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Forest Conservation in Cambodia

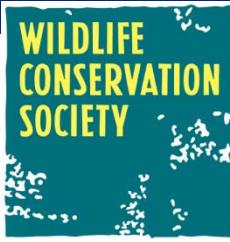
Financing Climate Benefits, Biodiversity
Conservation and Community Development
through the Market for Emission Reductions



Promoting Transformation by
Linking Natural Resources,
Economic Growth, and
Good Governance



Cambodia



- One of the poorest countries in SE Asia
- High forest cover (2006: 58.9%)
- High recent rates of forest loss (2002-2006: 3%, or 379,485 hectares)
- Low endemism, moderate species richness but high numbers of globally threatened species
- Large numbers of remote forest-dependent communities



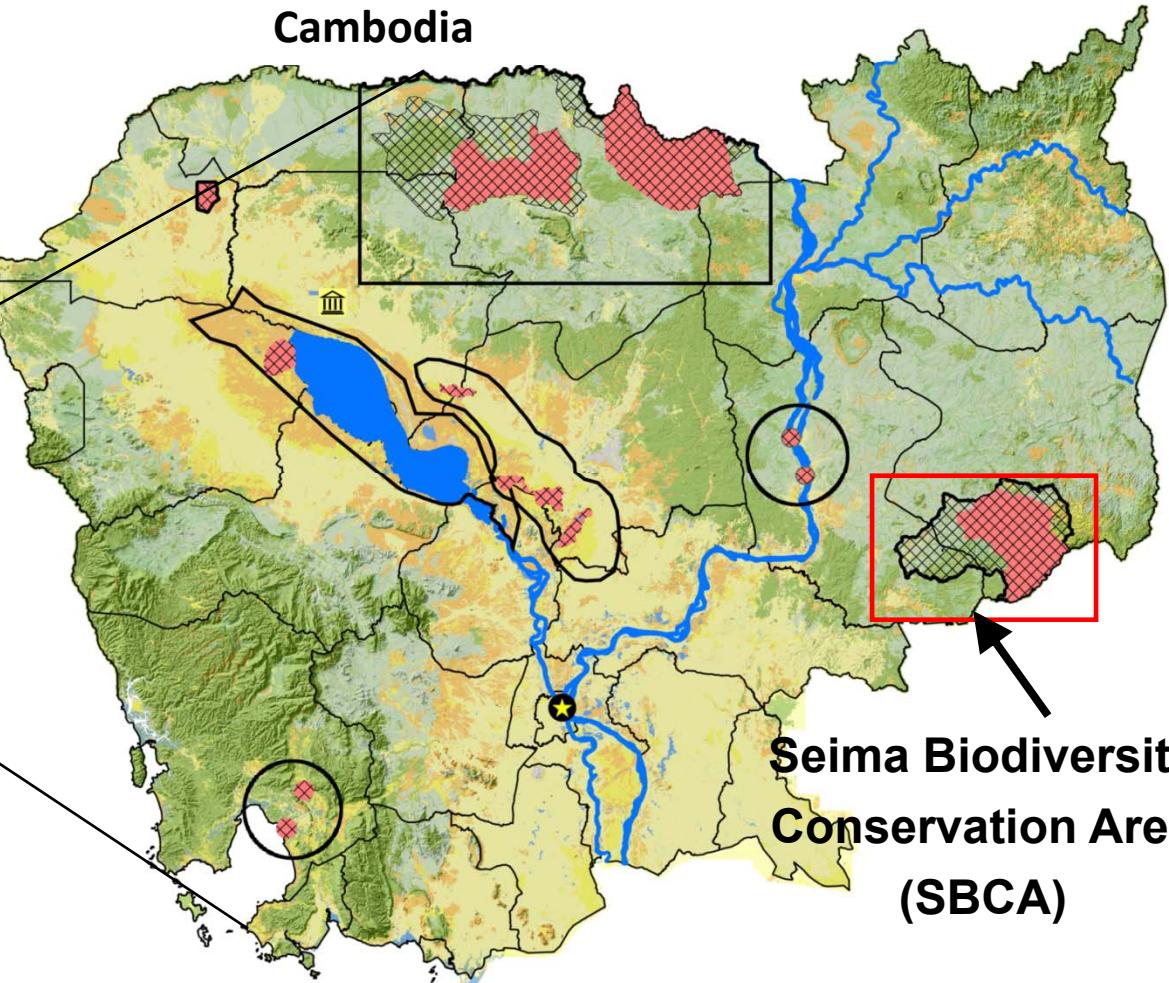
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Seima Biodiversity Conservation Area (SBCA)

INDOCHINA



Cambodia



**Seima Biodiversity
Conservation Area
(SBCA)**



Unique community of birds:
4 Critically Endangered,
8 Endangered or Vulnerable, and
8 Near-threatened species

Including:

Vultures; Large waterbirds: Giant & White-shouldered Ibis, Adjutants, Sarus Crane, Black-necked Stork; Orange-necked Partridge; Green Peafowl





Globally Threatened Mammals:
5 Endangered
12 Vulnerable or Data Deficient, and
5 Near-threatened species

Including:

Tiger, Leopard, Asian Elephant, Eld's Deer Dhole,
Gaur, Banteng, Fishing Cat, Golden Cat, Langurs,
Gibbons



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Habitat Diversity

Has a complex mix of forest types including:

- Evergreen forest
- Semi-evergreen forest
- Mixed deciduous forest
- Deciduous dipterocarp forest
- Bamboo
- + Permanent water sources and many mineral licks



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Forest inhabited by the Bunong minority

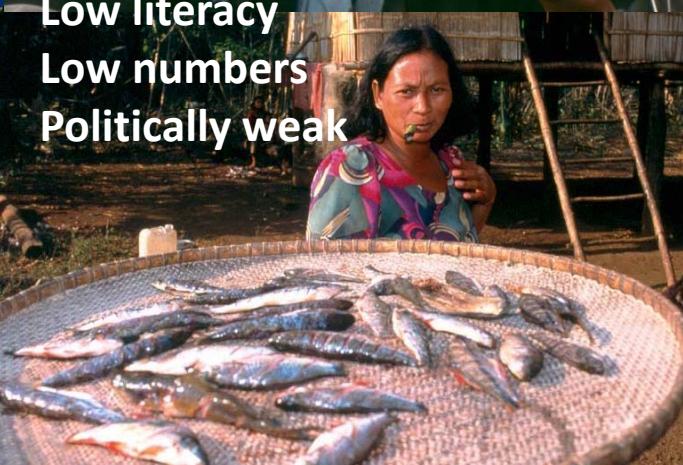


**A Mon-Khmer ethnic indigenous group
Animist, typically shifting cultivators, live in small forest settlements
Limited exposure to mainstream Khmer culture until recently**

Low literacy

Low numbers

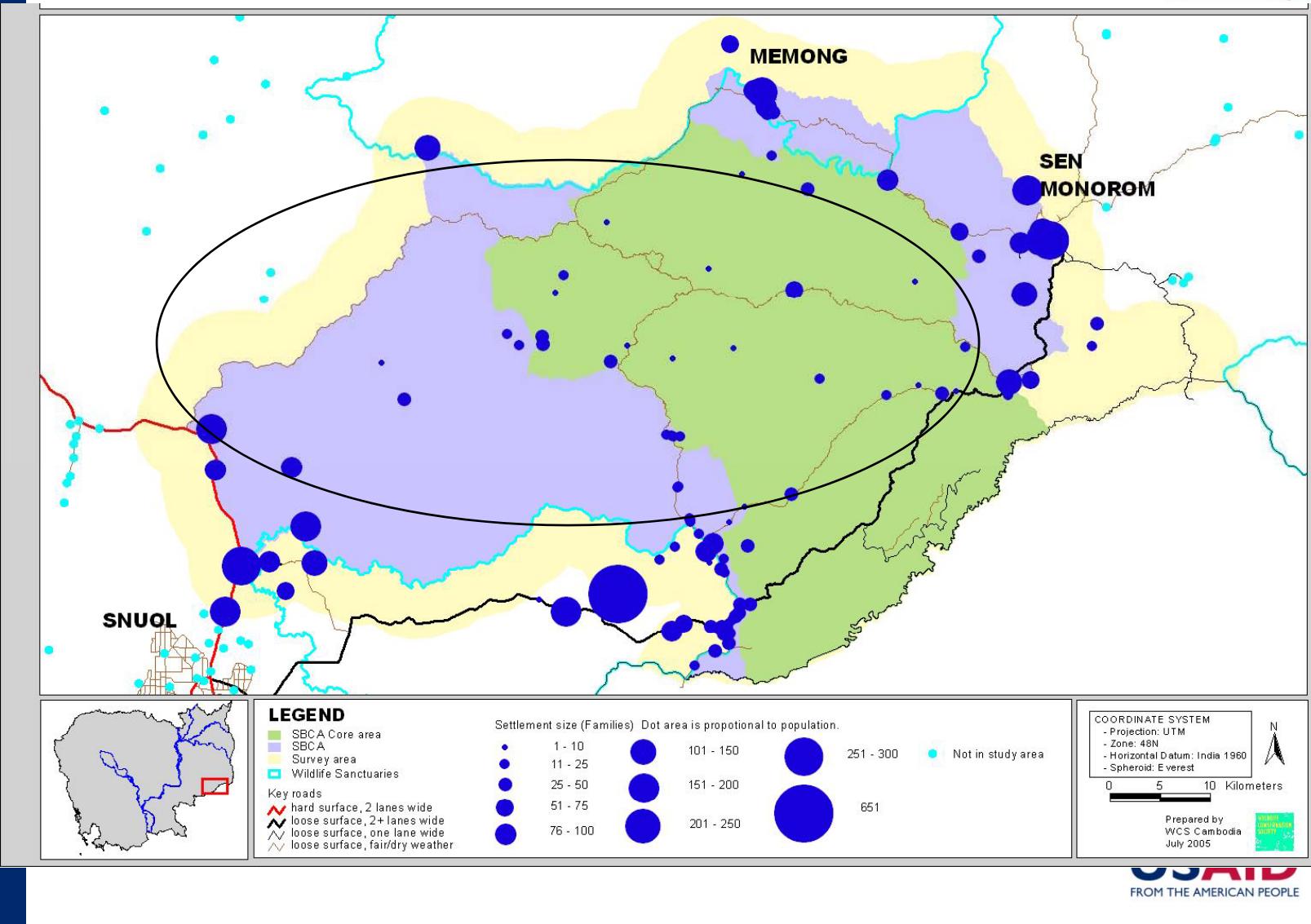
Politically weak



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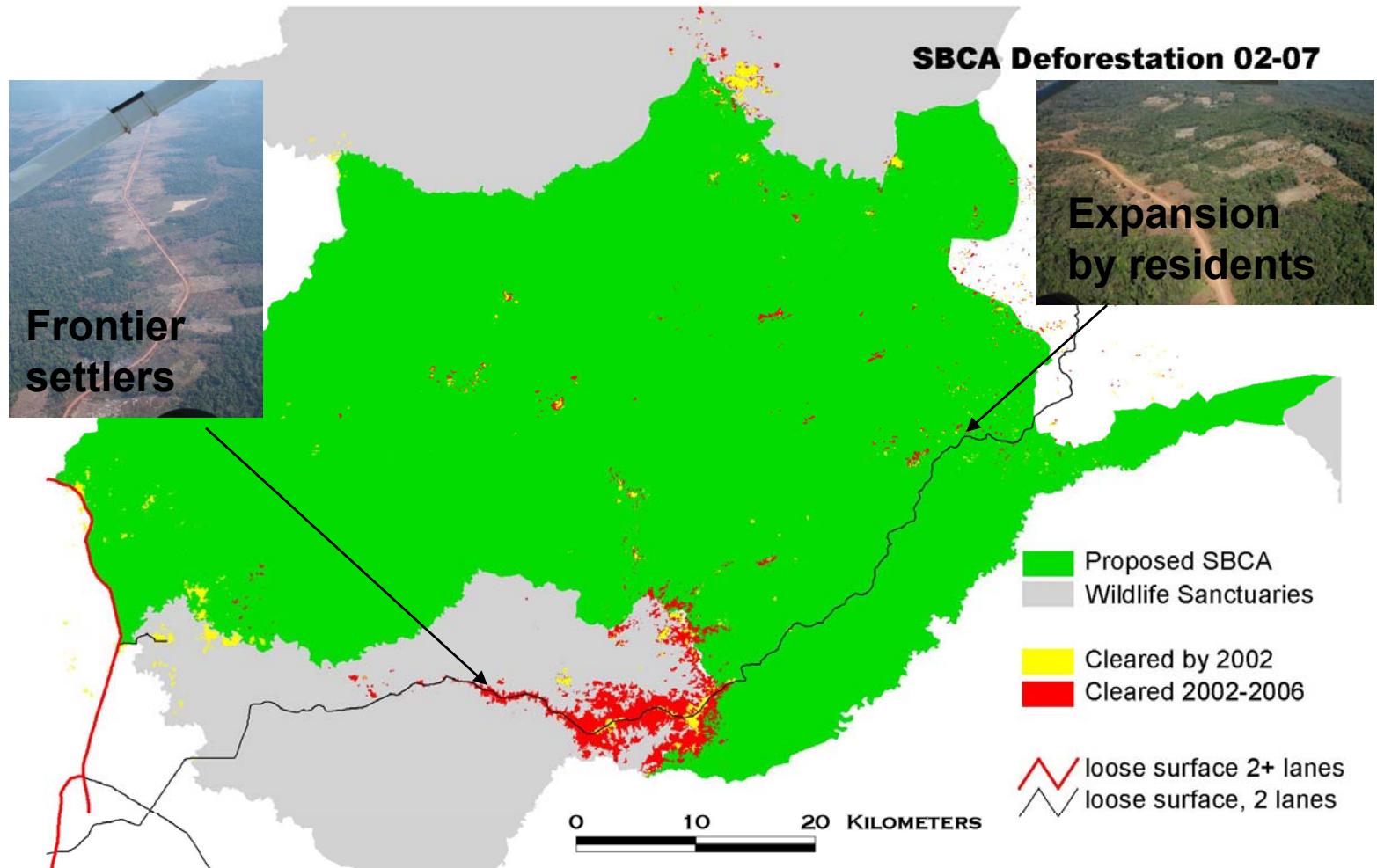
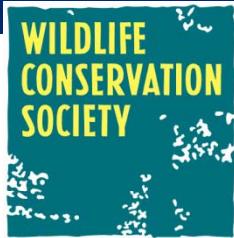
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There are many small enclave villages



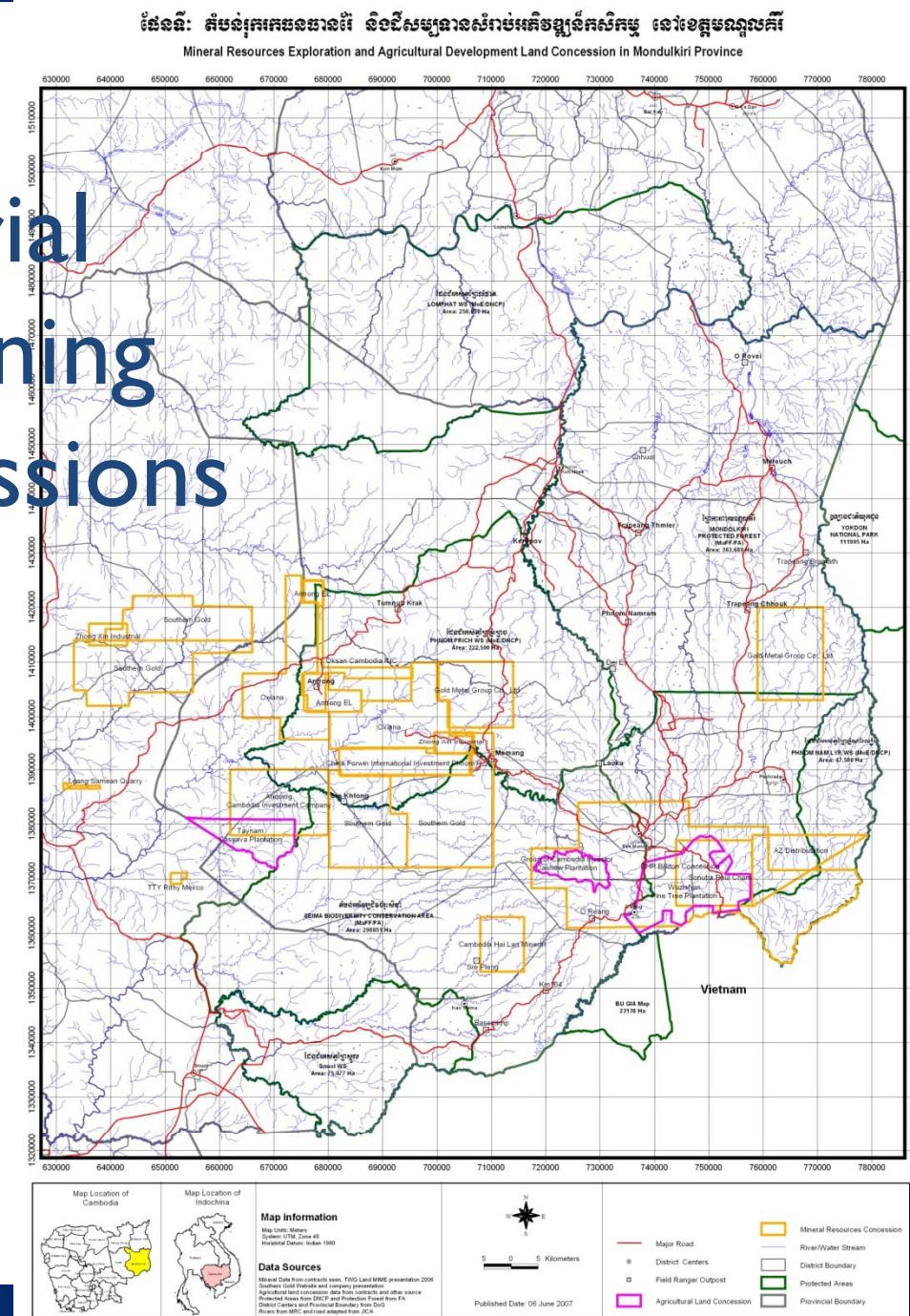
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Drivers of forest clearance

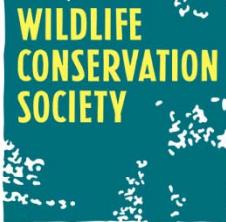


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Agro- Industrial and Mining Concessions

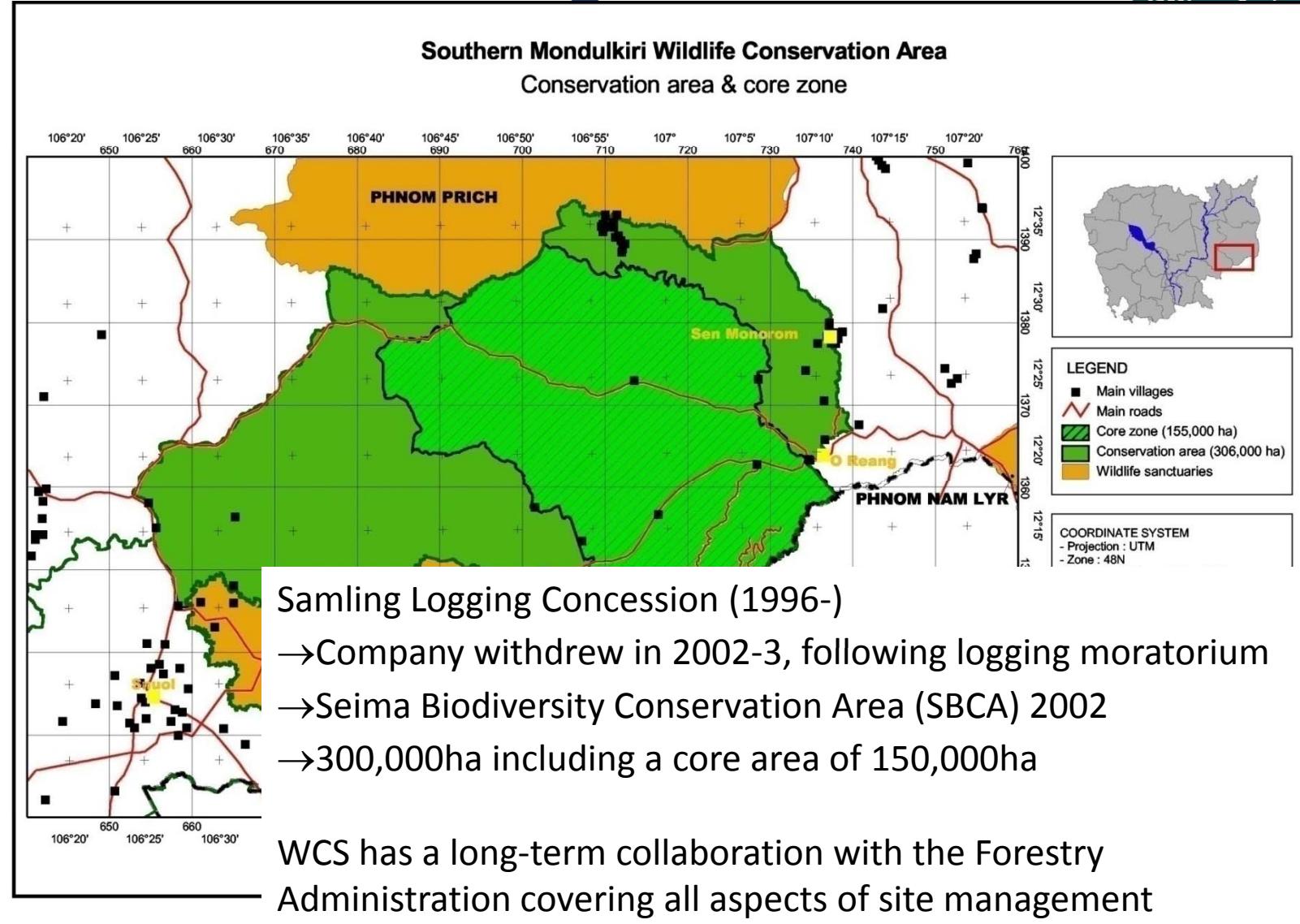


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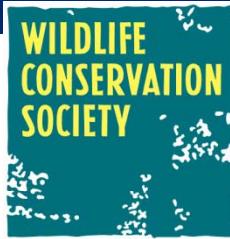


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Current management



Conservation Program



- Samling withdrew in 2002 – power vacuum – significant increase in threats (mainly land clearance)
 - Conservation program initiated: WCS/Government
- Includes:
 - Support to law enforcement (absolutely crucial element)
 - Community land-use planning, land titling & resource tenure
 - Economic incentives – Community Commercial Forestry, REDD
 - Monitoring
- Multiple donors: USFWS, MacArthur, Private, ADB, DFID, Danida, etc... (until 2010-2011)



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Legal issues & Land tenure



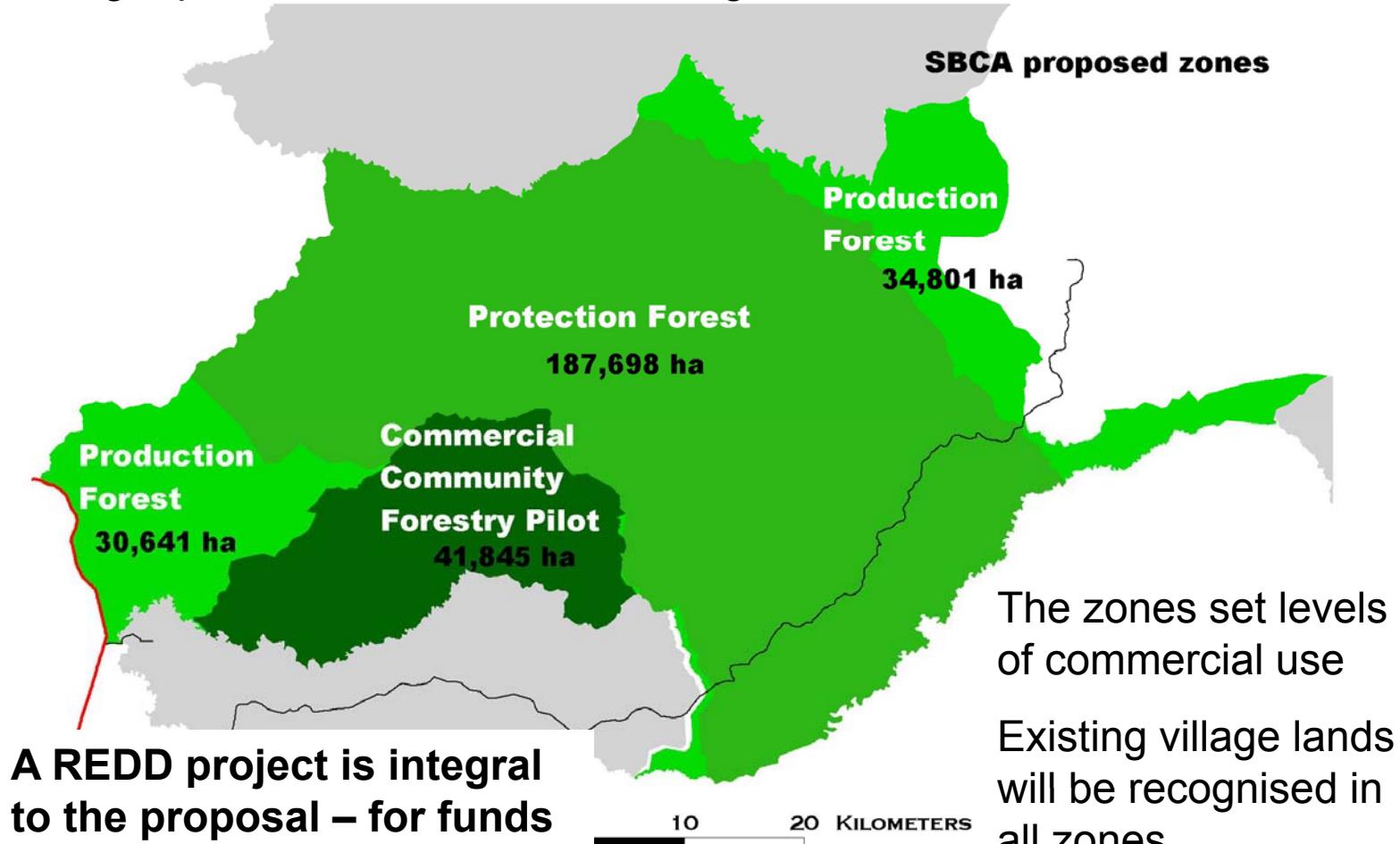
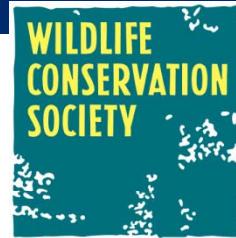
- Area is technically classified as Production Forest under 2002 Forestry Law (i.e. not a PA or protected zone), under management of the (national) Forestry Administration
- Communities can obtain legal recognition of resource tenure and land titling either for –
 - Agricultural plots (Khmer communities)
 - Communal lands for swidden agriculture (Indigenous communities)
- To date no indigenous lands have been registered
- Long-term WCS program working with all communities to clarify land rights and support recognition



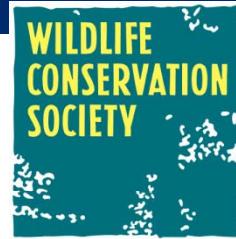
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Stronger legal base sought

A subdecree proposal is in the system – we seek stronger protection and clarified zoning



Eligibility & Additionality



- Essential part of the argument
- SBCA currently classified as Production Forest – i.e. for logging, community harvesting, potential conversion
- FA/WCS proposal to gazette SBCA as Protection Forest
 - Requires demonstrating that protection forest also generates economic returns
 - Designation of land concessions in protection forest is illegal
- Additional REDD financing required for law enforcement, community land titling, incentive schemes



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Deforestation rates & Carbon



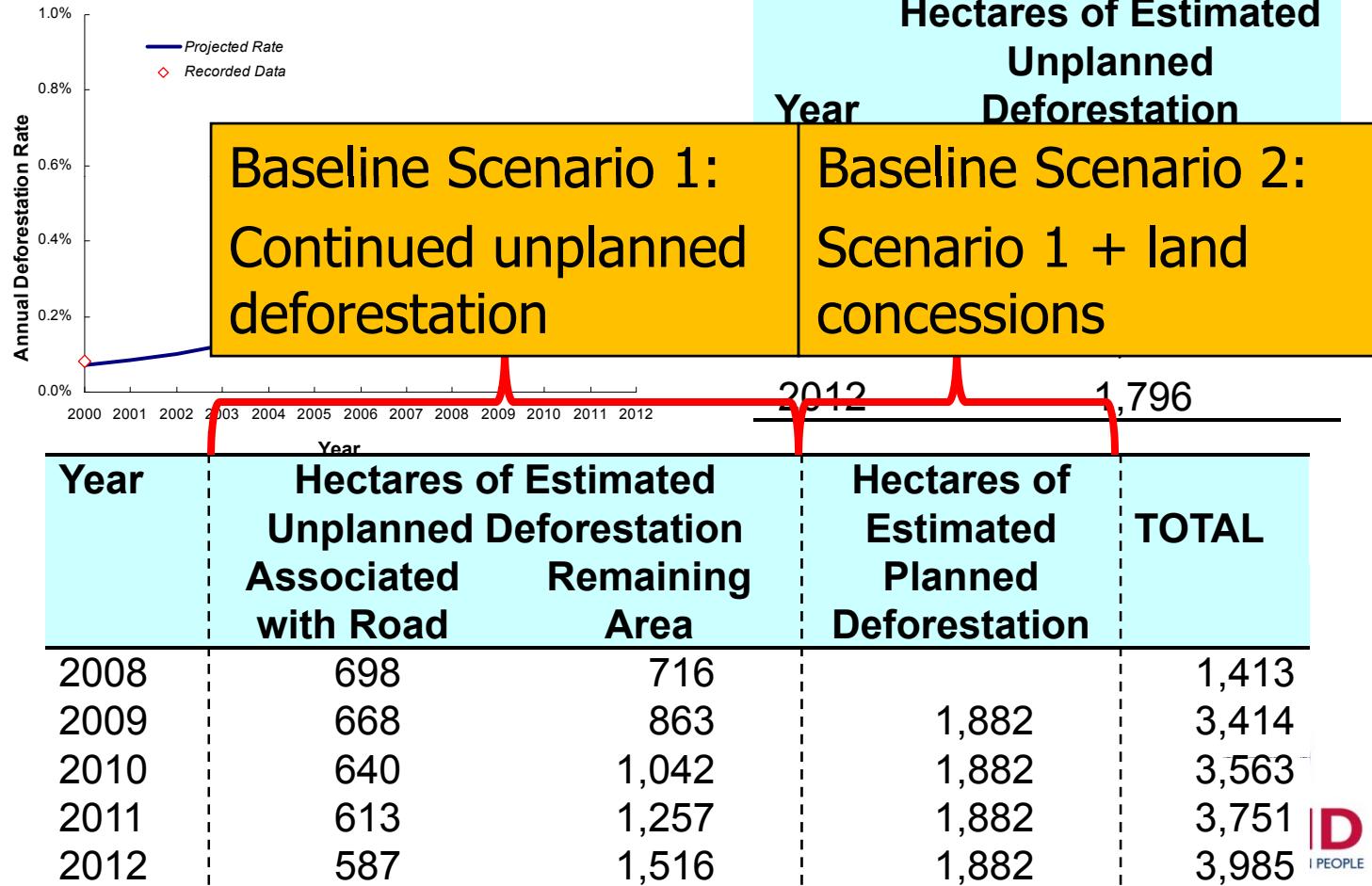
- National assessments: 1992, 1996/7, 2000, 2002, 2006
 - Unfortunately use different classification systems, so challenging to compare
- Site assessments by WCS for 2000/1, 2004/5, 2006/7, 2007/8
 - Coverage depends on image availability
 - Challenging to distinguish natural grassland and open woodland from agriculture
- Carbon stock assessments



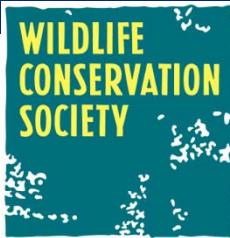
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Deforestation rates

- Analysis by Winrock International (2008)



REDD Project Scenarios



- Scenario 1: 50% decrease in baseline deforestation across entire area, no agro-industrial concessions, 2008-2012

At \$5/ton = \$10 Million (minimum),

possible \$25 Million (maximum)

Crediting period 2008-2012 (5 years)

- Scenario 2 (Conservative): 50% decrease in baseline deforestation in a core 187,698 hectare area, no agro-industrial concessions

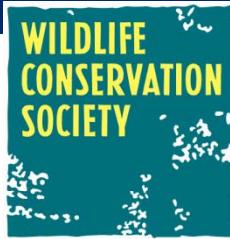
At \$5/ton = \$7.5 Million (minimum),

Possible \$15 Million (maximum)

Crediting period 2008-2012 (5 years)



REDD Financing for SBCA

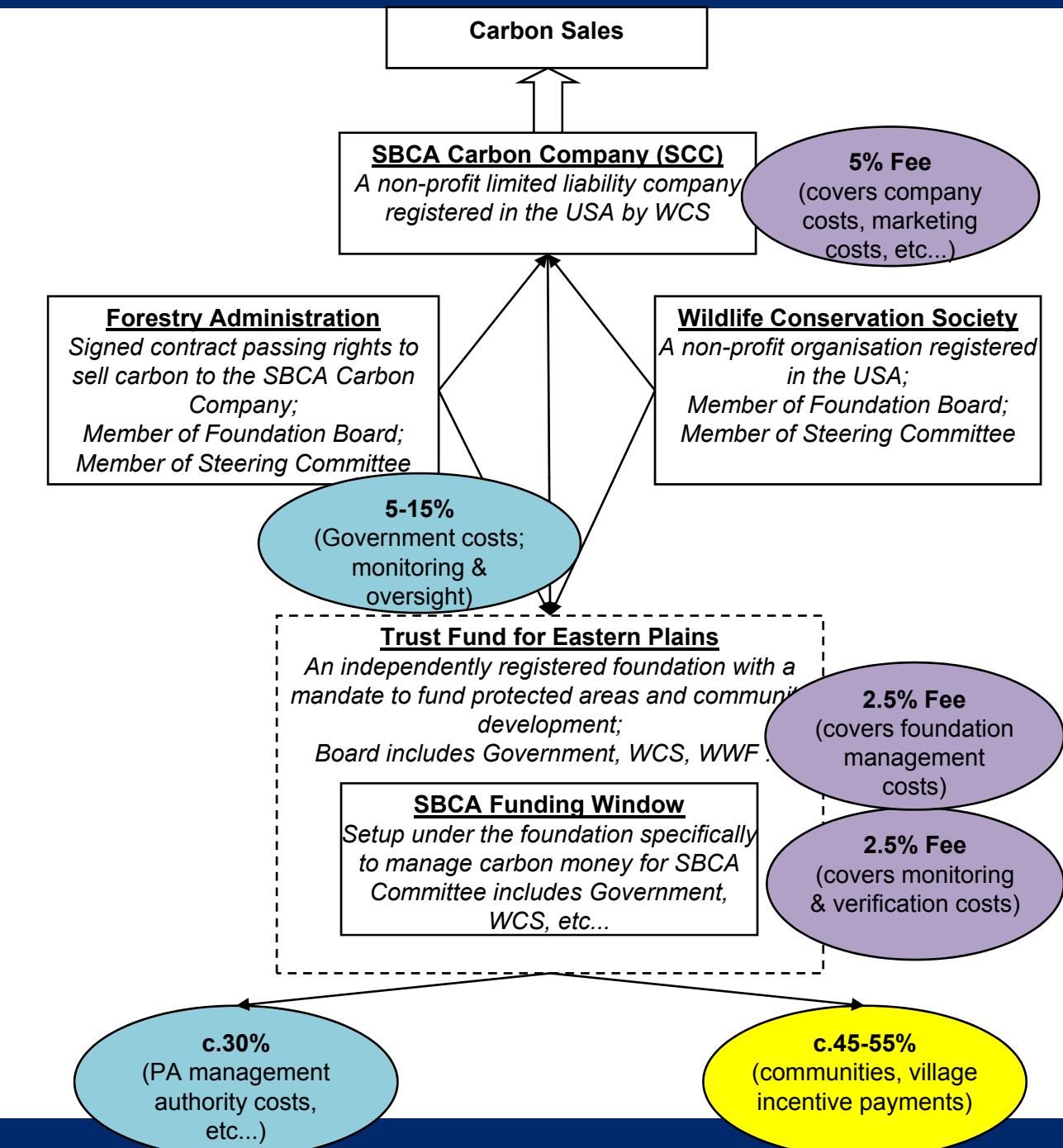


- Conservative estimate 1.5 Million tons of CO2e over 5 years 2008-2012
 - Assumes 50% decrease in baseline deforestation in a core 187,698 hectare area only
- At \$5.00 per ton (medium to low estimate) and a 30% set aside for VCS (conservative), annual average revenue of more than \$1M
- Under a recent Council of Ministers decision (26 May 2008) FA has the right to negotiate deals and sell REDD credits
- BUT need mechanism to disperse funds that:
 - Ensures maximum amount of revenue reaches the local level
 - Is transparent
 - Has participation by all stakeholders, including Government and local communities
 - Builds local governance and support for forest conservation
 - Guarantees investor confidence
- How to do this?



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SBCA: Steps in the Process



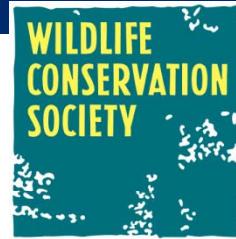
- Data Collection and GIS processing: verify initial results
- Write VCS methodologies, these are double-approved by independent third-party auditors
- Complete Project Design Document (PDD) and all documentation to verify amount of VERs and receive VCS certification
- CCB certification to show project is 'Carbon+'
- WCS develops and signs agreement with the Government regarding sales and distribution of VER sale proceeds (e.g. carbon trading company and

Costs \$250,000 and 6-12 months of work



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Steps in the Process

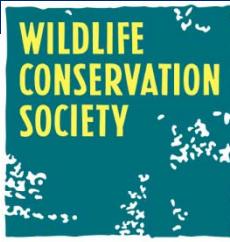


- WCS and stakeholders create an appropriate financial mechanism to receive payments and disburse funds to projects and activities in the region
- Creation of a conservation trust fund with a mixed board (Government, Non-Government, Donor, Civil Society) - legally created and funds invested offshore (e.g. Tri National Sangha Trust in Central Africa)
- Development of guidelines for use of funds including project financing, direct payments for conservation, etc..



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Advantages of the Model

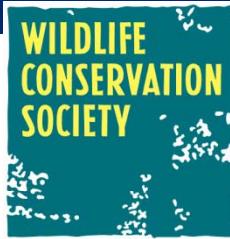


- Sales are done by a non-profit company: ensures maximum amount of revenue reaches the local level
 - minimises broker fees – politically unacceptable to FA
- Transparent
- Has participation by all stakeholders:
 - Government, local communities, Civil Society
- Builds local governance and support for forest conservation (multiple benefits: biodiversity & communities)
- Guarantees investor confidence = higher price for the carbon credits
- NGO Branded



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Final Thoughts



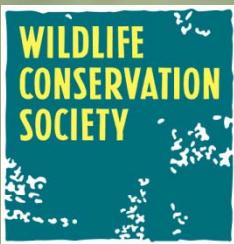
- Essential elements of SBCA project:
 - Eligibility clear – creation of a new PA
 - Additionality – reduction of deforestation rates in a landscape with high rates of land-use change
 - Achievability – 6 years of experience at the site shows that here more money can → more results
 - Gain best practice certification – VCS (to verify emissions) and community and biodiversity benefits (CCB Standards – ‘Carbon+’)
 - Effective mechanism to distribute revenue in a transparent way that maximizes % at local level
 - National pilot to build capacity & readiness



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