

Watch This!

NGO Voices on the CDM



Welcome

to the first edition of our brand new NGO Newsletter. **'Watch This! NGO Voices on the CDM'** will appear quarterly in English, Spanish and Hindi with campaign updates and opinion pieces from around the world.

This month, the projects registered in the CDM hit for the first time the 4000 mark and another 1000 projects are expected to knock the doors to climate finance before the end of the year. This is particularly important because 2012 is the last year new CDM projects from emerging economies such as China and India can register and be eligible for sale in the European Union. We therefore expect a rush in registration that is likely to see substandard projects trying to slip into the EU carbon market before the door is closing. We will therefore mobilise our network members around the world to keep watching CDM projects and to highlight suspicious developments. Increased understanding from civil society in the CDM is also needed to scrutinise projects throughout their lifetime.

In this first edition we'll take a look at the CDM reform efforts underway and how you can get involved in the discussion. What changes do we need to create mitigation tools that bring net benefits for people and climate? In this edition you'll hear about the problems of Waste in the CDM, two contentious hydro-dams in the Amazon Basin, the life and death struggle of one indigenous tribe in Panama. You'll read why the EU's position matters for the future of the CDM and why carbon markets are on the brink of collapse.

Together with our growing Network we will keep exposing weak governance rules and practices, and support actions and campaigns against problematic CDM projects at national and international level.

If you would like to contribute to the next edition of **Watch This!** or have any comments please get in touch with antonia@cdm-watch.org

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Can the CDM Policy Dialogue Panel save the CDM?



By Eva Filzmoser,
Director,
CDM Watch



courtesy: dunechaser

Three months after starting the CDM Policy Dialogue, the High-Level Panel Members are conducting meetings and trying to get their heads around the problems of the CDM, its future direction and its impact on mitigation and sustainable development. CDM Watch has launched an online discussion forum to help that all views, including those of civil society not participating at UN Conferences can be heard in this process.

Last year at COP-17 in Durban, the CDM Executive Board established the **CDM Policy Dialogue** to review the Kyoto Protocol's CDM and make recommendations on how to position the mechanism going forward. From January to September this year, 12 Panel members are engaging with a wide range of stakeholders to gain a full picture of the operations, benefits and shortcomings of the CDM. A final report is expected to be released in September 2012 and will include recommendations for reform on several hot topics, including governance of the CDM, sustainable development and human rights issues. Given the urgent need for thorough reform, expectations are high but it remains to be seen if the policy dialogue panel will be able to cure the many diseases of the CDM. We see this as an opportunity to finally address those shortcomings that so far have not been resolved due to political challenges or lack of clarity of the mandates. The recommendations for reform should address all relevant decision makers, including national governments, especially for issues that cannot be sufficiently addressed at UNFCCC level.

Superheros of the CDM Reform?

Three months into this year, a research programme was agreed on the following areas: 1) focus on the mechanism's internal workings, 2) future direction and 3) impact to mitigation and sustainable development. Also a schedule of meetings over the year was agreed on (see box on the right).

Despite the CDM's aim to contribute to sustainable development, CDM projects often have serious negative impacts on local communities and peoples. Therefore we believe this reform dialogue must be carried out in

CDM Policy Dialogue Panel Meeting Schedule

10-11 May	Stakeholder consultations, Japan
14-25 May	Side event during the UNFCCC negotiations, Germany
28-29 May	Meeting with the Joint Implementation Supervisory Committee (JISC), Germany
29 May - 1 June	Panel stakeholder meeting at the Carbon Expo Cologne, Germany
30-31 May	Second Panel meeting Frankfurt, Germany
4 June	Stakeholder consultations in South Africa
20-22 June	Side event at the Rio + 20, Brazil
25-26 July	Third Panel meeting, South Africa
TBC	Stakeholder consultations, China
TBC (early June)	Stakeholder consultations, Thailand
TBC	Stakeholder consultations with the private sector, UK
TBC	Stakeholder consultations, US
TBC	Stakeholder consultations, Latin America
Nov/Dec	Side event at COP-18, final panel meeting, Qatar

consultation with all affected stakeholders, including local communities, as a matter of priority. We encourage as many members of civil society as possible to participate at these important meetings which would otherwise be dominated by private sector and government representatives. This is the time to speak out and participate in the discussion. Both positive and negative experiences with CDM projects should be heard. Please get in touch with the CDM Watch team if you want to participate at any of the events. We'll do our best to make sure that as many civil society representatives as possible can participate.

All Hands on Deck! Speak Out and Share Your Views With the World

To include those of you who cannot travel to any of the meetings and to enable everybody to participate in the reform dialogue, we launched an online CDM Discussion Forum. The aim is to get an accurate picture of what's really happening on the ground and draw on lessons learnt. Has the CDM achieved its goals? The CDM Watch Discussion Forum is a response to the lack of communication between civil society and other CDM stakeholders, such as project developers, auditors, national governments and other policy makers. For the first time, our new Discussion Forum will facilitate dialogue between policy makers and civil society to learn from first hand experiences and encourage reform. More dialogue is needed to create mitigation tools that work well and benefit the climate and people. What changes do we need to achieve these net benefits? .

All views are welcome. Log in at: forum.cdm-watch.org/ and leave a post.

More information:

- Submissions to the Policy Dialogue by more than 50 stakeholders:
http://www.cdmpolicydialogue.org/public_input
- General website of the Policy Dialogue:
<http://www.cdmpolicydialogue.org/>
- Research Programme of the Policy Dialogue
http://www.cdmpolicydialogue.org/research/Prov_2403.pdf

Stronger Rules for Local Consultations on the Horizon



By Antonia Vomer,
Project Manager Africa
& Latin America,
CDM Watch



The obstacles to meaningful public participation in the CDM have been highlighted many times. In particular, local stakeholder consultation guidelines need urgent improvement and many options have been presented. There is no need to wait any longer. It's time to act now.

CDM rules require that the project developers of a CDM project have to carry out a local stakeholder consultation before a CDM project can start the official UN validation process. However, while the rules require that a consultation has to be carried out, the rules don't specify how the local stakeholder consultations should be undertaken. Moreover, the rules don't give clear guidance on how the consultations should be validated by the auditors. This often causes that projects get registered although people directly affected have not even been informed. For instance, in the case of the Sasan coal power project in India which was registered in 2010, villagers were only informed about the project when they were told to move. [See documentary the 'carbon con'](#).

wikieducator artwork by bala



Many cases have been reported to CDM Watch on how local stakeholder consultation is carried out in practice. According to complaints from affected communities and peoples there are many shortcomings. Often only local stakeholders likely to be favorable to the project are invited, other more critical ones are not. Sometimes only local authorities are being invited and notice of the consultation does not reach the local stakeholders, or reaches them too late. We have also received complaints that the information provided at the local consultation often does not reflect the realities of the project. To win people's approval project developers also tend to make promises of benefits during the stakeholder consultation meetings that are then not implemented. In some cases stakeholders who voice criticism have been threatened and forced to sign blank approval documents. These examples clearly show that the lack of specificity and clarity in guidelines enables CDM project developers to undertake superficial and insufficient local stakeholder consultations.

CDM Watch will keep fighting for a meaningful public participation process and more rights for affected peoples and communities. If you have experienced a faulty consultation process please don't hesitate to get in touch with us.

On the 23rd and 24th March 2012, the UNFCCC organised the first [Sustainable Development Mechanisms Joint Coordination Workshop](#). CDM Watch took the opportunity to highlight the main shortcomings of the local stakeholder consultation - most of the participants fully agreed with these.

The following next steps are envisaged to be undertaken at UN level:

- Develop a concept note on local stakeholder consultation and global stakeholder consultation, based on the call for inputs and interim discussions for discussion
- Further consult on this issue at the CDM Roundtable, May 2012, Bonn
- Develop clear recommendation to the CDM Executive Board, July 2012, Bonn
- CDM Executive Board to revise regulatory documents, including Project Standard, Validation and Verification Standard, September 2012

More information:

- Submissions to the public call for inputs to the validation process:
- Presentations from the 1st Sustainable Development Mechanisms Joint Coordination Workshop



Why the EU's position on carbon markets matters



By Diego Martinez-Schuett,
Junior Policy Officer,
CDM Watch

The European Union (EU) plays a unique role in the CDM: it is its biggest client. The EU Emissions Trading Scheme (EU ETS), which covers 50% of all EU GHG emissions, is the world's biggest greenhouse gas (GHG) cap-and-trade scheme.

The EU-ETS aims at driving European emissions down by putting a price on GHGs and providing incentives to European industries to invest in low carbon technologies. Unfortunately the system can undermine domestic mitigation strategies because the EU also allows industries to offset a part of their reduction obligations by purchasing credits from emission reductions taking place in developing countries through the CDM. In fact, between 2005 and 2020, half of the EU's emission reduction commitments can be achieved by purchasing CDM credits. Because these credits are much cheaper than invest-

European Parliament/Audiovisual Unit



ing in new technologies, about 80% of *all* CDM credits are purchased by the EU, including questionable credits from project types that are very likely to be non-additional and therefore cause a net increase in global emissions. As CDM's biggest client by far, the EU is an influential player in the decision-making process of the CDM, including decisions on the quality of its credits and the development of future international carbon markets.

The EU puts environmental integrity high up on its agenda. EU Member States have made a commitment to ensure that the credits they purchase represent real reductions and contribute to *sustainable* development. The EU set a praiseworthy precedent when all 27 EU Member States decided to ban carbon credits from CDM industrial gas projects (HFC-23 and N₂O adipic acid). This ban was a result of an intense campaign led by CDM Watch that presented evidence that emissions from these CDM projects were inflated and artificial. By taking such steps the EU has sent strong signals to the UN's decision-making processes as well as other Emissions Trading Schemes. Australia and New Zealand have followed suit and also banned these carbon credits.

This is a great example of how small groups of people can make a big difference. This historic success has also motivated us to continue this form of campaigning against other problematic CDM projects types such as large hydro and coal-fired power plants. We hope that it also encourages our friends from fellow organisations to keep up efforts to influence the decision-making processes around international carbon markets.

Pressure on the European Commission as a result of CDM Watch's lunch debate at the European Parliament on the Integrity of the CDM

On 29 February 2012 CDM Watch organised an event at the European Parliament (EP) in Brussels to highlight the key findings of the European Commission's (EC) [Study on the Integrity of the CDM](#). The event was co-hosted by four progressive members of the European Parliament from different political groups (conservatives, social-democrats, greens and the left). Participants included EU policymakers, CDM project developers and NGO representatives.

This study was commissioned by the European Commission, which has the power to initiate new legislation in Europe. Although the findings of the study were remarkable and highlighted serious problems with large hydro CDM projects, there was little public information about the study's release. As a result, many people didn't know that such a study had been conducted. CDM Watch organised this event to bring the attention of influential policy makers to the results of the study and to ask the European Commission to do something about it. This approach has already triggered concrete action. Four Members of the European Parliament have asked the European Commission to clarify which measures it intends to put in place to address the identified shortcomings of international carbon credits from coal power projects, large hydro projects and JI track 1 projects. The answer is awaited.

More information:

- CDM Watch Summary of the EC CDM Integrity study
- 'Why Coal projects in the CDM undermine Climate goals' - CDM Watch Policy brief
- 'Hydro Power projects in the CDM' - CDM Watch Policy brief



The CDM Executive Board-News from the CDM Control Center



By Anja Kollmuss,
Carbon Market Expert,
CDM Watch

The CDM Executive Board (Board) supervises the CDM and consists of 10 members and 10 alternates. Board members have considerable power and influence. Together with support staff from the UNFCCC Secretariat, they meet approximately six times a year to decide on new policies and rules for project types, to review and register new projects, and approve credit issuance. It is therefore important to watch their actions and follow their meetings carefully because many important decisions are made.

Some parts of the meetings are closed to the public but a large part of it can be watched as videostream on the internet (go [here](#) and click on 'webcast'). The meetings are very long and it can be difficult to catch all the important things that happen. This is why CDM Watch creates a meeting summary where we analyse and highlight the most relevant decisions that were taken.

The first CDM Board meeting in 2012 was held in Bonn at the end of February where a new set of Board members convened to agree on their work plan for 2012 and 2013. You can find a list of Board members and all documents and annexes of the meeting on the UNFCCC site [here](#) and [here](#).



Members of the CDM Executive board ©iisd

The Board agreed on its CDM Two-year Business Plan 2012-2013 and on the CDM Management Plan 2012 (see [EB meeting 66](#), annex 1 and annex 2). These plans outline what the Board, the Secretariat and the working groups will focus on in the coming years. This year's goals include long-debated issues, such as improving the CDM's environmental integrity and its contribution to sustainable development. Expectations are high. You can read more about the Board's agenda for 2012 in our February [newsletter article](#).

Environmental Integrity

The management plan foresees work to improve the additionality tool. Especially the additionality criteria for large-scale infrastructure projects need to be urgently revised. It is highly unlikely that the CDM has a decisive influence on investment decisions of large scale infrastructure projects. Such projects are usually part of strategic long term plans of governments. Decisions about public sector projects are not based on purely financial considerations and are usually not profit driven. **CDM Watch will continue to push for an exclusion of clearly non-additional projects that lead to an increase in global emissions from the CDM.**

Sustainable Development

The board will also work on developing "voluntary measures to highlight the co-benefits of CDM projects and PoAs" and on improving the existing rules on stakeholder consultation "to provide clear and objective criteria, thereby facilitating project assessment." Reform in these areas is long overdue. Contribution to sustainable development has been shown to be marginal at best. Obstacles for meaningful public participation remain large and no grievance mechanisms exist. For more information see our article: [Stronger Rules for Local Consultations on the Horizon](#). **CDM Watch will be fighting for strong sustainability criteria and meaningful public participation rules.**



Courtesy: Noshia <http://www.flickr.com/photos/noshia/>

The Dismal Future (of Carbon Markets)



By Anja Kollmuss,
Carbon Market Expert,
CDM Watch

At the climate negotiations in Durban last November, countries agreed to establish a new market based mechanism and to come up with a framework that new bilateral or regional market mechanisms would have to comply with. Now they are working hard on coming up with rules and governance systems for these new market based systems. At the same time, the two largest market based mechanisms, the European Emissions Trading System (EU-ETS) and the CDM are on the brink of collapse.

The economic crisis in Europe has led to a dramatic decline in CO2 emissions. As a result, the demand for allowances has fallen and prices have dropped. In 2011, the price for EU-ETS allowances fell by about half, to around €7. Because the EU is also the largest buyer of CDM offsets (CERs), the prices of CERs have also dropped significantly to around €4.

At the last CDM Executive Board meeting the UNFCCC Secretariat made a strangely upbeat [presentation on the state of carbon markets](#). There was no mention of the price collapse of EU-ETS allowances and CDM credits. It is unclear why the Secretariat and the CDM Board are avoiding a frank discussion about the current market situation and its implications for the CDM. Given the severe drop in carbon prices experienced last year and the projected large oversupply of offsets, we don't think the future of the CDM looks all that rosy. Some analysts are predicting a total collapse of carbon markets (see for example, Tomas Wyns' presentation on [Demand versus Supply - The future of Carbon Markets](#).)

The reason there is no demand for credits is that most countries have made very weak mitigation pledges. They simply will not need many credits to meet their commitments. So who will buy credits from new market based mechanisms, if there is no demand for the existing ones? Some people argue that having new market based mechanisms will motivate countries to take on more stringent pledges because they will be able to meet those pledges with cost-efficient market-based credits. But if there is already an oversupply of cheap credits, why aren't countries upping their pledges now? Also, it will take years to get these new systems up and running. If we wait until 2020 to ramp up mitigation action it may simply be too late to avoid disaster.

The window of opportunity to prevent catastrophic climate change is rapidly closing. Several studies show that current pledges are not only woefully insufficient to keep warming below 2°C; loopholes, such as the surplus allowances (AAUs) from the first Kyoto commitment period (commonly referred to as 'hot air') could negate all current pledges and enable developed countries to meet mitigation targets while continuing with business-as-usual. We are now on an emissions path that could lead to warming of 4°C or more. In addition, impacts associated with even a 2°C rise have been revised upwards and are now considered 'dangerous' and 'extremely dangerous'. Maintaining a reasonable likelihood of limiting temperature increases to within 2°C will require commitments in the next few years to considerably higher levels of ambition by all nations.

Countries seem to be in denial about the severe threat of climate change if inaction continues. Fundamentally, rich countries have to significantly increase their mitigation commitments - right now.



Landfills and Incinerators in the CDM: Not Sustainable, Not Additional



By Mariel Vilella, Climate Policy Campaigner, Global Alliance for Incinerator Alternatives (GAIA)

It is time to recognise that the CDM cannot ensure the environmental integrity of its waste sector projects, nor eliminate the social harm that they cause. Rather than continuing to support projects with negative social and environmental outcomes, the CDM should cease issuing CERs to solid waste disposal projects, including incinerators and landfills.

In the last few years, solid waste management (SWM) has rapidly emerged as one of the most problematic sectors in the Clean Development Mechanism (CDM). SWM raises issues around further impoverishment of the urban poor, effective competition with recycling, and lack of additionality.

[Case studies](#) conducted by GAIA suggest that the CDM's interventions in the sector are doing more harm than good. In particular, the Certified Emissions Reductions (CERs) issued by the CDM often do not represent real reductions at all.

Displacing the Poor

The most visible impact of the CDM's SWM projects is the displacement of the informal recycling sector. In countries eligible for CDM projects, municipally-run recycling systems are a rarity, but they typically achieve high recycling rates thanks to a well-organised recycling sector of waste pickers. Waste



GAIA is a worldwide alliance of more than 600 grassroots groups, non-governmental organizations, and individuals in over 93 countries whose ultimate vision is a just, toxic-free world without incineration.

www.no-burn.org

pickers recover recyclable material from the waste stream, clean it, sort it, and sell it through middlemen back to manufacturers. In doing so, they provide a triple service to society: the municipality saves significant waste management costs, greenhouse gases and toxic pollution are dramatically reduced, and large numbers of the urban poor who would otherwise be destitute are able to earn a living.

The Timarpur-Okhla Plant in Delhi illustrates how the local recycling economy is threatened by the CDM's incinerator projects. This incinerator depends on dry waste such as paper, plastic and cardboard that burns well and sustains combustion. However, these are precisely the materials which recyclers target and which support their livelihoods.

Perverse Incentives

A big problem is the perverse incentives created by the CDM. The Clean Development Mechanism awards carbon credits according to the amount of methane captured from landfills (as a result of the break down of organic waste) or the amount of waste that is incinerated. So the larger the amount of organic waste that goes into the landfill, or waste that goes into an incinerator, the greater the profit. This gives operators a huge incentive to maximise waste disposal rather than recycling it.

This issue is particularly problematic in the case of landfill gas projects, as they still leak methane. At the **Bisasar landfill in Durban, South Africa**, more than 60% of methane produced is escaping into the atmosphere, as GAIA's case study shows. By crediting methane capture from landfill, landfilling is increased, which will likely lead to a significant increase in overall methane generation and leakage. More effective measures that do not generate methane emissions, such as source separation and composting, are then precluded.

Carbon Credits for Business-as-Usual

The additionality of municipal solid waste (MSW) projects under the CDM is questionable. Waste management has the lowest CER issuance rate of all sectors in the CDM, meaning investors are least likely to receive the CERs they expect. Sensible companies, therefore, will not rely on CER income to ensure profitability. This suggests that the projects which do go ahead are those that would happen with or without the CDM, and are therefore business-as-usual.

This suspicion is strongly borne out in China, where at least five of the incinerators registered by the CDM were up and running years before registration. **The Chengdu Luo Dai incinerator**, for example, had been operating for two years when it got the CDM approval. Its social, environmental and public health impacts were already being denounced by the local communities. . Approximately 70 to 80 households have been forced out of the area, as they could not bear the pollution caused by the incinerator.

By approving projects which would have happened anyway, (or had already happened), the CDM is awarding CERs which do not represent emissions reductions.

The waste pickers of Delhi have been pitched in a non-legal battle against the project since it was first announced. Several demonstrations and rallies have tried to draw attention to the plight of the nearly 100,000 waste pickers of Delhi whose livelihood will be literally set on fire.



UN Action in Delhi : Courtesy: GAIA

Description: New Delhi, 24 October 2011 - More than 300 representatives of waste pickers organizations, citizens groups, environmental organizations and resident welfare associations protest to demand an end of climate subsidies to CDM-backed incinerators.



Courtesy: GAIA

CDM-backed Waste Projects

The majority of the CDM's municipal solid waste (MSW) projects are landfill gas capture projects that intend to capture the methane generated inside landfills and either burn it or flare it. Waste incinerators represent the second-largest category: they purport to generate energy by burning the waste, but because waste in developing countries is primarily wet, organic waste, which does not burn well, they typically have to add diesel or coal. This raises questions about their claim to displace fossil fuel energy.

More information:

- The European Union's Double Standards on Waste and Climate Policy, Global Alliance for Incinerator Alternatives, 2011.
- Policy Documents submitted to the CDM Executive Board by GAIA



Map of the Rivers of the Amazon Courtesy: International Rivers

Selling out the Amazon: Brazil Seeks Carbon Credits for Controversial Dams



By Katy Yan, China
Programme Coordinator
and CDM expert,
International Rivers



For new CDM projects registered after 2012, the EU has decided that it will only buy carbon credits if projects are located in Least Developed Countries (LDCs). Therefore, this year sees a surge in projects applying for carbon credits particularly from Brazil, India, and China, because starting in 2013, these emerging countries will no longer be able to register new projects able to sell credits to the European Union's Emissions Trading Scheme (the largest carbon market in the world).

An early indication of the desperation felt by these countries in their last year of eligibility is the appearance of two clearly non-additional and highly controversial Brazilian hydropower projects in the CDM pipeline. The 3,150MW **Santo Antônio Hydropower Project on the Madeira River** and the 1,820MW **Teles Pires Dam in the Tapajós Basin** are currently seeking carbon credits through the CDM. Both have faced sustained local and national opposition. If both are registered, purchasers of their carbon credits would be allowed to release 76 million metric tons of CO₂-equivalent over ten years (equal to the emissions from 16 coal-fired power plants).

Santo Antonio and Teles Pires: Projects Problematic in Many Aspects

Civil society groups have sent letters to the validator, Perry Johnson Registrars Carbon Emissions Services (which will be reviewing both projects), expressing the following concerns:

- **Both projects violate Brazilian legislation and international agreements regarding human rights and environmental protection:**

Brazilian civil society groups have filed several civil action lawsuits against Santo Antônio that question the legality of the project's installation license. On March 26, 2012, a federal judge in Brazil recently decided that Teles Pires' installation license was [invalid](#) due to a lack of free, prior and informed consultation.

- **Both projects could lead to devastating and irreversible environmental and social impacts:**

The Santo Antônio Dam has already caused irreparable damage to the livelihoods and cultures of riverine populations, indigenous communities, urban populations, and family farmers. These problems are becoming progressively worse. The CDM is meant to promote sustainable development, but this project is a clear example of destructive development. Thirty-three Brazilian and international civil society groups signed on to this [submission](#) to Perry Johnson Registrars. In December 2011, indigenous leaders sent a [letter](#) to the Brazilian government expressing grave concerns with the Teles Pires Dam's environmental licensing process.

is an environmental and human rights organization with staff in four continents. For over two decades, we have been at the heart of the global struggle to protect rivers and the rights of communities that depend on them. Katy blogs at: www.internationalrivers.org/en/blog/katy-yan.

- **If registered, the projects would allow purchasers of its carbon credits to release 76 million metric tons of CO²-equivalent over 10 years:** All projects in the CDM are required to prove that they would not have been built without financing from carbon credits (in other words, that they are 'additional'). However, the Santo Antônio project is a business-as-usual project that is already [operational](#), which means that if it is registered, industrialised countries will be allowed to emit beyond their targets without causing the equivalent emissions to be reduced in a developing country. Both projects have also already received significant funding from the Brazilian National Development Bank, the energy company Eletrobras, state pension funds, etc.

- **Both projects are net carbon emitters and destroy critical carbon sinks in the Amazon:** The CDM is meant to catalyze climate-friendly technologies. However, [researchers](#) have shown that methane from dams is responsible for around 4% of human-caused climate change, and this is particularly significant for dams in the tropics, where emissions are highest. The developers for both projects claim that the project will emit zero greenhouse gases, which ignores [current research](#). Moreover, increased migration and land speculation associated with Santo Antônio's construction have led to deforestation of the Amazon rainforest. The Teles Pires Dam is linked to an industrial waterway aimed at increasing exports from large-scale soybean agribusinesses, which will lead to clearing of the cerrado and Amazon rainforest. The Amazon rainforest plays a critical role in carbon storage and regulating the global climate system.

The CDM has been abused for years by project developers who've used these credits to provide a bit of extra icing on the cake for projects that have already been financed and built. Instead of responding with stronger rules for ascertaining environmental integrity, which could have kept out controversial projects such as the Teles Pires and Santo Antônio dams, the CDM Executive Board decided last year to switch to a risk-based approach to be able to process all these requests. Such a risk-based approach will allow the Board to only conduct spot checks and not evaluate each project individually, making it even more difficult to identify and eliminate harmful projects.

We need to speak out!

This year, it will be more important than ever for civil society to be engaged in the CDM debate in order to ensure that damaging projects do not slip under the radar.

- Continue to send your comments on specific CDM projects where you have accurate on-the-ground information concerning their impacts and additionality. You can find a collection of civil society comments on hydropower projects here: http://www.internationalrivers.org/cdm_comments/date
- Engage in the Policy Dialogue through CDM Watch's new online discussion forum: <http://forum.cdm-watch.org>
- Stay updated about projects in the CDM pipeline through CDM Watch's Network email list and International Rivers' CDM hydro list (contact katy@internationalrivers.org to be added). (contact katy@internationalrivers.org to be added).katy-yan.



The river Tapajos, Amazon basin Courtesy: International Rivers



The biodiversity of the river Madeira is threatened by the Santo Antonio dam - 11 ton of fish already died during the construction works

More Information:

- [Comments on the Santo Antônio project](#)
- [Comments on the Teles Pires project.](#)

CDM Project Barro Blanco: Obstacle to Peace



Oscar Sogandares,
Spokesperson Asociación
Ambientalista de Chiriquí



ASOCIACIÓN
AMBIENTALISTA DE
CHIRIQUÍ

[http://
chiriquinatural.
blogspot.com/](http://chiriquinatural.blogspot.com/)



A lot of water has passed under the Tabasará Bridge, site of historical protests in Panama. Barro Blanco is the latest dam envisaged for this historic river named for its Ngäbe indigenous chief in their struggle against the Spaniards. The Ngäbes and their Movement 10th of April have resisted until now and demand protection of their rights and resources. All concessions that were granted without their approval should be cancelled, including for the contentious Barro Blanco hydro-electric project.

The Ngäbe Bugle, the largest indigenous peoples group of Panama, took to the streets earlier this year to demand that all concessions granted without their approval be cancelled, including those for the controversial Barro Blanco dam project. These protests, which blocked the Pan-American Highway for over a week, stemmed from the refusal of legislators to include article 5 of the proposed law 415 - as agreed upon, which would prohibit all mining and hydroelectric concessions within the Comarca Ngäbe Bugle.

Violent repression by President Martinelli against peaceful Ngäbe protestors left three of them dead and more than a hundred wounded. Communications were cut and human rights were violated. Minors were beaten and pepper-sprayed while handcuffed. Police raided the hospitals to abduct the wounded. There were even reports of detained Ngäbe women raped by police agents, including a 13 year old minor. See: Final Report of Human Rights Fact Finding Mission.

Peace negotiations between the government and the Ngäbe Bugle ended in a compromise agreement between the two parties which resulted in the passing of Special Law 11, in force since April. This new law cancels mining concessions and prohibits future mining. It also states that any future hydroelectric projects the government plans in the territory will be subject to approval by indigenous authorities and referendum of the area's residents. The Ngäbe Bugle are to receive 5% of the annual billing from the projects. However, the contentious Barro Blanco dam will go ahead - the already granted hydrodam concessions will not be suspended. A review of the projects' EIA was agreed to break the deadlock.

I assisted a grassroots meeting with Cacique (Chief) Silvia Carrera, explaining the agreement. I was among the few 'sulia' or non-Ngäbe allowed. The reactions were not that favorable. Major dissent existed within the Ngäbe. The



Regional Cacique Clementina Perez protests in Panama City



Cacique Silvia Carrera with the Law Proposal
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audience claimed their sacrifice did not justify a meagre 5% royalty, but a complete ban. The Cacica's team countered that all future projects will have to be consulted and approved by referendum. The speakers took turns voicing their opposition, but finally gave a vote of confidence. Carrera explained that the negotiating process was stuck with Barro Blanco and needed the law to advance. The company so far has completed 20% of the project. The project will be temporarily stopped on 28 April 2012 under agreements to allow independent experts to assess the project with its numerous inconsistencies. However, we know Government intends to proceed with the project.

The 259 square hectares reservoir of the Barro Blanco dam will fill up the shores of the Tabasará River with stagnant water, submerging magical signs of a pre-columbine civilisation such as these ancient inscriptions forever. Impacts will also be made by the deforestation of 50 hectares of pristine riverbank forest and the so-called "reforestation" plots set up by the company to compensate for the logging. The company will plant non-native species that are used commercially, such as teak and pine. Unfortunately deforestation of this tropical forest will also destroy the habitat of amphibious endemic species that are in extreme danger of extinction such as the Tabasará Rain frog. No mention was made of this in the EIA. In my last visit to the shores of the Tabasará River, the musical chorus of cicadas filled the air, and the soothing melody of living water poured through its gigantic rocks. This glorious symphony of life will now become silent, once this project is built it will drown out the last sounds of life.



A Pre-columbine Monolith Site, Unlisted in the EIA , in Danger of Being Submerged by the Barro Blanco Project. Coordinates 8.248044, -81.615833 Comarca Ngäbe Bugle

Courtesy: Oscar Sogandares



The Tabasara River

Courtesy: Oscar Sogandares

Barro Blanco in facts and figures

Barro Blanco is a 28.84MW hydroelectric CDM project on the river Tabasara. Its owner is Luis Kafie the electrical tycoon from Honduras, where he produces 30% of its energy and faces several environmental complaints. It is being financed by European Banks from Germany (DEG) and the Netherlands (FMO). The project was approved under the UN's offsetting scheme in June 2011 despite inaccuracies in its Environmental Impact Assessment and lack of stakeholder consultations. The dam will flood land belonging to the Comarca Ngäbe Bugle – a collectively owned reservation administered by Panama's indigenous Ngäbe Bugle people. More than half a dozen townships along the riverbanks in the Comarca will be flooded and the livelihoods of some 5,000 Ngäbe farmers who rely on the river for potable water, agriculture and fishing will be irrevocably lost. See recent Al Jazeera People and Power Documentary 'Panama: Village of the Damned'.

Lack of a true consultation process

The local stakeholder consultation of the Barro Blanco project is full of inconsistencies. The purported stakeholder consultations were carried out as anonymous surveys resulting in a split 50-50% approval to rejection result, which is curious, since it is well known that opposition to the project in the area is close to unanimous. It also purposely excluded Ngäbe villages from the survey. In February 8, 2008 a public forum was held in Veladero de Tole. The affected communities were not invited, but arrived unexpectedly en masse to protest against the project. They were refused entry by police until Genisa officials finally decided to declare that the event was not a 'stakeholder meeting', but simply a 'private meeting'.

Social economic and environmental costs

Manolo Miranda one of the affected Ngäbe residents who will have to relocate if the project proceeds, told us that all the seven villages of Nancito, Tabasará Abajo, Quebrada Plata, Cogle, Quebrada Caña, Quebrada Kía, Nuevo Palomar will have to be relocated due the flooding of their villages. Its people will be uprooted and lose their most productive plots next to the river's alluvial soil.

More information:

- Joint press release: UN's offsetting project Barro Blanco hampers Panama peace-talks
- Final Report of Human Rights Fact Finding Mission

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NGO Voices on the CDM

Notice board

CDM Toolkit Hindi

Our toolkit for those who confront CDM projects in their country and want to know more about the mechanism and how to assess projects is now available in Hindi too! [Download here](#)



The CDM Watch Discussion Forum

is a place to exchange and debate positive and negative experiences with the CDM. The aim is to get an accurate picture of what's really happening on the ground and draw on lessons learnt.

Has the CDM achieved its goals? What changes do we need to create net benefits for climate and people? All views are welcome. Log in at: <http://forum.cdm-watch.org/> and leave a post.



Carbon Rush - the brand new documentary

Documentary maker Amy Miller will take you to contentious CDM and other off-setting projects all around the world. The film asks - what are the actual environmental and social impacts of offset projects in host countries? Do they really help reducing emissions? Who is gaining and who is suffering from the CDM? Watch the trailer and find out more on the [Carbon Rush Website](#)



Foto: Screenshot Trailer Courtesy: thecarbonrush.net

About CDM Watch



CDM Watch scrutinises carbon markets and advocates for fair and effective climate protection. CDM Watch was set up in 2009 as an initiative of international NGOs to provide an independent perspective on individual CDM projects and the political decision-making process affecting wider carbon market developments.



The CDM Watch Network connects NGOs and academics from the global North and South to share information and concerns about CDM projects and policies. Its purpose is to strengthen the voice of civil society in the CDM and carbon market developments.

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