Carbon Market Watch

#4 December 2012

Watch This!

NGO Voices on Carbon Markets

Welcome

to the post-COP edition of our NGO newsletter "Watch This! NGO Voices on carbon markets"!

At COP18 in Doha, countries did little to address the billion tonne gap we need to close in order to keep us safe from catastrophic climate effects. No new mitigation pledges were made and most loopholes remain. Yet some positive decisions were made: Parties did agree that no new hot air should be created in the next Kyoto commitment period and that only a limited amount of hot air from the first commitment period can be used. Still, decisions in Doha did nothing to ensure that the world will stay below 2 degrees warming, carbon markets keep spreading and common rules are lacking. We'll need to work together to continue building pressure for real solutions and keep fighting to avoid the worst projects and policies.

In this edition you'll read about COP18, the game of poker we won on the Titanic and why bad decisions on the CDM might be good news. In our special dossier you can read first reactions on COP18 and carbon markets from around the world including comments on REDD, soil carbon markets, new market mechanisms and more. You'll also read about why Civil Society needs to be cautious in agriculture negotiations, hear about problematic windpower projects in Mexico and the infamous Bisasar Road landfill project in South Africa.

Watch This! NGO voices on Carbon markets' appears quarterly in English, Spanish and Hindi with campaign updates and opinion pieces from around the world. If you would like to contribute to the next edition of **Watch This!** or have any comments, please get in touch with antonia.vorner@carbonmarketwatch.org

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COP18 summary – We won a game of poker on the Titanic!

By Eva Filzmoser, Director Carbon Market Watch

Much to our regret, countries who met at COP18 in Doha did little to address the billion tonne gap we need to close in order to keep us safe from catastrophic climate effects.While Environmentalists and representatives of vulnerable countries demonstrated their worries about the future of our planet, the carbon market industry worried about the future of the carbon price, which has reached a record low of 50 cents per tonne of CO2. Neither of the problems was really resolved. Yet, related to carbon markets (or a sinking ship) some positive decisions were made.

The challenge was and still is about what should be done with the huge surplus of carbon credits between 2013 and 2020. Although the logical conclusion would be to increase the level of ambition, other creative ideas on how to increase the carbon market price were under discussion. Many sessions, including a high level segment on carbon markets, focused on what should be done with the 4 gigatonnes surplus of carbon credits from the Clean Development Mechanism (CDM) and the 13 gigatonnes surplus of hot air emission permits (AAUs) from International Emissions Trading. While India suggested the creation of a stabilization fund to buy up surplus CDM credits, New Zealand advocated for allowing access to the Kyoto Protocol Mechanisms for all. Carbon Market Watch gives Parties the thumbs up for rejecting both options, but is dismayed about the lack of political will to address fundamental flaws of the CDM.

Doha: the end of the CDM?

Negotiations at COP18 on the future of the Clean Development Mechanism (CDM) started off with potentially good options as a basis for the final decisions prepared by the Chair. However, throughout the sessions on the CDM, this draft negotiation text was remarkably weakened and don't address any of the quality concerns repeatedly highlighted by scientists. For example, new findings from the CDM policy research team show that large-scale power supply CDM projects (such as large hydro and coal power projects) are mostly non-additional and therefore increase global emissions. Despite the fact that these projects are expected to deliver more than half of all CDM credits by 2020, supply and quality oriented options that would avoid these fake carbon credits from entering the system where not even considered. Instead, the final decision allows for more flexibility and less stringent additionality testing. Other suggested improvements, such as clarity about the consequences of a Party

Decisions taken at COP-18 can also be seen positively. Implementation of the rules agreed in Doha will likely lead to a market collapse and show that weak rules that allow for ever more carbon credits can't save the market.

removed from the final text. Suggestions to enhance the contribution of CDM projects to sustainable development were rejected as well. One of the key decisions was the launch of the overall review of the modalities and procedures of the CDM, which will take place in the course of 2013. However, against the political unwillingness to address quality issues of the CDM and the current over-supply of about 4 Gigatonnes of CO2 it is hard to imagine how this review would salvage the CDM. With a carbon market price of 50 cent per tonne of CO2, there is no project that will even remotely be additional. This will result in ever more substandard carbon credits flooding the markets and will not help to mitigate emissions.

But decisions taken at COP-18 can also be seen positively. First of all, implementation of the CDM rules that were agreed in Doha will likely lead to a market collapse and show that weak rules that allow for ever more carbon credits can't save the market. Only ambitious binding targets and quality rules based on political will would be able to achieve that. The final CDM decision can be found **here.**

Now the good news: New Market Mechanisms postponed, AAUs detained

For the moment, our worries can be focused on existing mechanisms. Decisions around the two "new market" work programmes which are called the New Market Mechanism (NMM) and the Framework of Various Approaches (including market based instruments) (FVA) were postponed until next year. You can read more about NMM and FVA in our COP-18 summary which will be published shortly here.

Joint political will by Parties did succeed on one important issue in Doha: Most of the 13 billion surplus allowances (AAUs) under the Kyoto Protocol from the first commitment period (2008-2012) will be detained. A newly introduced amendment to the Kyoto Protocol will strictly limit new hot-air being generated as from 2012 through implicitly amending weak 2020 targets of some Parties.

Good news is also that Kyoto Parties need to revisit their 2020 targets by 2014 to compare them with the reduction range of 25-40% in 2020 from the IPCC's 4th assessment report. After all, progress of international climate negotiations depends on the homework by Parties before the COPs. No time for long holiday breaks, let's keep telling our governments to roll up their sleeves and protect our planet!

Stalemate on REDD in Doha

Divergent views over unresolved persistent issues meant that progress to address forests within the UNFCCC process stalled in Doha. Negotiations will continue in one of the UNFCCC's subsidiary bodies (SBSTA) next year and carbon markets will be a hot topic in these discussions. Many observers and some countries, like Bolivia, are strongly opposed to REDD as a carbon trading mechanism, but many others are pushing for it because they see offsets as a vehicle for financing. Discussions will continue in Bonn and we'll be watching closely.

REDD (Reducing Emissions from Deforestation and Degradation)

is the U.N. mechanism to provide incentives to developing countries to reduce emissions from deforestation and forest degradation. Important decisions have been put off for further discussions going into 2013 and well beyond. Again there was no decision on how REDD should be financed but delegates agreed on a work programme to prepare for a decision next year at COP19. Submissions on options for financing REDD+ projects, including incentives for no carbon benefits like increasing biodiversity are invited until 25 March 2013 and a first workshop will be held in Bonn in June 2013. You can read more about REDD at COP18 here and here.

Observer organisations can submit comments to the UNFCCC on CDM reform, JI, REDD, New Market Mechanisms (NMM) and the Framework of Various Approaches (FVA) by 25 March 2013.

Fiddling with carbon while farmers go hungry?

By Anika Schroeder, Policy Officer for Climate Change and Development, Misereor

New studies indicate that agriculture offers cost-effective emission reductions potential and identify many synergies between mitigation and adaptation in the sector. Consequently, agriculture is gaining momentum in the climate talks. However, no consensus was reached in the recent climate negotiations in Doha for a work programme. Given the risks associated with mitigation investments in this sector this may have been a good choice.

MISEREOR is the German Catholic Bishops´ Organisation for Development Cooperation. Ever since its foundation in 1958 MISEREOR has strengthened the self-help capacity of farming communities consisting of people who are not merely passive recipients of aid, as they work hard to ensure their own livelihoods.

Most parties and observers expected a work program on agriculture to take off at the climate talks in Doha. In the end, no consensus was reached and discussions will continue at the next UN meeting in June. Views on the focus of agriculture negotiations under the UNFCCC still diverge: Should the focus lie on adaptation, adaptation and mitigation, or synergies between mitigation and agriculture? What sounds silly to many is not just about wording. The African Union especially felt that this was about what kind of agriculture programs will be financed under UNFCCC in the future. As some developed countries like the US were blocking any reference to "Common but differentiated Responsibility" African countries also feared obligation to mitigate their emissions in the future and voted to focus on adaptation only. Given the lack of funding available to help communities adapt to climate change, other developing countries agreed to a focus on both, adaptation and mitigation, as they hoped to access urgently needed investments in agriculture.

Measuring carbon instead of supporting the most vulnerable?

In fact, many practices that increase carbon content in soils and plants lead to higher yields – like the application of compost. So what´s wrong with the idea of supporting synergies between mitigation and adaptation? Nothing as such, but first of all, the history of climate talks have shown that caution is needed when land use emissions are being addressed. Reducing emissions from land use activities under REDD or CDM, and national policies, have led to a criminalization of marginalized farmers and indigenous communities, displacement from land and often limit the access to natural resources that livelihood systems depend upon. Second, there is a severe risk that limited funds for development and adaptation will be diverted towards carbon accounting of farming and production systems. Third, funds may support practices that ensure highest

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carbon sequestration measures and "the absolute easiest to measure" techniques, rather than the most appropriate support needed by a farmer. This is especially true when including agriculture into carbon market schemes, which is heavily promoted by the World Bank, Price Waterhouse Coopers, Australia and others.

Carbon Markets – A guessing game on climate and people

Funding agriculture via carbon markets would exclusively benefit large-scale farming and companies who are able to bear the high upfront costs to negotiate with buyers of credits and to monitor activities. This could provide incentives for an expansion of large-scale agriculture and lead to further "land grab deals". Furthermore, carbon market 'readiness' projects will surely divert institutional, human and monetary resources away from other development efforts, as a large part of costs is likely to be met by Official Development Assistance (ODA). According to FAO estimates close to 17 billion Euros are required between 2010 and 2030 to establish a system that enhances carbon trading from soil carbon sequestration. In current debates, the fact that carbon can only be stored temporarily is not seriously taken into account. Moreover, complex biological processes in soils and biomass make it difficult to obtain reliable soil carbon measurements – these, however, would be essential for the quantification of sequestered CO2 and the generation of corresponding CERs. Offsetting and other trading schemes that include carbon sequestration in soils and/or biomass is therefore a guessing game at the cost of global temperature rise and, consequently, at the expense of those most vulnerable to climate change.

Agriculture in the carbon market: battle fields in Doha

While the US and Australia insisted that they don´t follow a hidden agenda in the work program discussions and that they just want to "offer all possible advice and support for developing countries" it got obvious what they really want in regards to agriculture in other negotiation tracks: They fought to open as many doors as possible for soil carbon markets: Australia made clear that they want to include agriculture activities in the CDM (in the CDM LULUCF negotiations). When discussing how to deal with non-permanence of soil carbon sequestration they even claimed a star for their submission, which suggests that the risk of non-permanence should lie with the host country of a project! Agriculture also appeared in the ADP text on mitigation which was eliminated in a last mile veto by G77. However, an indirect reference remains , as the ADP intends to hold a series of thematic workshops and submissions, in which initiatives and options to enhance ambition should be outlined considering also "mitigation and adaptation benefits, including resilience to the impacts of climate change" which is a clear reference to agricultural activities. Unfortunately, the lobby front for carbon markets finally gained ground as land use activities will be part of the New Market Mechanisms as stated in the agreed outcome pursuant to the Bali Action Plan which includes carbon accounting (MRV) for "removals".

Civil Society needs to be cautious and spread the voice that the first and foremost entry point of any support to farmers in developing countries should be tho enhance adaptation to the severe impacts of climate change. As time runs out there is no time left to fiddle with carbon!

Further reading and references:

Guiding Principles and Recommendation for climate policies in regards to agriculture.
Agriculture: from Problem to Solution Achieving the Right to Food in a Climate-Constrained World. Guiding Principles and Recommendations. CIDSE 2012
MISEREOR 2012: "Climate-smart agriculture – A useful development paradigm?"
MISEREOR 2012: "Carbon markets in Agriculture – Benefitting the Poor and the Climate?" http://www.misereor.org/publications/climate-change-and-justice.html

Agricultural carbon markets - selling out food security?

By Teresa Anderson, International Advocacy Co-ordinator for the Gaia Foundation

At COP18 in Doha, carbon markets continued their inexorable spread into every arena of climate work, including agriculture. With heavily politicised debates over emissions reductions, loopholes and carbon markets in almost every other part of the UNFCCC negotiations, African and G77 countries pleaded for the agriculture discussions to focus on the urgent and necessary steps towards ensuring adaptation for food security. However the EU, US and New Zealand insisted on language about mitigation that could lead to agriculture being included in carbon markets in developing countries.

An EU negotiator lamented to me "I am coming to realize that the only vision my EU colleagues have to address climate change is to put a price on carbon."

The deadlock meant that no agreement on agriculture was reached, so the fight will continue in SBSTA next year. Similarly, discussions under Land use, Land-use change and Forestry (LULUCF) about whether "non-permanent" (ie agricultural) carbon credits should be included in the CDM were inconclusive and will continue next year.

However, in the negotiations about New Market Mechanisms, agriculture was explicitly linked to carbon markets. A request was made for a study and workshops on monitoring, reporting and verification (MRV) issues for "removals" of carbon from the air through land-based methodologies such as agriculture. As an EU negotiator lamented to me "I am coming to realise that the only vision my EU colleagues have to address climate change is to put a price on carbon."

Did COP18 open a back door to turn forests into an offset?

By Sebastian Bock, Campaigner (Forests and Climate Politics), Greenpeace International

In terms of forests Doha marked the end of the process started in Bali, whereby developed countries agreed to provide financing to tropical forest countries in exchange for action to reduce deforestation and forest degradation (REDD). While little to no progress was made in regards to REDD itself, the final hours of COP18 in Doha opened a Pandora box which could clear the way to turn forests into an offset traded as a compliance option in a carbon market.

In an effort to keep the Kyoto protocol and its second commitment period alive, language was added at the very last minute that broadly allows "any units" from market mechanisms developed by the UNFCCC (and perhaps elsewhere) to be used to offset developed country emissions. The new text allows that "[a]ny unit[s] generated from market-based mechanisms to be established under the Convention or its instruments may be used by Parties included in Annex I to assist them in achieving compliance with their quantified emission limitation and reduction commitments under Article 3." While some parties were quick to point out that the rules for a market-based mechanism under REDD are not yet fully established, many countries have been pushing for such a market. Combined with the newly introduced language, there is a growing risk that REDD credits might be allowed through the back door as an offset which counts towards compliance.

The final hours of COP18 opened Pandora's box which could clear the way to turn forests into an offset traded as a compliance option in the carbon market."

For years, Greenpeace and others have been very vocal about the fact that if we want to have a realistic chance at stopping climate change, we need to tackle both deforestation and industrial emissions. By potentially allowing forests to be used as an offset this new text risks replacing one with the other. Although the full implications of those last minute changes remain unclear, there is major concern that this could turn parts of REDD into an offset scheme

Verification for REDD+ - a burden of credibility?

By Hermine Kleymann, Program Officer REDD Policy, WWF Germany

It was an up and then down two weeks for REDD+ at the 18th Conference of the Parties to UNFCCC that left negotiators and observers alike exhausted. For the first time in 7 years, no agreement could be reached under the UNFCCC technical body SBSTA and the outcome for REDD+ finance under the LCA is based on future work programs to take the work forward, hence process oriented. While the text on the table to guide countries how to measure emission reductions through REDD+ activities (forest monitoring, MRV, reference level) were welcomed by most parties and NGOs its endorsement failed over the level of international verification required to receive payments on a results-based manner.

"Endorsement failed over the level of international verification required to receive payments on a results-based manner."

While some argued that the negotiated level for verification was only justified once REDD+ will become part of carbon markets and should therefore not be pursued, one should bear in mind that REDD+ is a very complex mechanism including a very complicated monitoring and measuring process for carbon emissions achieved through reduced deforestation and degradation. The more complex a system it is the more detailed the need will be to have transparent reporting to ensure credibility and environmental integrity of results achieved. To ensure this, countries need to be continuously supported financially, but also technically through international expert teams. This could be done under the ICA process and a clear link should be established. COP 17 already agreed that countries should establish their reference levels through a step-wise approach. This principle should also apply to the proof of credible outcomes - name them verification or, for now, capacity building. Also, there is no rush agreeing on something which might also still take a while: verification is a REDD phase 3 requirement. Most countries are in phase 2 or even still phase 1.

Still lacking common carbon market standards – worrying signs from Doha

By Naoyuki Yamagishi, Leader, Climate and Energy Group, WWF Japan

NGO Voices on Carbon Markets at COP18

Parties seem to be trapped in the cycle of reproducing work programs. Like last year, the UNFCCC decisions this year in Doha ended up producing another set of work programs for discussing a "framework" for various approaches and "new-market-based mechanisms." Discussions in the negotiations were helpful to clarify parties' positions, but, at least on paper, little progress has been made.

There is, however, a risk of not having a "framework" soon enough. Why? It is because there will be CDM-like offset mechanisms created by national governments, or any other entities, after 2012. Perhaps the most concrete example is the Japanese Joint Crediting Mechanism (formerly known as the Bilateral Offset Credit Mechanism). The trend could be problematic because those parties may start claiming the non-UN credits in their pledges. There IS already a section for such credits from non-UN mechanisms in the common reporting format for the Cancun pledges (which was adopted at Doha). Therefore, at the next COP, we need to work even harder to ensure common standards are there to protect the overall environmental integrity of the system.

"There is no reason to hurry the process of creating yet another mechanism when massive over-supply of credits is anticipated. "

Doha Leaves Carbon Market in the Doldrums But Manages to Curtail Hot Air (Somewhat)

By Wolfgang Sterk, Project Co-Ordinator, Research Group Energy, Transport and Climate Policy, Wuppertal Institute for Climate, Environment, Energy

NGO Voices on Carbon Markets at COP18

The Doha climate conference did not take any action that would put the brakes on the free fall of prices in the EU ETS and the CDM. The EU is still not able to increase its target to 30% even though it has essentially already achieved its 20% target. Proposals to curtail the supply from the CDM that would at the same time have improved its environmental effectiveness, such as tightening baselines or limiting crediting to a single ten-year period, did not make it into the final decision. And the countries that have huge surpluses of AAUs successfully fought off proposals to cancel that surplus at the end of the second commitment period (CP2).

However, the possibility to buy AAUs was capped at 2% of the buyer countries' assigned amount in CP1 and all the potential buyers declared that they were not going to buy CP1 surplus AAUs. One of the few pleasant surprises was that the possibility of creating new hot air in CP2 was eliminated by the decision that all CP2 AAUs above a country's average emissions in 2008-2010 will be cancelled. But overall the carbon price signal is about to become virtually extinguished. The carbon market is not a panacea, but if you decide to make it the central piece of your climate strategy, as countries have done, you should at least ensure that it remains functional.

"The carbon market is not a panacea, but if you decide to make it the central piece of your climate strategy, as countries have done, you should at least ensure that it remains functional."

UNFCCC's Increasing Isolation from (People's) Reality

By Dorothy-Grace M. Guerrero, Programme Coordinator Climate and Environmental Justice, Focus on the Global South

The dismal outcomes of COP18 showed that developed countries do not intend to match the urgency demanded by the climate crises with appropriate, responsible and ethical actions. Nature already unleashed record-breaking and never-seen-before natural calamities in many parts of the world this year alone. Similar catastrophe will most likely occur again and possibly in more forceful levels. New studies already showed that climate change is happening faster and with far worse impacts on the planet than previously thought.

The negotiations in the last four years resulted to what we have now - a diluted Kyoto Protocol supported by fewer countries and characterized by a laissez faire regime where mere "voluntary pledges" for emissions reduction will happen until 2020. In the face of a clear danger of the global mean temperature increase of at least 4°C to 6°Celsius in this century, the poor majority in the developing countries who contributed little to climate change are simply condemned to more threats of calamity, increasing poverty and the possibility of becoming climate refugees in the future. Meanwhile, their forests, land and water will be put up in the market and denied to them in the name of saving the climate.

The poor have contributed little to climate change, but their forests, land and water will be put up in the market and denied to them in the name of saving the climate."

How many more COPs can we afford?

By Wiert Wiertsma, Senior Policy Advisor, Both Ends

More than ever, scientists are united in confirming that man-made climate change is happening. The losses due to the emission of greenhouse gases and subsequent global warming are rapidly accumulating. As long as the costs of climate change are not reflected in the price of emissions of greenhouse gases these emissions will continue to rise for sure. Meanwhile, the bills of climate change related 'natural' disasters are left for the victims to pay for. The price tag for coping with the impacts of climate change is set to increase ever more.

The next climate change summit will once again explore how these ever increasing costs of climate change can be moved from the end to the beginning of the emissions chain. In the absence of strict regulations and with their focus on the end of the chain, carbon markets remain part of the problem. With every new summit effective emission reductions become more difficult to achieve. Frankly, it is hard to understand how politicians can even express satisfaction with the results of such meetings. The emotional speech of the negotiator of the Philippines about the typhoon that hit his country during the summit said it all: when will the mismatch between political realism and the facts of climate change finally be fixed? The world badly needs new leadership.

" When will the mismatch between policitacl realisms and the facts of climate change finally be fixed? The world badly needs new leadership!"

CoP18 Darkens the Blackness of Carbon Markets

By Soumya Doutta,
Beyond Copenhagen
India

NGO Voices on Carbon Markets at COP18

No one expected much progress from Doha. And yet again, the carbon market racketeers came up with some dirty tricks. It's difficult to judge which one deserves the crown of "carbon (black) marketer". The Indian government's proposal for a 'stabilization fund' for the collapsing carbon market is a contender for the crown. The UNFCCC's CDM 2012 report that shamelessly tries to extend the fraudulent claims of "sustainable development benefits" for the developing world, based entirely on the profiting corporates' cooked-up 'data', is equally in-famous. These false claims are being made despite numerous ground-level studies showing the double whammy of CDM projects. In the last decade or so, the global carbon markets have seen increases in emissions in buyer and seller countries, as well as globally. But the prize must go to the push for creating a large and potentially devastating new carbon market by including agricultural soil carbon sequestration in the negotiations. The earlier FAO claim that the largest potential for agricultural soil C-sequestration - as mitigation - is in the developing nations is the evil co-contender. Dirty carbon-money seems more precious than food sovereignty and human lives.

"Dirty carbon-money seems more precious than food sovereignty and human lives".

Doha – an outsider's view from the inside: why the climate talks went nowhere

By Dr. Tim Cadman,
UNU Institute for Ethics Governance and Law, Griffith University

NGO Voices on Carbon Markets at COP18

It has become almost axiomatic that the higher the number of the climate talks, or Conference of Parties (COP), the smaller the outcome. COP 18, held in Doha November 26th-December 7th 2012 was no exception. With a somber atmosphere from the very beginning – supported by the sinister spider that loomed over delegates within the hallway – it quickly became clear to the 17,000-plus attendees that little was to be expected. This was confirmed by day three, when Christiana Figueres, current Executive Secretary to the UN Framework Convention on Climate Change (UNFCCC), observed that citizens should not look to governments for the solution to climate change, but that they should take action themselves.

For those concerned with emissions trading schemes, and REDD+ in particular, a key low point was the inability of Norway and Brazil to settle their differences over the need to have robust verification systems for carbon accounting (Norway), or to adopt a more hands-off approach to existing schemes (Brazil). As a result, discussions stalled, and the billions of dollars that were expected to become incentive mechanisms for developing countries to reduce deforestation and forest degradation (and hence reduce greenhouse gas emissions), are now in jeopardy. My overwhelming impression: that a high-level of support and infrastructure was provided at the conference for governmental as well as non-governmental participants to be informed of developments as they happened, if applied to the deliberations themselves perhaps they too could have been effective.

Dr Cadman's presentation on Day One at the Side Event "REDD+: Persistent Issues & recommendations for Doha & Beyond" can be seen at :
http://www.youtube.com/watch?v=UgijfyTd-4U

"A key low point was the inability of Norway and Brazil to settle their difference over the need to have robust verification systems for carbon accounting."

The Challenge of Deploying Wind Energy in Mexico - The case of the Isthmus of Tehuantepec

By the Interamerican Association for Environmental Defense (AIDA) and the Mexican Environmental Law Center (CEMDA)

To combat climate change, low-carbon projects such as wind farms, must be promoted. Yet, despite their urgency, these projects must be carried out in a sustainable, equitable fashion. This article is an open call to Mexico and the world to improve planning and development practices for renewable projects guaranteeing the respect of the human rights of all affected communities.

Backed by international investment, including funds from the Inter-American Development Bank and benefiting from the Clean Development Mechanism (CDM) established in the Kyoto Protocol, the government of Mexico has authorized the development of at least 14 wind projects in the Isthmus of Tehuantepec in Oaxaca, one of the poorest states in the country, with more than 34% of the population of indigenous origin. Together, the 180 MW wind projects expect to produce more than 800 thousand MWs per annum. Alarmingly, these projects have generated negative social and environmental costs which outweigh the benefits, having ignored the human rights of local indigenous communities and their right to free, prior, and informed consent to projects that affect their land and livelihoods. This serious situation has to do with the fact that the Mexican government has failed to develop rules or mechanisms to regulate these investments, leading private companies to negotiate directly with local communities. Moreover, the situation is aggravated by several factors:

- **Locals lack information:** The majority of local residents say developers have not been forthcoming with comprehensive and timely information about the projects. For example, in recent public forums, residents have said that they were not told of potential environmental impacts of the projects, such as the ones that are now affecting the possibility to cultivate their lands.
- **Threats and violence against locals who oppose:** For more than two years, Jijot and Zapoteca communities have made accusations of threats and attacks against their leaders by paramilitary groups and state officials working to silence opposition to development.
- **Lack of free, prior and informed consent:** In its rush to grant concessions and administrative permissions to wind developers, the Mexican government failed to fulfill its obligation to consult local indigenous communities, guaranteed by international law.
- **Unreasonable terms of land leases:** Wind developers have signed contracts

The Interamerican Association for Environmental Defense (AIDA) is a nonprofit environmental law organization that works across international borders to defend threatened ecosystems and the human communities that depend on them. Its mission is to strengthen people's ability to guarantee their individual and collective right to a healthy environment, via the development, implementation, and effective enforcement of national and international law.
www.aida-americas.org

The Mexican Environmental Law Center (CEMDA) is a nonpartisan civic organization that promotes environmental protection and the right to a healthy environment. Its work contributes to the effective implementation of legislation, improvement of public policies, the strengthening of legality and the rule of law. The objective is to achieve better social welfare conditions in harmony with nature.
www.cemda.org.mx

with local communities that offer paltry payments. Locals lack a process that allows for negotiation on fair and equal terms.

- **No comprehensive, community-wide benefit:** The wind projects lack a comprehensive environmental and social development plan and thus benefit only a small sector of the population, mostly investors and the companies that will buy the energy. While some locals have leased their lands at a price, payments haven't translated into true development, as was promised to the people.
- **Environmental impacts:** The projects have caused extensive environmental damage, yet studies to identify, prevent, and alleviate damages have never been carried out. Impacts include the burning of large swaths of pastureland (a source of greenhouse gas emissions), mangrove deforestation, and the destruction of migratory bird habitats.

In order to mitigate the social and environmental impacts and to avoid the violation of human rights during the development of wind farms, the following actions are suggested:

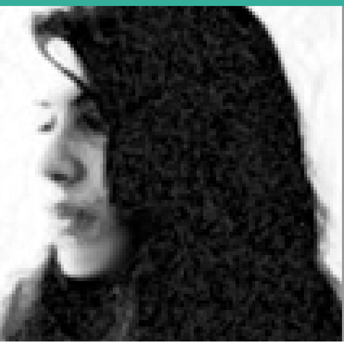
- **Create a protocol for wind development that guarantees respect for human rights.** The protocol should be observed in all relevant public policy and must meet the following standards: include criteria and indicators that serve to verify the fulfillment of all environmental and social conditions; incentivize economic growth in the region, particularly benefiting non-landowners; promote collaboration between private sector developers, state and local governments, and local communities.

- **Guarantee that all stakeholders and affected communities receive timely, comprehensive and clear information regarding the projects.** The communities' right to free, prior, and informed consent must be observed, which means that their decisions must be respected, even in the case of opposition. Additionally, stakeholders should seek opportunities to benefit local communities, including job creation and the support of communal projects.

- **Elaborate and implement a process for measuring the externalities of the projects**, in which Mexico's Federal Electricity and Hydrocarbons Regulator will evaluate sustainability based on independent assessments. The commission must be able to deny access to the electricity grid when assessments indicate that development will not benefit local communities.

As representatives of civil society who work for the protection of the environment and the communities that depend on them, through this article we intend to raise the voices of the affected communities. Together with this alert, we will continue giving advice and supporting their actions in search of justice and equity.

The Bisasar Road landfill project: an environmental hazard



By Khadija Sharife, researcher with the Center for Civil Society (CCS- UKZN), South Africa

When UNFCCC Executive Secretary Christina Figueres described Durban's Bisasar methane-to-gas electricity project as one of the world's top ten green energy projects, the Durban Municipality breathed a sigh of relief. After all, not so long ago, a cover story in the Washington Post, highlighting the dump's apartheid-era origins, was enough to scare investors, including the World Bank, away.

Created in a 'black' residential area without a buffer zone, South Africa's largest formal landfill accepted everything from sewage sludge to medical waste, was given the green-light by the Municipality for its location to the City and available landfill space. Yet, once upon a time, the African National Congress – the country's anti-apartheid liberation movement, campaigned to close it down as a gross and lethal act of environmental racism. The Cancer Association of South Africa even likened it to a carcinogenic experiment where residents were 'lab rats'. But come liberation, due in no small part to the courage of the ANC, and the economic principles of the global financial architecture, not only sustained various forms of inequality, but gave it logic in a depoliticized fashion. Put simply, it is apartheid without the stigma.

The gaming of CDM rules is evident everywhere. The project violates both explicit and implied national and international law on several levels. South Africa, for instance, maintains in Section 4.4 of the Minimum Requirements legislation: "It is a minimum requirement that no landfill site be developed in an area with an inherent fatal flaw – easily identified in the origin of the dump, with its blatant disregard for public health and safety". Nonetheless the South African authorities approved the project as contributing to the sustainable development of the country, a first prerequisite for all CDM projects. What's more the Bisasar project itself was initiated well ahead of CDM approval (with gas flaring beginning in 1996), as a form of managing landfill gas, in a manner that would prove economically beneficial with environmental benefits as ancillary. By its nature, flaring projects evidence as much as 90% escape gas, with Bisasar itself, according to waste-NGO Gaia, losing about 60%.

The Durban municipality appeared to originally conceive of the idea as a means of generating electricity for the City while flaring down the methane gas. *"But as the City, if we can make some money out of it, I don't see why it shouldn't be done and*

ejolt

CCS hosts the Environmental Justice Organizations, Trade and Liabilities (EJOLT) project. EJOLT is a large collaborative project bringing science and society together to catalogue ecological distribution conflicts and work towards confronting environmental injustice www.ejolt.org. Khadija is also a journalist and writes for 'The Africa Report'. She can be contacted at: kalebron@gmail.com

the whole moral issue is separate from the project..... We started the project prior to CDM. We were already heading down that road, (we) just made it work faster because the funding was there. If the funding wasn't there, we may have had to delay the project until funding could be found through other means...."
While the company Trading Emissions PLC signed an agreement in November 2008 to purchase one million CERs, it appears, as of late 2011, that no CERs have yet been traded.

Even as he admitted that the project would have gone ahead, with or without CDM status – in theory, disqualifying it from CDM status – for the purposes of flaring own gas in an economically 'positive' manner, like many governments around the world, millions have been invested justified by the myth of CDM 'payback'. When asked how CDM as justification facilitated the development of the project through City investment, Parkins revealed, *"Because when you motivate the city, you say this will eventually be an income source and won't be a drain.... We have 480 000 credits in the pipeline and issuances waiting for 65 000."* For companies like Trading Emissions PLC, this may be a pot of gold at the end of the hot air rainbow.

For the rest of the planet, such CDM projects easily qualify as 'rip-offset'.
While deregistration should logically follow a project plagued with as many problems as Bisasar, beginning with the nature of methane-to-gas projects, and ending with the horrific history of the dump, this is unlikely to happen unless the alter of the market is replaced by that of ecological justice.

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NGO Voices on Carbon Markets

Notice board

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Our brandnew website is now available in **English, Spanish, French and Chinese.** Go to: www.carbonmarketwatch.org **and check it out!**

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Watch our COP18 action!

During the second week of COP18 Carbon Market Watch, organized two actions to urge delegates to tackle "hot air". In the end hot air was contained and we won this game of poker on the titanic. Watch this video here and here Thanks RACFrance & the Greens/EFA alliance for filming.

About Carbon Market Watch

Carbon Market Watch provides an independent perspective on carbon market developments and advocates for stronger environmental and social integrity. Carbon Market Watch was launched in November 2012 to expand the work of CDM Watch to areas beyond the CDM.

The Carbon Market Watch Network connects NGOs and academics from the global North and South to share information and concerns about carbon offset projects and policies. Its purpose is to strengthen the voice of civil society in carbon market developments.

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