promises made to 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 the main beneficiaries of the project turn out to be private – often absentee – landowners, conservation organizations and one of the region’s biggest agents of deforestation, the pulp and paper company Veracel.

As a community activist in the Caraíva region remarked: “*These are momentary campaigns, activities structured to primarily serve the certification needs of Veracel, or Petrobras, or the carbon market. They aren’t activities to 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.*”<sup>85</sup> 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.<sup>86</sup>

The interviews with local community members also provide confirmation that information provided by proponents of REDD and other carbon offset projects when they seek community support for these activities is often one-sided. Insufficient explanation is given about the fact that these offset credits are used by companies to justify additional emissions above a legal or moral limit, or are used to greenwash the polluting operations of a corporation. 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 addresses the community’s actual needs because it is not involved in the design stages and the project’s pace and timelines align 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

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85 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.

86 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>.

a representative of 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. [...] 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 country, does not matter: the critters want more fruit, more forest.*”

In contrast with the IBIO perspective, for local activists and community organizations, it does matter very much who owns the land that is included in a conservation initiative. And while for them, too, animals and forests matter, particularly when their livelihood depends on healthy forests 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.*”

# 3 Conclusion

What are the lessons from these two REDD failures?

*“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.”<sup>87</sup>*

Like in many other places where forest carbon or REDD projects have appeared, traditional forest use practices have been vilified while the drivers of large-scale deforestation remain unaddressed. The *Guaraqueçaba Climate Action Project* has become a serious threat to the way of life of the Caiçara communities that have protected the forests for centuries. Contract obligations are forcing proponents of the *Monte Pascoal – Pau-Brasil Ecological Corridor Initiative* to consider including lands from one of the major drivers of deforestation in the region, the monoculture eucalyptus plantations that provide raw material to Veracel. This pulp company owns around 200,000 hectares of land in Bahia, the majority of which covered by eucalyptus plantations.<sup>88</sup>

In both projects, promises of social benefits and employment were made when the conservation NGOs presented the projects to community members. And in both projects, few of the promised community benefits materialized – and even fewer lasted. The experience of broken promises is one all too familiar to communities living in places where REDD and related forest carbon offset projects have been introduced.<sup>89</sup> First reports about REDD projects expected to integrate into the jurisdiction-wide REDD regulation in Acre, Brazil, suggest that simple scaling up from projects to jurisdiction-wide approaches will make little difference to affected communities if the approach to tackling deforestation

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

88 Leopold Broers & An-Katrien Lecluyse (2010): Sustainable on paper: The eucalyptus plantations of Bahia, Brazil. [www.mo.be/en/article/sustainable-paper-eucalyptus-plantations-bahia-brazil](http://www.mo.be/en/article/sustainable-paper-eucalyptus-plantations-bahia-brazil).

89 For more detail, see also the WRM publication *Trade in Ecosystem Services. When payment for environmental services delivers a permit to destroy* (<http://wrm.org.uy/books-and-briefings/trade-in-ecosystem-services-when-payment-for-environmental-services-delivers-a-permit-to-destroy/>) and the 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/>.

remains the same: traditional forest use is vilified while the large-scale drivers of deforestation remain unaddressed.<sup>90</sup>

Both projects described in detail in this publication have also been marketed as pilot projects for financing restoration of ‘degraded’ forest through the sale of carbon credits. While public information on the financial viability of the projects is scarce, the local conservation groups responsible for managing the projects on the ground have commented that financial difficulties are in part to blame for the broken promises, the dismissal of workers and the scaling back of restoration activities.

Reflecting on his visit to the *Guaraqueçaba Climate Action Project*, journalist Mark Schapiro explains why stories like the one of the *Guaraqueçaba Climate Action Project* are important: “*This is actually a small story. It’s a small story about, let’s face it, kind of a small part of the world. It’s also a huge story because if forests become central to the global warming strategies of the United States and perhaps even to the international community, then we’re going to have stories like this reproduced multiple times all over the world.*”

While the fate of REDD markets remains unknown, sadly, stories like the ones in Guaraqueçaba already have been reproduced multiple times, and all over the world as REDD has spread. They are one reason why the voices saying ‘No to REDD’ are becoming louder. Experiences like that of the Caiçara communities with the *Guaraqueçaba Climate Action Project* are the rule rather than the exception in places where REDD has made an appearance: people with some of the world’s smallest carbon footprints are being displaced so their forests can become offsets.<sup>91</sup>

And although the UN climate talks have yet to make a final decision on funding instruments for REDD, model projects and pilot initiatives are preparing REDD as a ‘market-based’ instrument that will generate carbon credits. Among the most influential initiatives of such a forest carbon market are the World Bank’s Forest Carbon Partnership Facility, the SISA law in Acre, Brazil, but also the individual REDD projects marketing REDD credits on the voluntary carbon market to corporations and other clients. Not all REDD pilot initiatives in operation today generate credits that are traded, but they are all designed so as to easily slot into a market-instrument that uses tradable REDD credits.

One of the central arguments cited for using tradable credits as a source of funding REDD is that such a ‘market-based’ instrument would mobilize funding from the corporate and finance sectors. To date, however, such private sector funding has been a trickle, while the bulk of funding for advancing REDD and

90 Verena Glass (2013): Projetos de carbono no Acre ameaçam direito à terra. <http://reporterbrasil.org.br/2013/12/projetos-de-carbono-no-acre-ameacam-direito-a-terra/>.

Centro de Memória das Lutas e Movimentos Sociais da Amazônia (2013): Observations on a private REDD project in the state of Acre, Brasil. <http://wrm.org.uy/books-and-briefings/observations-on-a-private-redd-project-in-the-state-of-acre-brasil/>.

91 See the website REDD Monitor for comprehensive coverage in English of community experience with REDD. [www.redd-monitor.org](http://www.redd-monitor.org).

setting up its infrastructure, has come from public sources. The World Bank's Forest Carbon Partnership Facility, the UNREDD programme, Norway's substantive commitment for REDD and bilateral agreements like the 16 million agreement between German development bank KfW's REDD Early Mover Programme and the state of Acre all provide public money for building a forest carbon market.

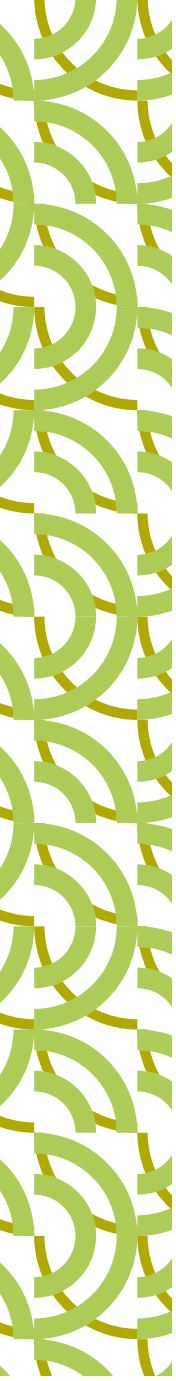
Still, despite the reliance on public funding, the disturbing social and human rights record of far too many REDD projects and the spurious calculations on which forest carbon credit calculations rely, proponents of REDD find it difficult to acknowledge the many problems that trading forest carbon is already creating. Based on existing experience, it seems unlikely that these problems would just disappear if the UN included REDD into an international climate agreement. Many of the problems and conflicts that have arisen are inherent to an approach based on protecting forests through trading carbon credits – be they from individual projects or national or state-level REDD programmes that generate tradable carbon credits.

This is also the lesson taught by the 'forgotten failures' of Guaraqueçaba, Monte Pascoal and elsewhere. International conservation NGOs may have moved on to the next generation of REDD.2 models, but the consequences of REDD.1 – pre-existing and new local conflicts and power inequalities that are created or exacerbated when REDD projects are implemented, criminalization and loss of livelihoods – still pose a threat to communities long after the pilot projects have disappeared from the glossy brochures of corporations and their conservation partners.<sup>92</sup>

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92 For more detail on the long-term consequences for communities affected by a much-cited forest carbon offset project in Uganda that was abandoned when conflicts between the project owners and the affected communities made the carbon credits from the project unattractive for prospective buyers, see Connor Cavanagh & Tor A. Benjaminsen (2014): Virtual nature, violent accumulation: The 'spectacular failure' of carbon offsetting at a Ugandan National Park. *Geoforum* 56 (2014). Pages 55-65.





In many places where forest carbon projects are implemented, traditional forest use has been blamed for forest loss while the drivers of large-scale deforestation remain unaddressed – and deforestation and the emissions associated with it continue. This article explores some of the controversies that arise when conservation groups or specialist companies, often supported by international agencies like the World Bank, arrive with their forest carbon pilot

initiatives. Two early forest carbon offset projects in Brazil, the Guaraqueçaba Climate Action Project in the coastal Mata Atlântica biome of Paraná and the Monte Pascoal – Pau-Brasil Ecological Corridor: Carbon, Community and Biodiversity Initiative in the Mata Atlântica biome of the far south of Bahia left mainly broken promises.

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