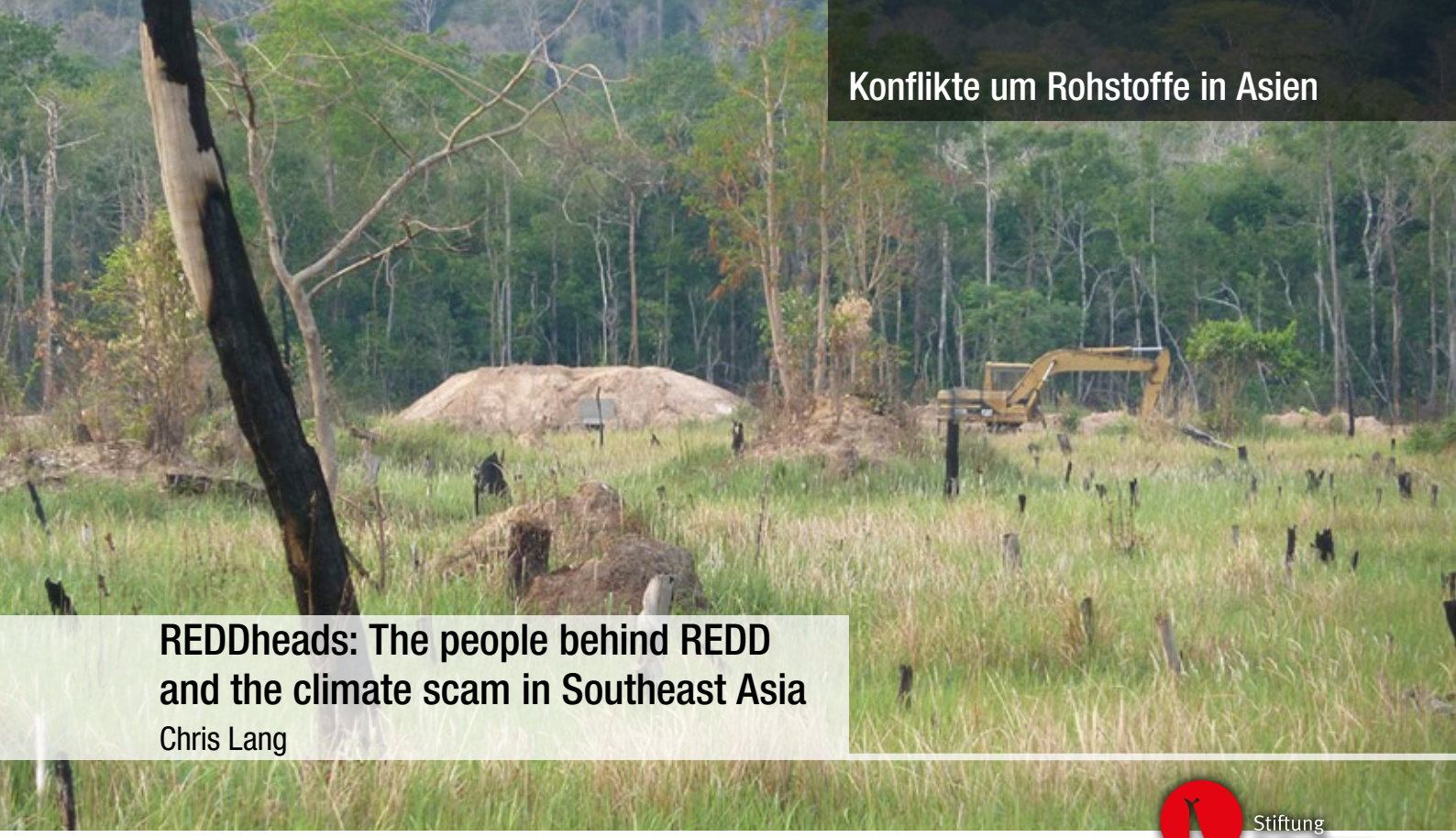

REDDheads: The people behind REDD and the climate scam in Southeast Asia

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The 2015 Climate Summit in Paris has been hailed by many as a major breakthrough in combating climate change. Others are more critical, pointing out that no binding targets were agreed upon, and that the mechanisms in place preserve the status quo. One of these mechanisms is REDD. REDD, or "reduced emissions from deforestation and forest degradation", is a simple idea that gets complicated very quickly. The basic concept is that governments, companies or forest owners in the South should be rewarded for keeping their forests instead of cutting them down. REDD was included in the Paris Agreement that came out of the UN climate negotiations in December 2015. But the text only states that countries are "encouraged to take action to implement and support" REDD. There are no commitments to finance REDD in the Paris text. This paper critically examines the promise of REDD as a means to mitigate climate change. It first traces who came up with the idea and why: Freeman Dyson (the "inventor of REDD"), Sheryl Sturges (who thought of offsetting coal emissions in the North by planting trees in the South), Kevin Conrad (who introduced the idea to the UNFCCC), and the "carbon cowboy" Kirk Roberts. It then takes a look at some prominent projects in Southeast Asia – the Ulu Masen project in Indonesia, the Oddar Meanchey project in Cambodia and the April Salumei project in Papua New Guinea to show how REDD has failed both as a viable solution to climate change and for the local people impacted by it.

Military bunker in community forest area, next to the Dangrek escarpment, Oddar Meanchey province. Cambodia – Thai border. (March 2012)
Credit, Shalmali Guttal, Focus on the Global South

Introduction

The idea of making payments to discourage deforestation and forest degradation was discussed in the negotiations leading to the Kyoto Protocol, but it was rejected because of four fundamental problems: leakage, additionality, permanence and measurement.

- **Leakage** refers to the fact that while deforestation might be avoided in one place, the forest destroyers might move to another area of forest or to a different country.
- **Additionality** refers to the near-impossibility of predicting what might have happened in the absence of the REDD project.
- **Permanence** refers to the fact that carbon stored in trees is only temporarily stored. All trees eventually die and release the carbon back to the atmosphere.
- **Measurement** refers to the fact that accurately measuring the amount of carbon stored in forests and forest soils is extremely complex – and prone to large errors.

Although much has been written about addressing these problems, they remain serious problems in implementing REDD, both nationally and at project level.

REDD, as defined at the UN level, consists of five aspects:

– Reducing emissions from deforestation;
– Reducing emissions from forest degradation;
– Conservation of forest carbon stocks;
– Sustainable management of forest;
– Enhancement of forest carbon stocks.

The first two points refer to REDD. The last three points are the "plus" part of REDD+. While they may look good superficially, each of them contains problems:

- **Conservation** sounds good, but the history of the establishment of national parks includes large scale evictions and loss of rights for indigenous peoples and local communities. Almost nowhere in the tropics has strict 'conservation' proven to be sustainable. A serious concern is that forests are viewed simply as stores of carbon rather than ecosystems.
- **Sustainable management of forests** could include subsidies to industrial-scale commercial logging operations in old-growth forests, indigenous peoples' territory or in villagers' community forests.
- **Enhancement of forest carbon stocks** could result in conversion of land (including forests) to industrial tree plantations, with serious implications for biodiversity, forests and local communities.

A series of safeguards has been agreed at the UN level, but the safeguards are weak and in any case "should" only be "promoted and supported" in the UN text. In other words, the safeguards are not binding. REDD was included in the Paris Agreement that came out of the UN climate negotiations in December 2015. But the text only states that countries are "encouraged to take action to implement and support" REDD. There are no commitments to finance REDD in the Paris text.

The Paris Agreement did introduce a new carbon trading mechanism hidden behind the euphemism "voluntary cooperation" between countries. The new carbon trading mechanism was given a catchy name: "mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development". REDD may or may not be part of this carbon trading mechanism.

The most serious problem with including REDD in a carbon trading mechanism is that it will generate very large numbers of carbon credits. The buyers of these carbon credits will use them to continue greenhouse gas emissions elsewhere. Leaving fossil fuels in the ground is the only way to prevent them from being burned and further contributing to climate change. Yet keeping fossil fuels in the ground is not on the agenda at the UN climate meetings. The words "fossil fuels" do not appear anywhere in the Paris Agreement.

The origins of REDD

REDD did not appear from nowhere. Behind the idea are a series of people and institutions who have promoted REDD in different ways over the past decades. Understanding REDD means understanding the players involved and their motivations for promoting a scheme to generate carbon credits from tropical forests instead of finding ways to keep fossil fuels in the ground. The origins of REDD can be traced back to an idea dreamed up by physicist Freeman Dyson in the mid-1970s. Dyson started thinking of ways to reduce the amount of CO2 in

the atmosphere without dramatic changes to the way industrial civilization is run. His solution was large-scale tree planting.

In 1999, Larry Lohmann of the UK-based solidarity organisation the Corner House, wrote a report titled "The Dyson Effect", in which he explored the background of carbon offset forestry. "In little more than two decades," Lohmann wrote, "a far-fetched, arrogant scheme hatched by a single intellectual has nearly become received wisdom." In the same way, REDD has become received wisdom. Yet a closer look at REDD projects in Indonesia, Cambodia, and Papua New Guinea reveals that this is a flawed scheme that will neither save the forests nor prevent climate change.

Freeman Dyson: Plant trees to suck up carbon dioxide

Back in 1976, the famous physicist Freeman Dyson asked himself a question. "Suppose that with the rising level of CO2 we run into an acute ecological disaster. Would it then be possible for us to halt or reverse the rise in CO2 within a few years by means less drastic than the shutdown of industrial civilization?" His response to the question was a tentative yes. "It should be possible in case of a world-wide emergency to plant enough trees and other fast-growing plants to absorb the excess CO2 and bring the annual increase to a halt," Dyson wrote in a paper titled, "Can we control the Carbon Dioxide in the atmosphere?"

In his paper, Dyson noted that the long-term response must be to stop burning fossil fuels. A global shift could not be carried out in a few years, but, Dyson argued, a start could be made immediately and a substantial reduction in fossil-fuel burning might be achieved in one or two decades. Meanwhile, growing trees and fast-growing plants "would provide the necessary short-term response to hold the CO2 at bay while the shift away from fossil fuels is being implemented." He noted that large areas of land would be required. He also acknowledged that it would be expensive, although he considered the costs "not unreasonable for a world-wide effort in response to a dire global emergency".

In any case, he wrote, it would be cheaper "if most of the planting were done by labor-intensive methods in countries where labor is cheap". Dyson also suggested a tax on every burner of fossil fuels, to pay for "his share of the operation of purging CO2 from the atmosphere". Dyson thought it "highly unlikely" that his proposed emergency programme would ever be implemented. Nevertheless, Dyson's proposal proved remarkably popular.

Sheryl Sturges: Coal in the USA, trees in Guatemala

In 1987, Sheryl Sturges was Director of Strategic Planning at AES Corporation, which was planning to build a new 181 MW coal-fired power plant in Connecticut. In a recent interview with NPR,[1] Sturges explains that her CEO, Roger W. Sant, said to her: 'Sheryl, I'm concerned that global warming may be a real thing, and I'm concerned that AES is contributing to it and can you find a way of helping AES minimise or avoid our emissions in that area.'

Sturges came up with four possible ways forward[2] – including promoting energy conservation, carbon capture and storage, or that AES Corporation should stop burning coal to produce energy. She rejected these options as too impractical. Sturges went for the fourth option: planting trees to absorb carbon emissions. Her first thought was to plant trees around the AES coal plant. Sturges got in touch with Paul Faeth at the World Resources Institute to ask them whether her idea was feasible. WRI's scientists told her that her idea could work. She asked Faeth how many trees would be needed. "It was 52 million trees," Sturges tells NPR. "That was the estimate of how many trees it would take to offset the carbon that the plant would emit in its 40-year lifetime."

At this point, Sturges was still thinking of planting trees around the coal plant. A quick look on Google maps reveals that there just isn't room for 52 million trees in Uncasville, Connecticut where AES Corporation's Thames Plant was built:

Sturges came up with what she calls a "crazy idea". She could plant the trees anywhere and they would still suck up AES Corporation's carbon emissions. "That freed me up," she tells NPR.

Faeth and Sturges started looking for somewhere they could plant 52 million trees. They found a project run by CARE in the mountains of Guatemala. A US$2 million grant from AES would allow farmers to plant trees. Paul Faeth explains that, "The reason this particular project was chosen was because it had the dual benefit of helping poor farmers and sequestering carbon." Sturges is clear that she was creating a commodity out of carbon: "It is a commodity. We were trying to commoditise carbon so that you could trade it and conserve it and, like, sell the non-production of it."

But what happened in Guatemala? Hannah Wittman, a Professor at the department of Sociology and Anthropology at Simon Fraser University in British Columbia, has studied the impacts of tree planting on farmers livelihoods in Guatemala. Wittman found frequent land use conflicts. The project had actually offset far less than AES had initially anticipated. When farmers in the region started planting trees, less land was available for growing food. The result was food shortages in the area.

Faeth argues that CARE's project was about to close before AES stepped in because of lack of funding:[3] "Many poor people in Guatemala benefitted from CARE's on-going work only because the project had the ability to offset carbon, bringing to bear an entirely new source of funding for poverty alleviation." But in her research, Wittman found that the money from AES created a problem for CARE in the way it implemented its project. Previously, CARE had focused on poverty alleviation. With the AES money came a new focus on carbon sequestration. CARE had to redirect resources to pay consultants to develop a methodology to measure and monitor carbon in agroforestry plots and forests.

Wittman writes that, "This redirection of financial resources demonstrates how carbon sequestration has displaced financial resources and personnel toward satisfying donor objectives for carbon sequestration."

The coal-fired power plant in Uncasville stopped operation in 2011 after AES Thames filed for bankruptcy. At the end of 2013, Interstate Construction Services started demolishing the power plant.

Kevin Conrad: Taking REDD from New York to the UNFCCC

Kevin Conrad's parents were missionaries from the USA. He grew up in Wewak in East Sepik province on the north coast of Papua New Guinea. He left PNG after high school to study finance in California. He was involved in what journalist Ilya Gridneff describes as "a string of failed business dealings in Papua New Guinea."[4] In 2007, Peter O'Neill, then-opposition leader in PNG, made several accusations in parliament against Conrad. Here's Gridneff: "[O'Neill] accused Conrad of involvement in a failed housing scheme in the 1990s for the Public Officers Superannuation Fund where 17 million kina ($A 8 million) was paid but not one single house was built. O'Neill also alleged Conrad in the early 2000s was involved in PNG's banking corporation losing almost 35 million kina ($A 18 million) while landowners lost their coffee plantations because of the collapse of a coffee export company."

Between 2003 and 2005, Conrad studied International Finance at Columbia University. For the final project of his Executive M.B.A. Conrad looked at whether the money from carbon credits could equal the revenue from logging in Papua New Guinea. When the project was completed, Conrad and his supervisor at Columbia, Geoffrey Heal persuaded Papua New Guinea's Prime Minister, Michael Somare, to start the Coalition for Rainforest Nations.[5]

In November 2005, Heal and Conrad wrote a piece in the Financial Times with the headline "A solution to climate change in the world's rainforests". Part of the REDD deal from the beginning was that REDD countries would accept caps on their emissions: In what could be crucial to current climate negotiations, coalition countries may accept binding caps on their emissions levels in exchange for tradable emission reduction credits. In fact, these countries are being drawn toward pledging "voluntary reductions" by the prospect of access to now viable emissions reductions markets. This is the first time for any developing countries to consider mechanisms to cap carbon emissions, and the first real global move to address the growing and critical issue of deforestation.

Conrad and the Coalition for Rainforest Nations presented an 11-page proposal to the UN climate

meeting COP11 in Montreal. From the beginning, REDD was intended to be a carbon trading mechanism. Here's Heal and Conrad writing in 2005 in the Financial Times: "To help level the playing field, the rules must be revised to make carbon credits from reduced deforestation tradable in carbon markets on a par with other offsets. This would value them at present in the range of $25 (€ 21) per ton of CO2. Such a price is high enough to transform the economic incentives to conserve forests and is quite competitive with the lumber prices currently received by local communities from logging companies. Recognising carbon credits from avoiding deforestation makes standing timber an income-earning asset worthy of conservation."

Heal and Conrad don't mention what might happen if the price of carbon offsets were to collapse. Of course, that's precisely what has happened. Carbon credits are currently on sale on the EU Emissions Trading System for € 0.38. Heal and Conrad note that corporations will "welcome the additional source of carbon offsets" generated through REDD. And they presciently commented that, "The US should see this as a positive move as it brings some developing countries into climate change agreements as active participants."

For years in the UN climate negotiations, the global South had accused the rich countries of burning more than their fair share of fossil fuels, setting us on the road to runaway climate change. The global South asked for financial compensation for this destruction. Rich countries (lead by the USA) argue that most greenhouse gases now come from the global South (which is true as long as historical emissions are ignored). The USA has always refused to make emissions cuts until all countries agree to reduce their emissions.

REDD helped drag the global South into committing to make emissions reductions. Papua New Guinea was happy to reduce its emissions by cutting deforestation, as long as it was paid sufficiently. What Conrad presumably didn't tell Somare was that if the payments came from carbon credits, the emissions reductions would belong to whoever bought the carbon credits, not PNG. Otherwise, the reductions would be counted twice.

Ulu Masen: An artisanal gold mine inside the Ulu Masen area.

Conrad's fifteen minutes of fame came two years after the Montreal meeting. In 2007, he was ambassador and special envoy for the environment and climate change for PNG at the UN climate negotiations in Bali. Conrad said, "We all came with high expectations. The world is watching us. We left a seat for every country. We asked for leadership – and there is an old saying: 'If you're not willing to lead, then get out of the way.' I would ask the United States: we ask for your leadership. We seek your leadership, but if for some reason you're not willing to lead, leave it to the rest of us; please, get out of the way."[6] During the meeting in Bali, the World Bank launched its Forest Carbon Partnership Facility. REDD was incorporated into the Bali Road Map – the series of decisions that came out of COP13 in Bali.

In 2012, with Sir Michael Somare no longer prime minister of PNG, Conrad was fired as the country's climate change ambassador. He now represents Panama at the UN climate talks.

Kirk Roberts: The carbon cowboy in Papua New Guinea

Kirk William Roberts is an Australian who was at the heart of Papua New Guinea's carbon trading rush in 2009. Before becoming PNG's kingpin carbon cowboy, Roberts had been a professional showjumper, a licensed horse trainer (he was fined for doping a racehorse and instructing a vet to withhold veterinary records) and a cockfighter in the Philippines. Roberts set up a company called Nupan and claimed to have over 90 forest carbon deals. Roberts promised the forest owners untold riches if they agreed to trade the carbon stored in their forests instead of allowing logging companies onto their land.

Whether Nupan really had so many deals was practically impossible to determine. When the Sydney Morning Herald asked him for details, Roberts replied, "The whole thing has been checked over by international verifiers."[7] But he refused to give any information about the international verifiers or what they were actually verifying. The Sydney Morning Herald reported one tribal representative who said he had been tricked into signing a memorandum of understanding that gave Nupan power of attorney over his land. "I didn't know anything about the certificates, that was my first time in hearing about the certificates," the tribesman told the Sydney Morning Herald. He eventually signed the memorandum because Nupan was so persistent. "I couldn't do anything," he said. "So I just went ahead and signed it. Then later I complained to my lawyer." Nupan's most notorious project was the Kamula Doso REDD project. The area is the site of a long running legal dispute with Malaysian logging company Rimunan Hijau.

In November 2008, Theo Yasause, then-executive director of the Office of Climate Change, wrote to Nupan and attached what appeared to be a certificate for one million carbon credits for the Kamula Doso REDD project. Roberts used the certificate to persuade land-owners in PNG that his proposals were genuine.[8] Journalist Ilya Gridneff reports that at a June 2009 press conference, Yasause explained that even though the document carries his signature, the OCC's official seal and another colleague's signature, the document does not represent actual carbon credits.[9] "It's not a false document but a sample," he said. Asked why he would make sample documents, he said: "We want to see what it looked like."

Nupan received Aus$ 1.2 million from an Australian company called Carbon Planet. Where the money went is not known. By December 2009, Carbon Planet refused to talk about their relationship with Kirk Roberts. When he was asked about Roberts during an interview with Australian TV broadcaster SBS, Carbon Planet's Dave Sag stood up and walked out of the studio.[10] Roberts' carbon trading website has since disappeared, but an archived copy is still available,[11] providing a fascinating glimpse into PNG's REDD carbon rush.

Yasause was suspended from the Office of Climate Change, suspected of corruption. In 2012, Yasause was sentenced to 30 years in prison for the murder of PNG rugby player Aquila Emil, who was shot dead in Port Moresby in February 2011.[12]

Dorjee Sun: The failure of the Ulu Masen REDD project, Indonesia

Dorjee Sun was born in Australia and has lived in Singapore for the past five years. He describes himself as a "serial social entrepreneur". He's set up 13 companies, including a recruitment software company, an education company, and an agency focussing on animation and viral marketing. By the

age of 30 he was a millionaire. Sun also set up a company called Carbon Conservation to run REDD projects. The first of these was to be the Ulu Masen project in Aceh province in Indonesia. In 2007, Sun persuaded Aceh's "green governor" Irwandi Yusuf to let Carbon Conservation run the Ulu Masen REDD project, covering an area of 750,000 hectares. Sun spent months flying around the world trying to raise finance for the Ulu Masen project. He succeeded in getting Merrill Lynch to promise to buy US$9 million worth of carbon credits from the project. In 2009, Sun was one of Time magazine's Heroes of the Environment.

Sun was the star of a documentary film, "The Burning Season", that tracked Sun's fund-raising attempts for the project. In the film Sun says, "The business model of this business is so cool. It's the more forest that we manage and protect, the more money we make. I mean, bring it on, baby! Like if we could have millions and millions of hectares under our management protecting forest and farming carbon, this could be a hugely profitable and yet hugely well intentioned company that does good." But the money didn't come. No carbon credits have ever been sold from the Ulu Masen REDD project. In May 2011, Sun was so desperate for cash that he sold 50% of his company Carbon Conservation to East Asia Minerals, a Canadian mining company.

East Asia Minerals had an exploration permit for the Miwah gold mine, within the Ulu Masen REDD project area. East Asia Minerals was hoping to get the protected forest area re-classified as production forest, thus allowing the mining to go ahead. That didn't happen. Since 2011, the company's share price has crashed. In January 2016, East Asia Minerals released its 2015 financial statement. The company's auditors gave an opinion expressing doubt that the company can continue as a going concern, because it has failed to get the necessary financing and permits to explore and develop its proposed mines, including at Miwah.[13]

In June 2012, journalist Michael Bachelard reported that at some point Sun had persuaded Jeff Carmichael, an Australian businessman, to invest a "seven-figure sum" in Ulu Masen. Carmichael is a company director and has worked as a consultant to the World Bank, the Asian Development Bank and a number of governments on issues relating to regulatory structure, design and effectiveness, debt management and training. Carmichael told Bachelard that the biggest risk to the project was Aceh's politics. The project was dependent on the support of Aceh's governor.

In 2012, governor Irwandi lost the election in Aceh. He was replaced by Zaini Abdullah, who has shown little interest in protecting Aceh's forests. Back in February 2008, Ulu Masen became the first forest conservation project to achieve Climate Community and Biodiversity (CCB) certification. Five years later, Ulu Masen became the first project to lose its CCB validation status.

I visited the Ulu Masen REDD project area in December 2012. The project was at a complete standstill. Anwar Ibrahim, a village leader in Aceh, told me, "We've never seen anything from REDD. It's like the wind. We can't see it, can't touch it."

In the film "The Burning Season", Sun says, "The vast bulk of that money will go to local communities in order to prevent them from deforesting." But none of the people I met in Aceh had seen any money at all from the Ulu Masen REDD project. "I'm quite bitter, because no compensation has arrived," one of the villagers told me. "I've heard rumours about carbon money, but in the village we've never got anything."

In December 2013, I sent a series of questions to Dorjee Sun about the Ulu Masen project. I asked Sun what happened to the money invested in his project. I asked him why the project failed to generate any carbon credits. I asked him about the deal with East Asia Minerals and I asked him what the lessons learned from all this might be. More than two years later, I am still waiting for Sun's response.

The Oddar Meanchey REDD project in Cambodia

In December 2007, Cambodia's Forestry Administration launched the Oddar Meanchey REDD project. It was Cambodia's first REDD project. The aim of the project is to link 13 community forests in Oddar Meanchey province with the carbon market. The community forests cover a total area of almost 68,000 hectares. The project was set up by Community Forestry International, with support from a range of aid agencies and foundations, including the Danish, British and New Zealand aid agencies (Danida, DfID and NZAID), the John D. and Catherine T. MacArthur Foundation, and the William J. Clinton Foundation. From 2009, the project was

run by the Cambodian branch of a Washington DC-based NGO called PACT and Cambodia's Forestry Administration. Terra Global Capital is marketing the carbon credits generated by the project.[14] In 2013, Microsoft bought 33,000 carbon credits from Oddar Meanchey, as part of the company's plans to achieve "carbon neutrality" – by offsetting its greenhouse gas emissions. But since then, the project has sold few carbon credits. Oddar Meanchey is one of the REDD projects marketed on the USAID supported Stand for Trees website. While a steady trickle of carbon credits have been sold, it is not enough to fund the project.

The Phnom Penh Post reports that in July 2013, PACT left the project, "when the sale of up to $1.2 million worth of generated carbon credit sales, which were intended to fuel the continuation of the REDD+ project, failed to materialise."[15] (The project is still mentioned on PACT's website as part of its work in Cambodia.) Apart from the failure to generate sales of carbon credits, the project has faced other problems. One of the most serious is the fact that the Cambodian military has been clearing forest along the Thai border for several years, including inside the REDD project's community forests.[16]

In 2014, Shalmali Guttal of Focus on the Global South sent REDD-Monitor a series of photographs documenting the military clearing of community forests in Oddar Meanchey. The photographs, taken in 2012, show clear-cuts, roads, and a bulldozer building a military bunker – all inside the community forest areas.

In January 2014, I asked Leslie Durschinger of Terra Global Capital how her company could sell carbon credits from a project where the Cambodian military is destroying the forest. I also asked her how she addressed leakage – the fact that deforestation in Oddar Meanchey province continues outside the REDD project area. "I find your request for information to be more your preformulated answers than questions," she replied. "And we do not believe your formulation of the answers is correct."

For the past three years, Timothy Frewer of the University of Sydney has been carrying out his PhD research in Oddar Meanchey. He has carried out almost 300 interviews, including interviews with the heads of all 13 community forests. He notes that, "Like so many development projects conducted in aid-dependent Cambodia, realities at the village level differ markedly from the glossy brochures and project documents produced in capital cities."[17] The Oddar Meanchey REDD project "has encountered some serious conflicts, mostly due to competition over land", Frewer writes. He told REDD-Monitor that only one of the community forests has succeeded in substantially decreasing the rate of deforestation. That community forest is called Song Rukavorn, and is run by Buddhist monks.

Frewer writes: "The only successful CF of the 13 in Oddar Meanchey province is run by a charismatic monk with close connections to the provincial governor and the FA, and who receives separate individual funding from a range of donors. Yet he governs the forest in a near-despotic fashion, preventing one village from collecting resin, evicting another from land within the forest's border which it has farmed before the forest was established, and imposing heavy fines and even jail terms on anyone who dares to engage in small-scale timber felling."

Frewer argues that, if we measure REDD in terms of providing people with a humble income stream that can act as a disincentive to clearing forest, then the project has failed miserably in all sites. Frewer found that the REDD project has led to violent encounters. In 2014, more than 100 villagers wielding knives and axes, attempted to protect rice and cassava fields that they claimed the REDD project had encroached on. In another village, Frewer writes, "the community forest committee unexpectedly expanded forest boundaries into local farmland, even burning houses, farming huts and cashew nut farms that stood in their way".

Villagers were forced to pay bribes to community forest committees or soldiers, just to go into the forests to collect non-timber forest products (NTFPs) or small amounts of timber. In some cases, soldiers had taken over the forests and were demanding rents from people entering the forest. Project documentation claims that villages in Oddar Meanchey are forest dependent. But Robin Biddulph, a researcher at the Department of Human Geography at the University of Gothenburg in Sweden, found that of the 58 villages involved in the 13 community forests, only two were actually in the forests. Villagers' livelihoods are largely based on agriculture, rather than gathering forest products.

Frewer reports that, "Less than one-third of those I interviewed had ever collected NTFPs from community forests, and when they did, it contributed only modestly to their livelihoods." Frewer disputes the claim on the Stand for Trees website

that the project "Empowers 10,000 households with clear, legally recognized land rights", arguing that where land certificates have been provided they have nothing to do with the REDD project. Villagers have received little or no money for their work patrolling and trying to protect their community forests. Frewer writes: I could not find anyone at the village level who had been employed by the REDD program, but many complained about receiving one-off $50 dollar payments to entire villages to conduct years of forest patrolling activities. When I told villagers they were supposed to be paid for their efforts, many were shocked and angry to the point of tears.

How carbon credits from the April Salumei REDD project, Papua New Guinea were used to defraud investors in the UK

The April Salumei REDD project in Papua New Guinea's East Sepik province covers an area of 600,000 hectares. According to the website of the company running the project, Pacific Forest Alliance, the project will generate 23 million REDD credits over the 38 years the project will run. The project started during PNG's carbon trading rush. In June 2008, Theo Yasause, then-executive director of the Office of Climate Change, signed a memo to PNG's Prime Minister Michael Somare asking him to counter-sign a certificate allowing two carbon brokers, Earth Sky and Climate Assist PNG, to sell US$500 million worth of forest carbon offsets.[18] "The (two brokers are) prepared to put in 10 million Australian Dollars [US$8 million] to assist the establishment of the Office of Climate Change," Yasause wrote in the memo. In addition, the Office of Climate Change would earn 20 % of any proceeds from carbon sales.

Earth Sky was the name of the company that had initially tried to set up the April Salumei project. Earth Sky disappeared shortly after Yasause's letter surfaced and a company called Rainforest Project Management Ltd took over the project. (Earth Sky and Rainforest Project Management share the same address in the British Virgin Islands.)

The director of Rainforest Project Management is Stephen Hooper, who is also the director of Pacific Forest Alliance, the company now running the April Salumei project. In an interview with Sam Knight, a journalist with the Guardian, Hooper said the project had sold a total of 200,000 car-

Despite REDD, palm oil plantations and refineries are still a major threat to rainforests. (Photo: Glenn Hurowitz; (CC by-nd)

Industrial tree plantations could be included under REDD+ as "enhancement of forest carbon stocks". Photo: Chris Lang

bon credits, and received about US$ 300,000 in return. But in 2011, a Swiss company called World Markets bought almost 5.5 million carbon benefit units (pre-verified carbon credits) from the April Salumei project for about US$4 million (around US$ 0.72 per credit). By the end of 2013, World Markets had sold all the carbon credits, for more than US$ 9.7 million (US$1.7 per credit).

Stephen Hooper, the director of the company running the April Salumei project, was a director of World Markets from December 2011 to March 2013. In July 2011, Sean Lewis, the man behind Earth Sky, was appointed chairman of World Markets. In November 2015, the High Court in London ordered eight interlinked companies into liquidation, after an investigation by the Insolvency Service found that the companies had been selling carbon credits as investments to the public.

The companies selling the carbon credits were "boiler room" operations, where fraudsters cold call investors offering them worthless or overpriced investments. The fraudsters promise high returns, but the investors usually end up losing their money. One of the companies closed down was called Earthsky Ltd. In a press release, the Insolvency Service details the large amounts of money that appeared in Earthsky's accounts:[19] "The company's accounts filed at Companies House disclose that the company has achieved no turnover since its incorporation but nevertheless record that it has been involved in some form of significant business leading to it reportedly having cash at bank of some £17 million in 2004 increasing to some £535 million in 2006 and some £613.5 million in 2011. No explanation has been provided as to the activities giving rise to such cash balances nor a $1 billion trust agreement nor a $30 million bond."

Some of the carbon credits sold through the boiler room operations came from the April Salumei project. Retail investors were persuaded to part with US$12 per carbon credit. Other carbon credits came from another project run by Pacific Forest Alliance in Lake Murray in Papua New Guinea. The Insolvency Service's press release explains the scam: "Behind this callous boiler room activity was an overseas framework to supply the pre-verified carbon units from the two projects in Papua New Guinea that were sold to investors. Far from the "sky money" promised to the indigenous land owning tribes in PNG and funding to save the rain forest, investors' money went to those behind the scheme and those selling it to vulnerable people whose lives have been ruined as a result."

Conclusion

In 2008, the Centre for International Forestry Research (CIFOR) put out a report titled "Moving Ahead with REDD". While the report acknowledges that REDD is complex, CIFOR was optimistic that any problems could be overcome. "We need to move ahead with REDD," Arild Angelsen and Stibniati Atmadja wrote. They also wrote that, "REDD is commonly seen as a significant, cheap, quick and win-win way to reduce greenhouse gas (GHG) emissions; significant because one-fifth of global GHG emissions come from deforestation and forest degradation (DD); cheap because much of the DD is only marginally profitable, so, reducing GHG emissions from forests would be cheaper than most other mitigation measures; quick because large reductions in GHG emissions can be achieved with 'stroke of the pen' reforms and other measures not dependent on technological innovations; and win-win because the potentially large financial transfers and better governance can benefit the poor in developing countries and provide other environmental gains on top of the climate-related benefits."

Today, none of these claims stand up. The IPCC 5th Assessment (released in 2014) states that in 2010 emissions from Forestry and Other Land Uses accounted for 11 % of emissions. Fossil fuels and other industrial sources accounted for 65 %. REDD has proved not to be cheap – and deforestation for palm oil is more profitable than REDD. Steve Zwick of Ecosystem Marketplace, despite being pro-REDD, acknowledged in 2014

Clearcut industrial tree plantations in Swaziland. REDD would not in any way address this sort of destruction. Photo Chris Lang.

that, "REDD didn't create an incentive to save forests, because anyone who responded to purely economic incentives would opt for palm oil. What REDD did create was a financing mechanism that might make it possible for people who wanted to save the forest to do so."

REDD has also proved not to be particularly quick. Despite all the hype about REDD there are only a handful of REDD projects worldwide that are selling carbon credits. Meanwhile deforestation continues. Five years of REDD in Indonesia did nothing to stop the forest fires this year, that resulted in massive emissions of greenhouse gases.

While REDD has no doubt turned out to be profitable for consulting firms and beneficial for aid agencies and the World Bank, little of the money has actually reached the communities in and near the forests. Timothy Frewer points out that REDD as an offset programme postpones the urgently needed structural changes in rich countries to reduce emissions from fossil fuels. He argues that, "Overall, REDD+ is based on a perverse logic. It uses – if not blatantly exploits – some of the poorest, and those most likely to be affected by climate change, to engage in the messy, time-consuming, labour-intensive and dangerous work of protecting forests, which are of global benefit."

The problem with trading the carbon stored in forests is that we need to reduce greenhouse emissions and stop deforestation. We cannot afford to trade off one against the other.

Endnotes

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One of the main issues of REDD is leakage, as destruction of forests simply moves to unprotected areas. Photo: Chris Lang

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