Forest Carbon Offset Protocol Vulnerability Review

This document highlights where each protocol may be susceptible to misuse or unintended outcomes, organised by the same KPI framework used for the workshop summaries. The points flag areas that facilitators can use to spark critical discussion; they are not exhaustive audits.

Governance & Protocol Setting

B.C. FCOP (2024)

- Provincial government acts as both regulator and registry owner; limited transparency on how enforcement resourcing scales with project volume.
- Heavy reliance on Project Proponent assertions (e.g., First Nations engagement attestation) without systematic public disclosure of consultation records.

Verra VCS (v4.7)

- Methodology approval pipeline can result in "method shopping", where proponents select lenient legacy methodologies during grace periods.
- Delegated validation/verification bodies create potential conflict-of-interest incentives, especially where developers self-select auditors repeatedly.

Gold Standard (v2.1 suite)

- Multi-program governance (GSVERs, labels, SDG tools) elevates complexity; limited oversight on how stakeholder engagement findings influence final certification decisions.
- Smaller project developers may struggle to interpret layered requirements, leading to reliance on consultants who may optimise for certificate issuance rather than rigour.

Climate Action Reserve FPP (v5.1)

- Reserve board approves projects but also promotes programme adoption, creating reputational incentives to keep pipeline approvals moving quickly.
- Professional Forester requirement emphasises technical competence but does not prevent foresters from being hired to maximise credits for clients.

Baseline & Additionality Rules

B.C. FCOP (2024)

- Project-specific baseline pathway allows proponents to craft bespoke scenarios using internal modelling; reviewers must detect overly aggressive assumptions.

- Financial additionality relies on assertions that offset revenue is required, yet limited transparency on cash flow models makes validation difficult.

Verra VCS (v4.7)

- Activity-method "positive lists" deem projects additional without project-level investment analysis, opening door for mature technologies in favourable jurisdictions to claim credits.
- Grace periods when methodologies are updated enable proponents to rush projects under older, more permissive baseline rules ("baseline hacking").

Gold Standard (v2.1 suite)

- Suppressed-demand baselines for small-scale projects can materially inflate results if not grounded in robust national data.
- Financial additionality tools mirror CDM-era tests that have known loopholes, such as sensitivity to hurdle rate assumptions controlled by the developer.

Climate Action Reserve FPP (v5.1)

- Standardised baseline relies on peer group carbon averages; landowners with historically conservative harvesting get rewarded even if no change occurs.
- Avoided conversion projects can assume counterfactual deforestation based on appraisals that may overstate development pressure.

Monitoring, Reporting, Verification (MRV)

B.C. FCOP (2024)

- Monitoring intervals up to five years mean disturbances or management changes can go unreported for lengthy periods.
- ISO-aligned monitoring plans are only reviewed at validation and revalidation, creating gaps for procedural drift.

Verra VCS (v4.7)

- Materiality threshold (5 %) allows accumulation of small estimation biases across multiple pools without triggering corrective action.
- Desk-based verifications permitted between site visits reduce likelihood of discovering field-level discrepancies.

Gold Standard (v2.1 suite)

- Projects self-select monitoring indicators for SDG impacts, enabling focus on easily achieved metrics while ignoring harder-to-measure externalities.

- Remote sensing accuracy requirement (>=90 %) lacks independent auditing; developers may cherry-pick scenes favourable to project claims.

Climate Action Reserve FPP (v5.1)

- Annual monitoring data remain internal until verification; missed reporting deadlines can reset obligations rather than trigger penalties.
- Buffer risk ratings reviewed only during site visits; projects can delay updates if they avoid verification cycles.

Credit Issuance & Registries

B.C. FCOP (2024)

- Director discretion to withhold issuance is rarely exercised publicly, signalling low risk of sanction for aggressive claims.
- Contingency account contributions fixed by risk tool even if project adds insurance, potentially underfunding coverage when new threats emerge.

Verra VCS (v4.7)

- Verra Registry allows label stacking (e.g., CCB) but does not prevent double marketing of the same credits across voluntary compliance claims.
- Buffer pool is pooled globally; catastrophic regional events could strain its ability to cover reversals, yet no dynamic pricing is in place.

Gold Standard (v2.1 suite)

- Planned Emission Reductions (PERs) monetise future sequestration ex-ante; market incentives favour optimistic forecasts.
- Impact Registry authorisations for Article 6 rely on host country reporting, which may lag or conflict with domestic inventory data.

Climate Action Reserve FPP (v5.1)

- CRT issuance continues after project transfer until new owner completes paperwork, inviting gaps where reporting responsibilities are unclear.
- Buffer pool contributions are static percentages; climate change driven disturbance trends may render historical risk tables obsolete.

Eligible Activities & Credit Use

B.C. FCOP (2024)

- Limited project types reduce diversification; proponents may stretch definitions (e.g., CONS/IFM vs AFF/REF) to access favourable rules.

Verra VCS (v4.7)

- Broad global eligibility plus numerous methodologies invite mismatched baselines when applying standards across socio-ecological contexts.
- Exclusion list for grid-connected renewables in non-LDCs can be circumvented via nested programmes or host country designations.

Gold Standard (v2.1 suite)

- Positive list updates lag emerging practices, meaning older methodologies may still allow contentious activities (e.g., plantation forestry) if framed as sustainable development.

Climate Action Reserve FPP (v5.1)

- Requirement to include all forested acres owned within HUC boundary can be gamed by transferring marginal tracts to affiliated entities prior to project start.

Safeguards & Co-benefits

B.C. FCOP (2024)

- First Nations engagement requirement depends on project-led reporting; there is no central register to confirm communities agree with statements made.

Verra VCS (v4.7)

- Stakeholder consultation records often limited to developer-produced minutes, making it hard for outsiders to assess consent quality.

Gold Standard (v2.1 suite)

- Extensive safeguard lists can become box-ticking exercises; verifiers may accept qualitative narratives without independent corroboration.

Climate Action Reserve FPP (v5.1)

- Natural forest management rules focus on structural metrics but do not require biodiversity monitoring beyond deadwood and age class distributions.

Permanence & Reversal Management

B.C. FCOP (2024)

- Regional risk defaults (18/27/37 %) may lag evolving disturbance regimes, leaving contingency accounts undercapitalised.

- 100-year monitoring obligation relies on project viability long after crediting ends; enforcement mechanisms post-crediting remain unclear.

Verra VCS (v4.7)

- Projects can lower risk ratings with documentation of mitigation measures that may be aspirational (e.g., fire plans) without verification of execution.
- Buffer pool withdrawals for unavoidable reversals are opaque to outsiders, complicating independent assessment of solvency.

Gold Standard (v2.1 suite)

- PER issuance prior to verified sequestration exposes buyers to reversal risk; buffer contributions (20 %) may be insufficient if projects default before conversion to GSVERs.

Climate Action Reserve FPP (v5.1)

- Requiring reversals to be reported within six months assumes rapid detection; slow-moving pests or diseases could go unnoticed.
- Avoidable reversal penalties rely on surrendering CRTs; financially distressed operators might default instead of compensating.

Materiality & Data Quality

B.C. FCOP (2024)

- 5 % annual materiality threshold allows cumulative misstatement over 25-year crediting periods before triggering intervention.

Verra VCS (v4.7)

- Uncertainty deductions often calculated using project-supplied statistics, with limited replication by auditors.

Gold Standard (v2.1 suite)

- Many SDG indicators lack quantitative baselines, allowing projects to claim qualitative improvements without third-party verification.

Climate Action Reserve FPP (v5.1)

- Inventory confidence deductions derived from project sampling; foresters paid by project owner may select stratifications yielding favourable error bounds.

Leakage

B.C. FCOP (2024)

- Optional project-specific leakage adjustments can use developer-commissioned studies to justify lower deductions.

Verra VCS (v4.7)

- IFM leakage factors depend on developer-declared displacement analysis; data often proprietary and difficult for verifiers to challenge.

Gold Standard (v2.1 suite)

- Leakage categories captured in first-year deductions only; subsequent market shifts are not reassessed, risking underestimation.

Climate Action Reserve FPP (v5.1)

- Leakage decision tree binary choices mask nuanced supply-chain shifts; 0.2 market factor may be too low for certain timber markets.

Notable Cross-Cutting Issues

- Reliance on self-reported data is common across all standards; independent public registries rarely expose raw monitoring datasets.
- Buffer pools and contingency accounts are backward-looking; climate risk is escalating faster than adjustment mechanisms.
- Methodology grace periods create windows for "standard shopping", rewarding developers who time submissions to lock in favourable rules.