



Carbon Market Watch comments on proposed VCS REDD+ project in Papua New Guinea (ID: 2760)

A project developer, Kanaka Management Services Private Limited, has developed a proposal for a Verra VCS project entitled "[REDD+ Project in Oro Province of Papua New Guinea](#)". The proposed project was open for public comment between February 14th and March 14th 2022. Carbon Market Watch analysed the draft project description and put together public comments.

On March 2nd 2022, Papua New Guinea's Ministry for Environment, Conservation and Climate Change issued [a moratorium on any new and proposed REDD+ voluntary carbon market projects in Papua New Guinea](#). **This proposed project thus no longer seems to be eligible.** In case this moratorium would be lifted or would not apply to this specific proposed project, the comments in this document remain crucial for a careful review of the project.

Summary

Credit volume: The project would be very large. If approved, this proposed project would be the 2nd largest Verra VCS project, generating 8.1 million credits annually, for 100 years. Given the sheer volume of carbon credits involved, it is of the utmost importance that the project would need to uphold robust environmental integrity and social safeguards.

Baseline: the [draft project description](#) (hereafter 'PDD') models 85-95% deforestation in the 418,000-hectare project area over 100 years. This estimate does not appear to be supported with compelling justification or clear evidence.

- In numerous cases, the PDD fails to provide core evidence/details/maps/calculations, rendering it impossible for a third party to verify core baseline assumptions.
- Selected key elements that appear absent: deforestation driver variables with associated weights, factor maps, unplanned infrastructure development projections/justifications.
- Instead of citing sources/data, subjective or unverifiable statements are often made: e.g. "KMS project team ha[s] good knowledge about the project area and the reference region."
- The reference area is not clearly delineated and no rationale seems to be given for the choice. It does not appear representative of likely future developments in the project area.
- Also, the original shape file on the Verra registry webpage for the project was incorrect, identifying the leakage belt rather than the project area. Third parties such as CMW notified Verra of the error. Updated shape files were uploaded on March 8th, less than 1 week before the end of the public comment period (March 14th). Verra did not issue a

public notification to inform third parties of this original error and subsequent update. Verra also did not extend the public comment period. This approach is unacceptable.

Additionality: additionality assumptions lack justification and clear evidence.

- The additionality section is one paragraph long indicating that a cost investment analysis was done. No results are disclosed here (or seemingly elsewhere in the PDD).
- The overall topography of the project area is elsewhere characterised as “extremely rugged” with “sheer slopes, sharp ridges, fast running rivers.” It is not clear that unplanned logging and agriculture pose a risk of 85-95% deforestation. The PDD fails to prove this.

Local stakeholder consultation: there is no compelling evidence in the PDD that the project developer engaged in rigorous and accessible consultations with local groups.

- Exhaustive meetings were purportedly held, but no details, dates or evidence are provided. The project developer claims there will be no net harm or major risks, yet patrol teams (villagers or NGOs) are expected to engage with illegal loggers they may encounter.
- No concrete details provided about benefit sharing agreements and how grievances will be addressed, aside from general references that an equitable sharing mechanism will be set up and that the project developer has drafted a grievance procedure and policy.
- Documents/results will only be published in English. 800+ languages are spoken in PNG.

Conclusion: the PDD raises significant red flags and concerns. This is largely due to the widespread absence of key evidence/details, which *inter alia*, render it essentially impossible to verify core assumptions (baseline/additionality) or to be sure basic requirements were fulfilled (rigorous stakeholder engagement). This poses real credibility problems for the project which appears to lack basic environmental integrity and social safeguards. **In conclusion, we call on Verra to reject the proposed project in its current shape.**

If this proposed project were to advance to a validation review - despite the moratorium and the numerous evident flaws in the PDD - then:

- the points raised in this note must be carefully reviewed by the validation/verification body and addressed by the project developer;
- Verra would need to hold another public consultation with a PDD that is not missing vital evidence and justifications;
- The project developer would need to transparently disclose any updates made in reaction to public comments as well as explanations for those remaining unaddressed.¹

¹ The VCS Standard clearly indicates that: “The project proponent shall take due account of any and all comments received during the consultation, which means it will need to **either update the project design or demonstrate the insignificance or irrelevance of the comment**. It shall demonstrate to the validation/verification body what action it has taken” (p. 40 [VCS v4.1](#) or p.41 [VCS v4.2](#), emphasis added).

Crediting period

The project developer has selected the maximum crediting period permitted under Verra VCS, with an intended crediting period of 100 years from 06.05.2017 to 06.05.2117 (p.8, PDD).

The monitoring plan indicates that for a period of 100 years, there will be yearly activity reports, monthly random site visits, and monthly monitoring reports, and that in terms of “social monitoring” there will be monthly reports and quarterly meetings (pp. 84-86). This raises questions about how realistic it will be to consistently provide all this information over a period of 100 years and whether such information will be made public. Monthly monitoring reports over a 100-year crediting period would add up to 1,200 reports. There is a risk that, even if made public, this will make it nearly impossible for stakeholders to verify impacts because key information will be buried in thousands of pages of documentation.

In only 2 sentences, and without supporting evidence, the project developer states that the project start date was in May 2017: “The project has commenced its patrolling activities as on 06 May 2017. Hence, the project would consider the same as start date” (p.8). If this project were validated and approved by May 2022 or shortly thereafter, the difference between the approval date and project start date would coincide with the maximum 5-year retroactive crediting period permitted for VCS AFOLU projects (p.25 [VCS Standard 4.1](#) or p.26 [VCS standard 4.2](#)). No evidence could be identified in the PDD to back up the assertion that patrolling activities commenced on 06 May 2017, yet this is a crucial piece of information.

Baseline

Based on a modelling approach, the project developer assumes that without the project there would be 85-95% deforestation in the 418,000-hectare project area, over 100 years.² This is a very high estimate, which does not appear to be substantiated with compelling or sufficient evidence.

Deforestation agents, drivers, and underlying causes

For example, there are problematically only 5 brief paragraphs in Part 4, Section 3, to present the “Analysis of agents, drivers and underlying causes of deforestation” (pp.39-40, PDD). **The absence of details is highly problematic because this section is crucial in identifying deforestation agents and drivers as well as the projected rate of future deforestation.**

- There is a general reference that “the identification and analysis of the deforestation agents was carried out with likely future development through literature review, field visits, hybrid Google earth maps and expert consultations” (p.39), but the section strikingly does not cite sources, quotations, data, or any semblance of documentation.

² “As per the analysis the deforestation in the project was best assumed to be 85-95% of the forested area would be deforested in the case of the absence of the Project in the lifetime of the Project” (p. 35).

- [VCS VM0015](#) - the methodology to which this PDD should adhere - requires the project developer to identify 2 sets of “driver variables” to explain the amount and location of deforestation: e.g. variables like access to forests, slope, cost of agricultural inputs, proximity to markets, proximity to existing settlements (see pp.38-39, VM0015).
- However, **no details are provided in Part 4, Section 3 on the specific variables that were selected and what their relative weights are.**³ The project developer must have selected specific variables to make assessments and projections. Failing to disclose these in the section purportedly dedicated to “analysis of agents, drivers and underlying causes of deforestation” renders it essentially impossible for a third party to verify, let alone understand at a basic level, the core baseline assumptions on deforestation.
- The section contains a simple table and one general sentence without any references about the drivers: “3.2 Identification of deforestation drivers: These agents [farmers, loggers] were usually converting the forests for cattle ranching, cash-crop production, and subsistence farming by using fire” (p.39, PDD). There is no detailed associated analysis with references - or list - of specific driver variables in this section, which seems to be at odds with VM0015.
- Instead of citing concrete sources, the project developer makes subjective statements to purportedly back up the analysis, such as: “KMS project team ha[s] good knowledge about the project area and the reference region” (p.40). This is not compelling.
- **Overall, there is no strong evidence or compelling enough reasoning provided to support the project developer’s core assessment that “the future deforestation trend within the reference region and project area is ‘conclusive’ ”** (p.40).

The vagueness regarding details about the underlying drivers/agents of expected future deforestation is also present elsewhere in the PDD:

- There is seemingly neither firm evidence provided on historical/current deforestation (in the reference region or project area) nor clear and complete details on modelling for future deforestation: i.e. whether deforestation is/will be primarily attributable to commercial logging or ranching or cash crop production or subsistence farming.

³ “Section 5.1 Data and Parameters Available at Validation” of the PDD (pp.66-83) briefly references data/parameters such as “land use land cover maps”, but does not appear to disclose relevant information. For example, for the data/parameter, “annual area of baseline deforestation in the reference region”, the PDD indicates that the source of data was “calculated based on the results from the future deforestation model using standard GIS software” (pp.67-68), but it does not share the model or its results or where they can be found (e.g. a reference to an appendix or annex containing full information).

- All of these options are variously evoked in the PDD, seemingly without any citations of supporting references or data.⁴ Ultimately, it is stated that “the team identified that illegal logging and shifting cultivation are the chief causes of the deforestation and degradation in the project area” (p.29). However, as indicated in the previous bullet points, no “driver variables” with associated weights to project deforestation risk are seemingly disclosed.
- Again, the PDD repeatedly makes general and unsubstantiated statements like: “conclusive evidence were obtained from the analysis of agents and drivers explaining the different historical deforestation which reveal a clear trend in increasing order” (p. 40). This trend could be correct, but one cannot just state it without evidence or data.
- Furthermore, such statements seem to even be contradicted later in the PDD: “This [empirical] approach was preferred due to lack of information of the areas deforested in the historical deforestation” (p.44). Whether this demonstrates a contradiction or simply unclear phrasing, it appears to put into question the claim of “conclusive evidence”.

Projection of future deforestation

Part 4, Section 4 of the PDD on the “Projection of Future Deforestation”, is meant to be the “core of the baseline methodology” (p.41, VM0015), yet it appears to lack key information:

Regarding factor maps (part 4, section 4.2.1)

- VM0015 requires factor maps to be prepared: “In case of planned infrastructure (e.g. roads, industrial facilities, settlements) [the project developer] must provide documented evidence that the planned infrastructure will actually be constructed and the time table of the construction. [...] In case of unplanned infrastructure (e.g. secondary roads), [the project developer] must provide evidence that the unplanned infrastructure will actually develop, e.g. from historical developments” (p.51, VM0015).
- **Factor maps are not publicly disclosed.** The underlying text detailing their preparation only constitutes one paragraph with vague references: “In this criteria, we used empirical approach to assess wall-to-wall approach from socio economic surveys, expert opinions, and field knowledge to estimate the deforestation in reference region” (p.44, PDD).⁵

⁴ “The demand for the unprocessed logs from these areas from the Asian market is the greatest cause of the forest loss. Secondly, a large portion of the forests are being converted to permanent agriculture and long fallow shifting cultivation. In addition, the human population is [sic] been tremendously increased in these areas and hance [sic] the dependence on the forest resources increased” (p.4, PDD).

“The [deforestation] agents identified were farmers, ranchers, and loggers. These agents were usually converting the forests for cattle ranching, cash-crop production, and subsistence farming by using fire. [...] the underlying causes for the deforestation were found to be commercial cropping, logging for commercial sales & fuel wood and population expansion resulting in demand” (pp. 39-40, PDD).

⁵ The PDD contains a few general maps of the project area’s topography, hydrology, climate, soil, vegetation and ecosystem classes (pp. 14-22), but these are not factor maps. Pages 51-52 of VM0015 details the requirements for the preparation of factor maps, which are not disclosed in this PDD.

- VM0015 further specifies that factor maps must assess the suitability of future unplanned infrastructure development, specifically in cases - e.g. this project area - where “geographic and socio-economic conditions are unfavorable for infrastructure development (e.g. areas with steep slopes, swampy soils, low opportunity costs)” (p.51, VM0015). The project developer does not appear to have conducted such an analysis - or if they did, they have not seemingly disclosed it in the PDD.
- Overall, the PDD does not disclose either the factor maps or seemingly any clear underlying evidence and references used to generate such maps or to account for any planned/unplanned infrastructure. These maps are vital to generate projections of future deforestation risk and should be accessible for public verification.

Regarding deforestation risk maps (part 4, section 4.2.2)

- To prepare deforestation risk maps, VM0015 requires: “A list of Factor Maps, including the maps used to produce them and the corresponding sources shall be presented in the PD[D] together with a flow-chart diagram illustrating how the Risk Map is generated” (p.53, VM0015).
- **The PDD does not appear to disclose a list of factor maps, nor the corresponding sources used to produce them, nor a flow-chart diagram. Failure to do so would be at odds with VM0015 requirements.**
- Figures #12 and #13 (pp.45-46, PDD) show the estimated deforestation risk map and future deforestation risk map, respectively, but due to a lack of accompanying details in the main text and in the titles/legends of the figures, it is not even possible to determine the year(s) to which these maps refer.
- Similarly, shortly after figure #13, in the next section, reference is made to a map which does not appear to be in the PDD: “A suite of maps were produced [...]. An example for one year is shown below and the other maps are available to the auditor on request” (p.46, PDD). The map does not seem to be in the PDD since there is no map below the text. Alternatively, the text might in fact confusingly be referencing Figure #12 or #13 without directly citing these figures and while incorrectly indicating that the map is “below” (Figures #12 and #13 are *above* the text in question). Even if it were the latter case, no information is provided on the reference year Figures #12 and #13 represent.
- Moreover, stating that “other maps are available to the auditor on request” is neither transparent nor an adequate demonstration of the accuracy of the baseline assumptions.

All of these missing and unclear key elements render it essentially impossible for a third party to check the PDD’s most basic and core assumptions about the baseline, which seriously puts into question the credibility of this proposed project. If the baseline is unrealistic (i.e. inflated), then the project developer will be able to generate potentially millions of extra

carbon credits that do not actually represent real emission reductions/removals (so-called “hot air” credits). Since the striking absence of core information in the PDD obstructs a third-party verification of the baseline, this raises considerable doubts and questions that should not be left unanswered in any PDD. **This should raise a major red flag for any project, but especially one planning on issuing 810 million carbon credits.**

Reference area

The project area and the reference area are not clearly delineated in the PDD’s figures and text, and there appears to be no methodical explanation for the choice of the reference area’s parameters (also, the shape file for the project area available on the Verra registry for nearly the entire public comment period was inaccurate, identifying the leakage belt rather than the actual project area⁶):

- VM0015 clearly indicates that “for each spatial feature [reference area, leakage belt], the criteria used to define their boundaries must be described and justified in the PD[D]” (p.17, VM0015), yet **there appears to be no explanation or justification in the PDD of the parameters of the reference area.**
- The PDD indicates the size of the reference area complies with VM0015 - i.e. within 7 times the size of the project area - but there is no specific mention of the precise size of the reference area (e.g. # of hectares and clear geographic delimitation).
- Figure #7 shows that the reference area appears to encompass the entire southwest of Papua New Guinea, including the capital city, which notably includes divergent contexts from that of the project area that are neither necessarily subject to the same historical deforestation drivers and agents nor necessarily susceptible to the same future ones.
- For example, significant parts of the project area are concentrated along a mountain range with very high elevation (see figures and text on pp.14-15)⁷, whereas the reference region includes a wide area of low-elevation coast that also includes the capital city, Port Moresby, and areas with developed road networks. The reference area does not appear to be a realistic representation of the project area’s likely evolution.⁸

⁶ On March 8th 2021, updated shape files were uploaded to the Verra registry webpage for the project, this time seemingly correctly identifying the project area, rather than the leakage belt (the original shape file). However, these shape files were uploaded less than one week before the end of the public comment period (March 14th). In addition, Verra did not send any correction e-mail or issue any public notification to indicate that the original shape file had been incorrect and that new files had been uploaded. This is not an acceptable approach. It is nearly impossible for a third party to analyse the new shape files in detail within a few days and then integrate this and further analysis into a public comment.

⁷ “The overall topo[graphy] of the project area is extremely rugged, particularly in the highlands, which are characterized by sheer slopes, sharp ridges, fast running rivers or in other words high mountain ranges intersected by alpine valleys and plateaus. The mountains are very rough and precipitous, with occasional fertile plateaux which are occupied by native forest areas. The elevation ranges from 16 meters to 3900 meters” (p.15, PDD).

⁸ It is well noted that the intention of a reference area is not to be literally representative of the project area, but it is meant to represent what is expected to occur in the project area in the absence of the project, which is not compellingly illustrated in this case.

- Once again, it is hard to tell what the project developer considers likely to occur, given that no justification is provided for the choice of reference area and since major baseline assumptions, calculations, factor maps, and driver variables are strikingly absent from the PDD.

To conclude, the context of the reference region appears to be in contrast with what could actually be expected to occur in the project area. This is due to the differing topographical and development contexts as well as the absence of compelling evidence and projections on behalf of the project developer to justify their selection of reference area or even baseline scenario (also see below comments on “additionality”). This is problematic since the choice of reference region is an essential factor influencing the project developer’s estimation of future deforestation in the project area - **failing to justify this choice raises doubts about the baseline assumption of 85-95% deforestation and represents an additional red flag.**

Concluding note on baseline

Given all the points enumerated about the lack of concrete details and evidence in the PDD regarding key baseline assumptions, it is highly questionable for the PDD to attribute such certainty to statements like the following: “The surrounding areas have seen significant levels of ecosystem conversion from forest to agriculture, and which constitutes the major driver for unplanned ecosystem conversion in this region and *it is also the most obvious scenario that would occur in the absence of a REDD+ project*” (p.32, emphasis added).

In conclusion, the baseline scenario the project developer has selected does not appear to be “the most obvious” at all, since the PDD has failed both to convincingly demonstrate this and to disclose the necessary information/data for third parties to verify core baseline assumptions during the public consultation.

Additionality

The additionality section of the draft PDD (Section 3.5) is only one paragraph long, and provides no upfront evidence: “Simple cost investment analysis is used to demonstrate the additionality. Since the project areas are the community forest lands and no [sic] any external support or investment is received, the project is found to be additional” (p.35). This is far from a sufficient explanation of additionality. Also, no evidence (e.g. calculations) of this “simple cost investment analysis” is given in this section or even seemingly anywhere else in the PDD (e.g. in an annex).

Moreover, given that the project developers describe the overall topography as “extremely rugged” and characterise it as having “sheer slopes, sharp ridges, fast running rivers” (p.15), it is not evident whether there is a major risk posed by logging and/or agriculture such that 85-95% of the project area would be deforested without the existence of this project. **The potential profitability and feasibility of unplanned deforestation of nearly half a million hectares in**

difficult topographical conditions, among other factors, does not appear “obvious” and is not compellingly illustrated.

The lack of evidence and justifications for additionality in the PDD is compounded by the aforementioned striking absence of evidence and information on baseline assumptions. Since one cannot actually verify core assumptions made by the project developer regarding the 85-95% baseline deforestation projection, this in turn seriously puts into question the additionality assumptions, namely regarding the potential feasibility and profitability of such deforestation. Any crediting project must demonstrate a clear and compelling rationale for additionality - the PDD’s failure to do so hence raises serious doubts about whether the proposed project satisfies additionality, one of the most basic requirements that carbon crediting projects must adhere to.

In summary, the PDD fails to provide clear details and compelling evidence on additionality - just as for the baseline. This casts considerable doubts about this project and represents yet another red flag. As will next be discussed, the PDD’s absence of evidence and explanations also problematically extends to the project developer’s purported engagement with local stakeholders.

Local stakeholder consultation and safeguards

In Papua New Guinea (PNG), nearly all land is under customary ownership and over 800 languages are spoken. Conducting rigorous stakeholder consultation is always paramount, and the local context should be properly taken into account.

However, Section 2 of the PDD on safeguards provides no firm evidence that local stakeholders were rigorously consulted and/or how they would benefit from this project. A few examples are highlighted below:

“No net harm”

- The PDD states in one sentence that there will be no net harm: “There are no negative community impacts and hence there is no need for mitigation” (p.26, PDD). This is a firm assertion without seemingly any supporting discussion or evidence.
- One risk that comes to mind regards the safety of community members or of the patrolling teams posed by illegal loggers they might encounter. Crews composed of “villagers to be hired” (p.86, PDD) are expected to confront loggers: “Crews should approach squatters or loggers to let them know - in good terms - that this is community they cannot undertake such activities there and they should leave immediately” (p.86). There is a risk that such a confrontation could escalate, even if initiated “in good terms”, but this does not seem to have been taken into account by the project developer.

Public consultations

- The PDD states: “At the ILG level exhaustive meetings were held and the meetings with stakeholders with all the community members during March-April17. Further, the annual reviews are conducted with village head” (p.27).
 - There does not appear to be documentation or evidence anywhere confirming this statement. There does not even appear to be any mention of annexes where additional information/evidence on such “exhaustive meetings” could be found.
- In the section on “AFOLU-Specific Safeguards”, several general statements fail to be supported with disclosed evidence: “As part of the FPIC process, the consultative meetings were held in all the Chiefs. Every village head has conducted *informational meeting at least once in a year* to discuss the project objectives implementation and monitoring. The KMS REDD+ Project team has not identified any major risk or impact to any local stakeholders, to their property rights natural resources. *The baseline survey indicated a very low risk based on the population surveyed. Most of the communities welcomed the initiatives of the project*” (p.28, emphasis added).
 - No details, dates, or evidence are provided on these yearly meetings in the PDD.
 - Other questions that come to mind but remain unanswered include: what constituted this baseline survey? Why are the survey and its results not disclosed in an annex? What qualifies as “low risk”? Who was surveyed and how was this decided? Further information is needed.
 - By stating that “most of the communities welcomed the initiatives of the project” (p.28), the PDD implies some communities did not support the project but does not elaborate on this. What were their concerns and how are they being addressed? Further information and evidence are required.
- **In summary, the most basic questions about the purported public consultations are not answered:** how many meetings were held overall, on which dates, and who participated? Were interpreters present? Who was surveyed and how was this chosen? What concerns were highlighted by communities?
- No annex is even indicated where such information could be found. There are a few photos at the end of the PDD under the heading “project photographs”, but these are undated photos without any context, and hardly could be considered compelling proof of “exhaustive meetings”.

Accessibility of documentation and consultation

- The PDD states: “All the [project] documents and/or results will be published on the project website <https://pngreddproject.wixsite.com/oroproject> and *communicated in the official language of PNG i.e., English. The details will be published in a simple language to the*

stakeholders for their awareness and free participation. The hard copies of all the relevant project documents will be made available to the community” (p.27, emphasis added).

- There are over 800 different languages spoken in PNG. English is one of the official languages, but not the only official language (Tok Pisin and Hiri Motu are two more official languages). It is a somewhat misleading statement to say English is the official language of PNG. Also, even if English were the only official language, it does not seem truly accessible to communicate (and publish documents) only in English when 800+ languages are spoken across PNG. Were interpreters present during the aforementioned “exhaustive meetings”?
- It is unclear what the project developer means when stating they will publish the details in a “simple language for stakeholders”. What does this mean? Will the inclusion of details be up to the determination of the project developer, or will they be required to disclose all project details and information?

Benefit sharing

- There do not appear to be any concrete details about benefit sharing agreements or the conditions for distributing proceeds from the sale of carbon credits to local groups.
- The only reference appears to be a citation of PNG law saying that landowners are entitled to benefit sharing for climate change related projects or activities and that “all affected landholders shall participate and benefit from the incentives of a climate change related project implemented on land or at sea” (pp.23-24). However, this is just a citation of the law, and there do not appear to be any details in the PDD about what this means in practice, for this project.
- Similarly, the PDD states that “An Equitable sharing mechanism shall be set up for the ILGs” (p.28). Once again, several basic questions that come to mind are left unanswered. How does the project developer define “equitable”? Does it follow international best practices or just the project developer’s own assessment? The details of this mechanism must be disclosed.

Grievances

- In addition, the PDD remains extremely light on details regarding grievances: “The company has drafted the grievance redressal procedure and policy accordingly. This policy shall be accessible to individual stakeholders as well as the ILG groups” (p.28).
- Are the grievance redressal procedure and policy public or private? Why is this not disclosed? Will it be made public? Do these follow international best practices or just the project developer’s own assessment of what is best practice?

To conclude, the PDD yet again lacks sufficient evidence or information to even answer the most basic questions about stakeholder consultation. This raises very significant concerns and red flags, since it is unacceptable for any project to fail to rigorously engage with stakeholders, but especially one covering nearly half a million hectares under customary land ownership. If the project developer has not actually adequately consulted with local groups, which troublingly appears to be the case, then this proposed project absolutely cannot be justifiably approved.