



United Nations under Pressure to denounce Human Rights Abuses in Carbon Offsetting Scheme

Brussels, 18 April 2011. The United Nations' Clean Development Mechanism Executive Board has so far failed to respond to human rights abuses linked to a carbon offsetting project in Honduras that is currently pending registration. Environmental and Human Rights Groups are now demanding that the project be rejected from receiving funding under the offsetting scheme. They are also calling for an overhaul of the scheme to strip projects that violate human rights from the list of registered projects.

Background: The project under question has requested funding under the Clean Development Mechanism (CDM) an offsetting scheme set up under the United Nations' Kyoto Protocol. The project is located in the Bajo Aguan region in Honduras and intends to reduce emissions by collecting biogas from methane emissions and replacing fossil fuels utilized for heat generation in a mill of a palm oil plantation of Grupo Dinant's subsidiary Exportadora del Atlantico. In the context of the CDM it is a relatively small project, forecasting to reduce annually about 23000 tonnes carbon dioxide that could generate about 2.8 million US\$ over the period February 2010 to January 2017.

CDM Project Developer Denounced for Human Rights Abuses

Last week the German public development bank DEG (Deutsche Entwicklungsgesellschaft) declared that it will not pay out an already approved loan to Grupo Dinant, the value of which Dinant owner Miguel Facussé reportedly put at \$20 million USD. Following suite, also EDF Trading, a wholly-owned subsidiary of Electricité de France SA's and one of the biggest CDM investors, has pulled out from a contract to buy carbon credits from the project. These moves came as a response to findings in a recent report by a Fact-Finding Mission of several international human rights groups led by FIAN.

The report of the international human rights mission was submitted on 25 March 2011 to the Rapporteur for Honduras of the Inter-American Commission on Human Rights and confirms that 23 peasants have been killed between January 2010 and February 2011 in Bajo Aguan, Honduras. According to state attorneys, investigations of at least five of the killings are exclusively directed at private security forces contracted by a Facussé owned firm.

Government of United Kingdom Adheres to Approval of the Project

In a letter dated June 2009, the United Kingdom's CDM authority confirmed its voluntary participation in the Aguan project for EDF Trading. This step is required for the CDM project to sell its credits once registered. In March 2011, 76 organisations sent an Open Letter to the UK Government, urging them to withdraw their authorisation. In a response received on 14 April 2011, Chris Huhne, Secretary of State for Energy and Climate Change, rejected the demands to withdraw project authorisation based on current information available. He stated that he would ask the Honduran Government and EDF Trading for information and also ask the CDM Executive Board to investigate the case further.

"Based on the facts at hand we consider it unacceptable for the UK government to adhere to their approval of the project" commented Martin Wolpold-Bosien, FIAN coordinator for Central America *"Chris Huhne's letter suggests that he will be guided by the Honduran government's views, yet this is a government widely considered to be illegitimate and one ultimately responsible for the impunity with which crimes like those in the Bajo Aguan land conflicts are being committed."*

The CDM Executive Board is expected to assess the application of the Aguan project over the coming weeks with a final decision estimated at their next meeting to conclude on 3 June 2011.



Sustainable Development Criteria

The CDM Executive Board, the body that approves individual CDM projects, has stated that they have no mandate to investigate human rights abuses and that any matters related to the sustainable development of the project – one of the two official key requirements of the CDM – is determined by the government that hosts the project, in this case the de-facto government of Honduras.

“This places a crucial decision into the hands of a government that has obvious interests for the project to go ahead. It is therefore not surprising that so far no project has ever been rejected for non-compliance with the sustainable development criteria.” said Eva Filzmoser, Programme Director of CDM Watch. She therefore commended EDF Trading’s move as *“a highly encouraging decision that prioritizes the protection of human rights over their economic benefits.”*

This was also echoed by the Carbon Markets & Investors Association that called in a press statement on 13 April 2011 that proven human rights abuses related to CDM projects be *“rejected from the UN approval processes”* and *“requests all buyers, verifiers and other providers of CDM related services to immediately terminate their commercial relationship.”*

Overhaul of Carbon Offsetting Scheme Needed

“Reported human rights abuses related to CDM project activities have caused widespread dismay that human rights are not being taken seriously under the CDM” said Eva Filzmoser *“The CDM Executive Board must take this issue seriously. If there are no rules in place that allow for the rejection of projects based on human rights abuses, it is time to change this now.”*

Environmental and Human Rights Groups are now calling on the CDM Executive Board to re-assess its mandate and find ways of preventing projects that are linked to violations of international laws from acquiring eligibility under the CDM. A stringent requirement for CDM auditors to check conformity with international human rights laws when validating projects would be an option. Moreover, the detection of non-conformities during the monitoring period, e.g. incidents that involve human rights violations, should lead to suspension of issuance and the project being stripped of CDM eligibility.

“Excluding carbon offset projects that fund human rights abuses from the CDM would only be a logical move given that responsible investors should not be interested in buying carbon credits from projects that do not comply with international standards, including UN conventions” Filzmoser added.

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Supporting Documents for Download:

- [English and German Versions](#) of this Press Release.
- [Press Statement on 2011 International Mission’s Preliminary Report on human rights violations in Bajo Aguán](#), 12 April 2011
- [Open Letter, signed by 76 Organisations to the UK Government, 4 February 2011](#)
- [Response by UK Government, 14 April 2011](#)
- [Letter to the CDM Executive Board, 5 January 2011](#)
- More information:
 - [Honduras Palm Oil Plantations: Sustainable Development Facade](#)
 - [10 minute video documentary “Report from Land Occupations in Post-Coup Honduras”](#)



About the CDM

The Clean Development Mechanism (CDM) is a project-based flexible offset mechanism under the Kyoto Protocol that allows the crediting of emission reductions from greenhouse gas abatement projects in developing countries. The CDM has two purposes: it should assist developing countries in achieving sustainable development and help industrialised countries to reduce the costs of greenhouse gas abatement. Countries with a commitment under the Kyoto Protocol can use CERs to meet a part of their obligations under the Protocol. There are currently more than 2500 registered CDM projects in 58 countries, and about another 2500 projects in the project validation/registration pipeline. Based on estimates in submitted project design documents, the CDM could generate more than 2.9 billion certified emission reductions by the end of the first commitment period of the Kyoto Protocol in 2012, each equivalent to one tonne of carbon dioxide.

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