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.

Carbon Accounting Protocols

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.
- Project-specific baseline pathway allows 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)

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

Gold Standard (v2.1 suite)

- Multi-program governance (GSVERs, labels, SDG tools) elevates complexity; limited oversight on how stakeholder findings influence certification decisions.
- Smaller project developers rely on consultants who may optimise for certificate issuance; suppressed-demand baselines can materially inflate results if national data are weak.
- Financial additionality tools mirror CDM-era tests sensitive to developer-controlled hurdle rates.

Climate Action Reserve FPP (v5.1)

- Reserve board approves projects while promoting programme adoption, creating reputational incentives to keep approvals moving quickly.
- Professional Forester requirement ensures technical oversight but foresters are hired by proponents, opening incentives to maximise credits.
- Standardised baseline relies on peer group averages; landowners with conservative history can benefit without additional action.
- Avoided conversion projects may overstate development pressure via appraisals.

Certificates

B.C. FCOP (2024)

- Director discretion to withhold issuance is rarely exercised publicly, signalling low risk of sanction for aggressive claims.
- Contingency account percentages fixed by risk tool even if project adds insurance, potentially underfunding coverage when threats evolve.
- Limited project types may encourage proponents to stretch definitions to access favourable pathways.

Verra VCS (v4.7)

- Verra Registry allows label stacking (e.g., CCB) without preventing double marketing across voluntary compliance claims.
- Broad global eligibility and numerous methodologies invite mismatched baselines 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)

- Planned Emission Reductions monetise future sequestration ex-ante, incentivising optimistic forecasts.
- Impact Registry authorisations for Article 6 rely on host-country reporting that may lag domestic inventories.
- Positive list updates can lag emerging practices; contentious activities may remain eligible if framed as sustainable development.

Climate Action Reserve FPP (v5.1)

- CRT issuance can continue during ownership transitions until paperwork finalised, creating accountability gaps.
- Buffer contributions are static percentages; climate-driven disturbance trends may render historical risk tables obsolete.
- HUC-based project area rules can be gamed by transferring marginal tracts to affiliated entities before project start.

Carbon Reduction Confidence

B.C. FCOP (2024)

- Monitoring intervals up to five years mean disturbances can go unreported for lengthy periods.
- ISO-aligned monitoring plans reviewed only at validation/revalidation, allowing procedural drift.
- Regional risk defaults (18/27/37 %) may lag evolving disturbance regimes, leaving contingency accounts undercapitalised.
- 100-year monitoring obligation depends on project viability post-crediting; enforcement mechanisms unclear.
- Optional leakage adjustments can rely on developer studies to justify lower deductions.

Verra VCS (v4.7)

- Materiality thresholds (5 % / 1 %) allow small biases to accumulate; desk-based verifications reduce chance of detecting field discrepancies.
- Projects can lower risk ratings with aspirational mitigation plans; buffer withdrawals for reversals are opaque.
- Uncertainty deductions often use project-supplied statistics with limited auditor replication.
- Activity and market leakage analysis frequently proprietary, limiting verification.

Gold Standard (v2.1 suite)

- Optional ex-ante PER issuance exposes buyers to reversal risk if projects default before conversion to GSVERs.
- Projects self-select SDG indicators, enabling focus on easily achieved metrics while ignoring harder-to-measure externalities.
- Remote-sensing accuracy requirement lacks independent auditing; cherry-picked imagery may inflate results.
- Many SDG indicators lack quantitative baselines, enabling qualitative claims without third-party verification.
- Leakage deductions only applied in year 1; market shifts later in crediting period may be missed.

Climate Action Reserve FPP (v5.1)

- Annual monitoring data remain internal until verification; missed reporting deadlines can be reset rather than penalised.
- Buffer risk ratings reviewed only during site visits; projects can avoid updates by delaying verification.
- Reversal reporting within six months assumes rapid detection; slow-moving pests/disease could go unnoticed.

- Avoidable reversal penalties rely on CRT surrender; financially distressed operators might default.
- Inventory confidence deductions derived from project sampling; stratifications chosen by paid foresters can bias uncertainty estimates.
- Leakage decision tree simplifies complex market dynamics; 0.2 market factor may be too low for certain timber markets.

Non-Carbon Metrics

B.C. FCOP (2024)

- First Nations engagement requirement depends on project self-reporting; no central register confirms statements.

Verra VCS (v4.7)

- Stakeholder consultation records often limited to developer-produced minutes, making external validation difficult.

Gold Standard (v2.1 suite)

- Extensive safeguard checklists risk becoming box-ticking exercises; verifiers may accept qualitative narratives without corroboration.

Climate Action Reserve FPP (v5.1)

- Natural forest management rules focus on structural metrics; biodiversity monitoring beyond deadwood or age-class distributions is limited.

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.