



## Carbon credits in conservation and the offsets debate

Carbon credits developed from the emergence of the Kyoto protocol in 1997 under the United Nations Framework Convention on Climate Change (UNFCCC). The protocol resulted from the global commitments of developed countries to work towards reducing the emission of Green House Gases (GHGs) into the atmosphere which are causing global warming. The Intergovernmental Panel on Climate Change, an expert panel of renowned scientists, has released a series of reports, the latest being in 2007, which show that anthropogenic (human induced) release of GHGs due to fossil fuel burning, deforestation and land use change, is linked to the cause of accelerated and unnatural global warming leading to what is commonly termed today as 'climate change'.

The Kyoto Protocol set targets for developed countries to reduce emissions in various industrial and business sectors. For those countries that cannot meet their targets i.e. develop technology changes or behavioural change that sufficiently reduce emissions, they have the opportunity to invest in developing countries through the Clean Development Mechanism (CDM) and thus "offset" their emissions. They could therefore support, for example, renewable energy projects in these developing countries and "buy" the carbon credits that these projects create as they reduce the developing countries' reliance on fossil fuels. These credits could then be traded between countries. Credits can also be traded between developed countries where one may have oversubscribed on their targets and others have undersubscribed. This is known as the compliance market.

Initially in the CDM process, land use offsets were not included as it was felt that this would discourage the developed world from mitigating their impact through the development and implementation of newer and cleaner technologies. However, more recently afforestation and reforestation (A/R) have been included under CDM. The process for gaining credits through these A/R projects has been difficult and costly to the developing country. For this reason there are very few A/R projects worldwide accredited through the CDM. In response to the CDM challenges, a "voluntary market" has been established by which business and industry could "offset" their own emissions and trade these internationally. The standards process associated with offsets i.e. the process by which one verifies that the carbon you claim to have stored in your trees is in fact stored is probably the most challenging but yet critical aspect of these projects, to ensure that the activity is indeed an offset.

For this reason the Voluntary Carbon Standard (VCS) and Community, Climate and Biodiversity Standard (CCBS) have emerged. The VCS closely follows the format of CDM but does not require host country authorization which reduces transaction costs. It is a well recognised international standard and is being increasingly utilized with new methodologies being developed under it for projects such as Reduced Emissions from Deforestation (REDD). Although both the CDM and VCS are very strong standards for verifying carbon reduction, they lack the enhancement of the community and biodiversity elements that the land use projects also provide, as well as the elements of adaptation to climate change. For this reason the CCBS was developed through the Climate, Community and Biodiversity Alliance, an international partnership of conservation NGOs and corporates. By including CCBS as part of the design process, one can ensure that a project highlights the multiple benefits of restoration/reforestation projects over and above the carbon stored, and they can therefore also be linked with the CDM and VCS standards and verified in conjunction. For more information see [www.carbon-standards.org](http://www.carbon-standards.org)

The process of gaining a carbon credit with these standards requires a baseline determination of carbon stock, and then the *validation* of the proposed methodology of reforestation/restoration by an auditing firm with these qualifications. After 4 years, and once the area is starting to establish and the vegetation is growing, the auditor returns to *verify* the actual amount of carbon stored in the land. Once the amount is verified, you are provided with your credit certificate and are thus *accredited* and are free to trade these credits. Projects that have not been accredited with standards cannot be called offsets and it has also been proven that carbon credits can be sold at a premium when CCBS is included.

Globally the climate change “offset” movement has grown substantially over the past few years with many organisations seeking to offset their footprint and even more organisations offering to provide this service. Whilst the offset principle is solid when applied properly, the practice has become mired in controversy as there are a number of organisations offering this service in the absence of robust, verifiable offset models.

The Climate Action Partnership has developed in some respects in response to the threat that these unverified offsets pose to biodiversity conservation. The partnership consists of 8 conservation NGOs who together promote and implement the restoration and conservation of intact healthy ecosystems. See more on [www.cap.org.za](http://www.cap.org.za). CAP also promotes the use of CCBS and VCS/CDM standards in all of their mitigation projects. This requires a substantial amount of upfront funding but without this accreditation, *bona fide* offset trading cannot take place. CAP also uses the CCBS to ensure that biodiversity and community benefits are enhanced in all projects and where applicable, the “adaptation to climate change” benefit. These include restored or maintained ecosystem services, water and soil quality enhancement, reliable food sources etc and therefore build resilience for people (especially the most vulnerable) against the impacts of climate change.