

Building Forest Carbon Projects

A Synopsis



2011

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A Synopsis

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Forest Trends/EcoDecisión

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* A Note about this Version:

The 2011 *Building Forest Carbon Projects* series has expanded upon Forest Trends' 2010 publication, *Building Forest Carbon Projects: A Step-by-Step Guide, Version 1.0*: this overview has updated the 2010 publication and is now complemented by eight guidance documents covering a range of critical aspects of forest carbon project design. The series will be updated as major changes shape the market and regulatory landscape and as we receive feedback from researchers and experts in the field. Suggestions for improvements and updates to this series are welcome and may be sent to Jacob Olander (jolander@ecodecision.com.ec) or Johannes Ebeling (ebeling.johannes@gmail.com).



Forest Trends' mission is to maintain, restore, and enhance forests and connected natural ecosystems, life-sustaining processes, by promoting incentives stemming from a broad range of ecosystem services and products. Specifically, Forest Trends seeks to catalyze the development of integrated carbon, water, and biodiversity incentives that deliver real conservation outcomes and benefits to local communities and other stewards of our natural resources.

Forest Trends analyzes strategic market and policy issues, catalyzes connections between producers, communities and investors, and develops new financial tools to help markets work for conservation and people.

www.forest-trends.org



The **Katoomba Incubator** provides comprehensive support to bring promising ecosystem services projects to the point where they can access markets or other sustainable finance. The Incubator focuses primarily on communities and small to medium landowners, a sector that plays a critical role in providing ecosystem services but faces particular barriers and challenges to finance, providing an integrated suite of support that can include technical, business and legal resources.

www.katoombagroup.org/incubator



EcoDecision is a social enterprise dedicated to developing new ways to finance conservation. EcoDecision is a pioneer in the emerging ecosystem services markets of climate change mitigation, water source protection and biodiversity conservation.

Established in 1995 by Jacob Olander and Marta Echavarría, EcoDecision is based in Quito, Ecuador, and works throughout Latin America with a broad array of clients and partners, including international and national non-governmental organizations, businesses, and government institutions.

www.ecodecision.com.ec

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Building Forest Carbon Projects



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The documents in this guidance series include:

Step-by-Step Overview and Guide

Jacob Olander and Johannes Ebeling

REDD Guidance: Technical Project Design

Joerg Seifert-Granzin

AR Guidance: Technical Project Design

Johannes Ebeling and Álvaro Vallejo

Carbon Stock Assessment Guidance: Inventory and Monitoring Procedures

David Diaz and Matt Delaney

Community Engagement Guidance: Good Practice for Forest Carbon Projects

Tom Blomley and Michael Richards

Legal Guidance: Legal and Contractual Aspects of Forest Carbon Projects

Slayde Hawkins

Business Guidance: Forest Carbon Marketing and Finance

Phil Covell

Social Impacts Guidance: Key Assessment Issues for Forest Carbon Projects

Michael Richards

Biodiversity Impacts Guidance: Key Assessment Issues for Forest Carbon Projects

John Pilgrim, Jonathan Ekstrom, and Johannes Ebeling

Building Forest Carbon Projects - Synopsis

Developing forest carbon projects is complex and often daunting for project proponents, whether they are from the private sector, government, or civil society. Successful project development requires complying with rigorous standards of analyzing and documenting carbon benefits, working through an array of legal, business, and community relations issues, and actually carrying out the challenging work of reforestation, and forest and land management activities that go beyond business as usual.

This series aims to provide streamlined guidance to project proponents and developers to help navigate these challenges, outlining the key actions and considerations required to ensure a successful and sustainable project. The series is informed by the practical experiences of the Katoomba Incubator and our many partner organizations, and it is enriched by references to the many guidebooks, tools, and resources that are currently available – though, perhaps not always easily identifiable – to project developers.

Composed of nine volumes, the *Building Forest Carbon Projects* series is best accessed first through the *Step-by-Step Overview and Guide*, which outlines the key steps in the project development cycle. This overview is complemented by the eight guidance documents that constitute the meat of the series, with each exploring in detail one critical aspect of forest carbon project development.

Step-by-Step Overview and Guide

Jacob Olander and Johannes Ebeling

This overview takes the reader through the key steps and components of developing a forest carbon project that can produce marketable emissions reductions under what are currently the most widely utilized carbon standards: the Verified Carbon Standard (VCS), the Clean Development Mechanism (CDM), and, for co-certification, the Climate, Community & Biodiversity (CCB) Standards. Beginning with the formulation of a project idea and initial project design, the guide continues through the development of a Project Design Document and implementation strategy, project financing, validation and registration, implementation and monitoring, and finally through verification and credit issuance. While discussing project development in this linear way, the overview also examines key cross-cutting issues, often with reference to the guidance documents of this series.

REDD Guidance: Project Technical Design

Joerg Seifert-Granzin

This guidance document discusses the technical options for various stages of development for Reducing Emissions from Deforestation and Forest Degradation (REDD) projects. It begins with the basic aspects of project design, offering guidance on choosing and defining eligible activities, setting the project boundaries, assessing the drivers, agents, and underlying causes of deforestation, and designing appropriate project interventions. It then addresses methodological issues that arise in later stages of project development and implementation, offering guidance on VCS-compliant methodologies as well as issues related to remote sensing, baseline, leakage, and risk assessment.

AR Guidance: Project Technical Design

Johannes Ebeling and Alvaro Vallejo

This guidance document focuses on the chief technical and methodological issues that arise in the design, development, and implementation of Afforestation and Reforestation (AR) projects, with an emphasis on the CDM, VCS, Plan Vivo, and CarbonFix standards. These four main standards for AR projects are briefly reviewed in terms of scope of activities, land eligibility, baseline scenario development, demonstrating additionality, definition of project boundary, project start date and crediting periods, permanence assurance, type of credits, emissions, and leakage. In addition to offering guidance on choosing between available methodologies and standards, this document provides an overview of AR methodological tools.

Carbon Stock Assessment Guidance: Inventory and Monitoring Procedures

David Diaz and Matt Delaney

This guidance document introduces readers to the best-practice world of carbon stock assessment, covering the steps and issues involved in constructing credible and cost-effective inventory and monitoring procedures. In addition to laying out the who, what, where, how, and when of carbon stock assessment, this document includes an insightful discussion of the strategic implications of inventory and monitoring design, highlighting how this seemingly narrow technical aspect of project development can help developers achieve a project's diverse goals.

Community Engagement Guidance: Good Practice for Forest Carbon Projects

Tom Blomley and Michael Richards

Recognizing the critical role that communities and other local stakeholders play in the successful design, development, and implementation of forest carbon projects, this guidance document explores the tools and guidelines for incorporating community priorities and concerns into forest carbon projects from design to verification. Key issues addressed include free, prior, and informed consent (FPIC), tree and natural resource tenure, equity and benefit-sharing, and alternative livelihood options.

Legal Guidance: Legal and Contractual Aspects of Forest Carbon Projects

Slayde Hawkins

This guidance document discusses a wide array of legal issues that are likely to arise during the project development process. It starts with a discussion of key regulatory issues, including carbon ownership, advising readers to be aware of the host government's position on REDD projects and legal rights associated with project development itself. It then discusses legal issues that may arise in project governance itself, including fund management, and the key components of a forest carbon purchase agreements. Critically, this document offers readers guidance on when it may be crucial to seek out legal advice as well as how to efficiently allocate legal expenditure throughout the project development cycle.

Business Guidance: Forest Carbon Marketing and Finance

Phil Covell

This guidance document is designed to help project proponents and developers build a business case and identify realistic opportunities for obtaining carbon-motivated funding. A strong emphasis is placed on generating project revenues, without which financial tools are meaningless. Then, starting with tools for pre-feasibility analysis, this chapter provides guidelines for business planning and financing the gap that typically exists between early project development expenses and the first carbon or forestry revenues.

Social Impacts Guidance: Key Assessment Issues for Forest Carbon Projects

Michael Richards

This guidance document outlines an approach to ensuring and demonstrating positive social or community impacts of forest carbon projects. Much of this chapter is concerned with how project proponents should design a credible social impact monitoring system and generate evidence of net-positive social impacts to present to external auditors at regular intervals.

Biodiversity Impacts Guidance: Key Assessment Issues for Forest Carbon Projects

John Pilgrim, Jonathan Ekstrom, and Johannes Ebeling

Starting with the premise that biodiversity impacts are increasingly recognized as a core benefit of forest carbon projects, this guidance document describes the key components of a credible biodiversity impact assessment and monitoring approach. It offers pragmatic advice by presenting best practice along with cost-effective alternatives, recognizing the project budgetary limitations and developing-country constraints that many forest carbon project developers will face.



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