Bosques Amazónicos response to Foodwatch

Bosques Amazónicos (BAM) strongly rejects the information included in the recent Foodwatch report written by Simon Counsell on REDD Brazil nut concessions project in Madre de Dios, as it exhibits a clear bias in the construction of its analysis, making inaccurate calculations and comparisons that ignores how the rigorous international methodologies under which our project is registered works, reaching conclusions that do not only lack technical rigor but also lead the reader to false interpretations, damaging the reputation of the Project, 480 families, our company and the genuine efforts made by a few to protect our planet's most valuable forests.

The one-sided report has also been published by the same author in REDD Monitor, a platform which has made clear its opposition to carbon offsets. As such, it should come as no surprise that the conclusions in the article seek to discredit forest carbon offsets as a vital solution for fighting climate change, seeking to undermine at all costs the reputation of REDD projects and the science-based methodologies created and improved by multi-disciplinary experts over the years.

Neither the author of the report nor the portals that promotes it have contacted BAM, neither to inform about the document published nor to consult the reliability of their data, behavior which violates the accuracy processes that a study of this type should comply with to ensure the veracity and impartiality of the information shared publicly.

With regard to REDD Brazil nut concessions project in Madre de Dios, Peru, the report contains a number of flaws as the following, just to mention a few of them:

1. **Methodological/technical Errors**

A. **Baseline:** According to the author: *"The deforestation baseline for the project was greatly inflated, apparently by a factor of 8-10"*

This is **false**. Deforestation rate in the baseline scenario, according to the methodology, is calculated from the recorded deforestation in the historical reference period within the RRD (reference region for deforestation rate). For doing so, the methodology defines a set of rigorous criteria that the RRD must accomplish for it to be as similar as possible to the project area, with the purpose of avoiding bias, as the article intentionally suggests.

According to the methodology approved by VERRA and selected for this project, there are two approaches allowed to calculate the RRD:

	Baseline rate approach	Mandatory?	Forested %	Area Limitations
Project area		Yes	100% at start of project	-
Leakage belt	Simple historic	No see LK-ASU	100% at start of project	≥90% of project (except see 1.1.3)
	Population driver	Yes	100% at start of project	None. Leakage belt is all forested area at the project start within the RRD and outside the project area (see 1.1.3 alternate)
RRD – reference area rate	Simple historic	Yes	100% at start of historical reference period	≥*MREF* (see 1.1.1.1) May not contain project area or leakage belt
	Population driver	Yes	N/A	No area limitation
RRL – reference area location	Simple historic	No see Step 3.0.	≥50% at start of project	Forested proportion must = *RRD* ± 25% at the start of project. Must contain project area and leakage belt
	Population driver	Yes	N/A	The RRL boundary is equivalent to the RRD boundary.

- Simple historic
- Population driver

Furthermore, there are a set of criteria that an area must accomplish to be eligible for being the RRD of a project. These criteria are referred to similarities between the RRD and the Project Area in the following aspects:

A. The main agent(s) of deforestation:
    a. the proportion of agriculturalist versus ranchers is the same ±20%
    b. lack of legal rights to use land
    c. proportion of agents, resident in the local area (lived in area > 5yr) versus immigrants (lived in area < 5yr) is the same ±20%
B. The same proportion ±20% in the following landscape factors:
    a. Forest classes
    b. Soil types suitable for the land-use practice
    c. The ratio of slope classes “gentle” (slope <15%) to “steep” (slope ≥15%)
    d. Elevation classes (500m classes)
C. The same proportion ±20% in the following transportation networks and human infrastructure:
    a. navigable river/stream density (m/km2)
    b. Road density (m/km2) within a buffer of 1 km around the project area
    c. Settlement density (settlements/km2) for non-forested areas in a 1 km buffer around the project area
D. Social factors
E. Policies and regulations
F. Exclusion of planned deforestation

All these criteria are selected by methodology developers to seek to reflect as realistically as possible the expected scenario that would occur within the project area in the coming years in the absence of REDD activities.

In the PD and in the Excel calculations, it is stated that 100,297 ha from a total of 291,566 ha of the project area will be lost in the baseline scenario during the project lifetime. This is 34.4% in 31 years.

This is extrapolated from the deforestation rate recorded within the Reference Region (RRD), established according to methodological criteria for RRD.

RRD Strata	CO – (ha)		CO + (ha)	
Year	Deforested	Remaining Forest	Deforested	Remaining Forest
2000	-	956,219.28	-	356,307.58
2005	13,050.12	943,169.16	39,905.60	316,401.98
2008	15,801.79	927,367.36	13,921.06	302,480.92

	Mining Stratum (ha)	
Year	Deforested	Remaining Forest
2000	-	124,369.27
2005	16,906.26	107,463.01
2008	8,620.74	98,842.28

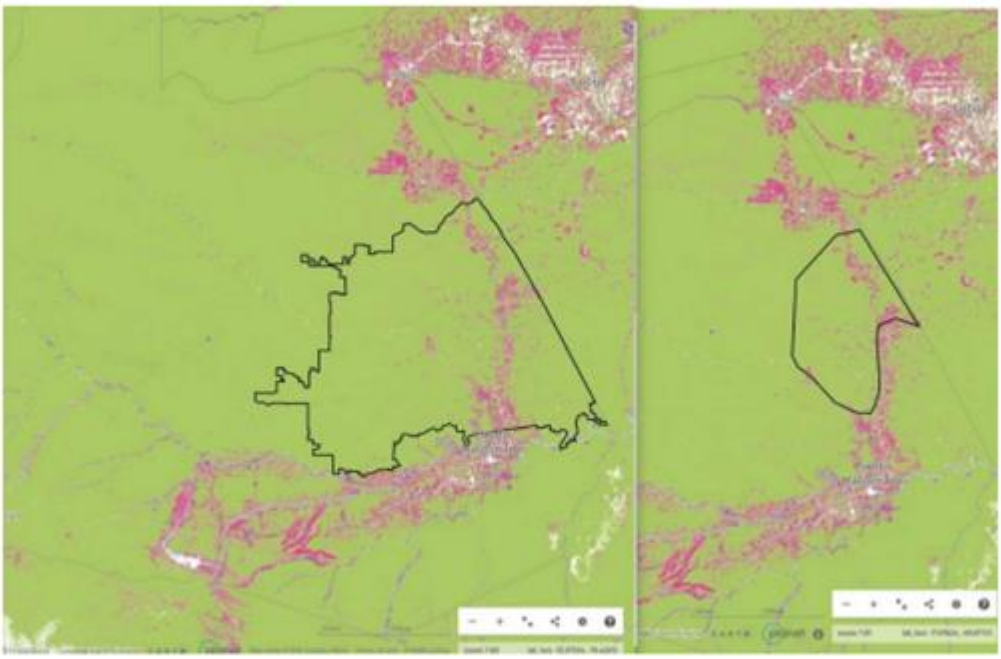
As can be deducted from these tables, each stratum (negative opportunity cost, positive opportunity cost and mining stratum) lost 3.02%, 15.11% and 20.53% respectively, during the 8 years of the historical reference period. It represents, in the last two strata (positive opportunity cost stratum and mining stratum), values for annual deforestation rate largely over the value used within the project area.

Those values were extrapolated to RRL (project zone) and according to the weight of each stratum and the "Deforestation Model" created in the software DINAMICA EGO, the results that were used in the project baseline calculations.

It must be highlighted that land use change maps were not developed by BAM, but they were the official maps used by the Government of Madre de Dios (the jurisdiction where the project is located) for planning land occupation processes (called Ecological and Economic Zoning) in their territory. It has always been the position of BAM to work with official sources, if it exists and meets the requirements of the methodology and the standard.

On the contrary, the author of the Foodwatch report selected a random area for his evaluation without verifying compliance with all the above mentioned points that the methodology under which our project is registered requires. As a consequence, based on a random area that does not meet the requirements of the accepted methodology and basically the VCS processes, the author shows completely different results from those of the Project, making a comparison that has no technical support, misleading the reader and defaming the integrity of the construction of our project.

Figure 4. Showing the overall 'intervention zone' (left) and the selected 'core' area (right) where Brazil nut concessions dominate.



Note that green in the maps are forested areas, pink indicates deforestation from 2001-2020. The visual impact of the color scheme tends to give an exaggerated impression of the extent of deforestation

In particular, the author mentions that *"the exact basis of the project's baseline calculation is not publicly available"*, thus, *"analysis has been carried out using datasets based on the same remote sensing images as supposedly employed by the project"*. Therefore, the Foodwatch Report allegations are based on analysis of project scenarios built arbitrarily by the author, which did not follow Verra methodologies and that cannot even be considered a reliable alternative.

Furthermore, rather than using official data, the Foodwatch used Global Forest Watch data to evaluate actual deforestation at the small spatial scale of a REDD project which is not only unofficial but also inappropriate to evaluate REDD as it is not locally accurate.

The Foodwatch report does not meet the rigorous standards that an academic study of this caliber requires, nor does it comply with the accuracy processes that a study of this type should carry out. This is an analysis that responds to a hypothesis that the author wanted to prove beforehand at any cost and not an objective study that reaches conclusions based on a legitimate, scientific, professional and validated process.

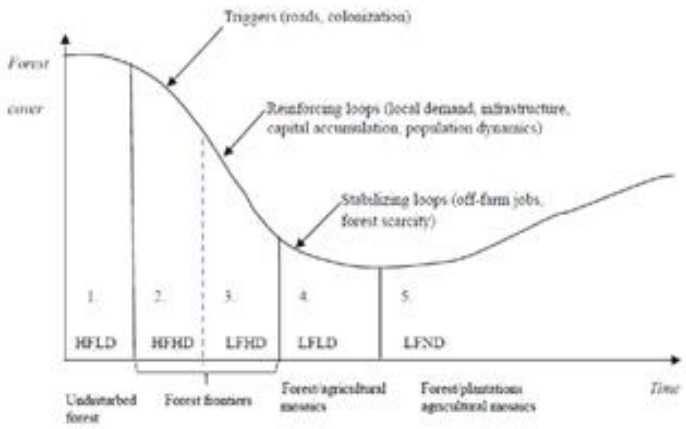
To sum up: the data used in the analysis is inapplicable and cannot be used for a valid evaluation of the project.

B. **Deforestation in the project area:** According to the author: *"the rate of deforestation in the project area actually more than doubled after the project started"*

This is a typical error that has been seen lately in the analyses made by journalists and other non-experts who do not understand the behavior of landscape dynamics. These mistakes are made because their authors believe that the future should be measured in terms of past performance, ignoring multiple other factors.

Scientific literature has explained the Forest Transition Curve concept for many decades. The Forest Transition Curve concept was originally introduced by Matter (1992) and improved by Angelsen (2007), and basically explains why forests have different deforestation rates throughout their lifetime. Angelsen, not only shows a time path, but gives a conceptual framework that explains why it happens.

As can be seen in the following graph, at the beginning, all the forests are mostly virgin and poorly accessible. This explains why it has a High Forest cover and a Low Deforestation rate (HFLD). At some point, in the graph, the surrounding areas are colonized because the construction of new roads. The deforestation rate accelerates and it becomes still an area with HF cover but HD rate. Economic and demographic factors are reinforcing loops and the area becomes a LF cover with still HD rate. When the forest becomes scarce, the rate declines but the forest is lost at large areas, having only LF cover with LD rate. This is the reason why the past is not a good predictor of the future. In some cases, it may underestimate the threat; in others, it may overestimate the upcoming trend.



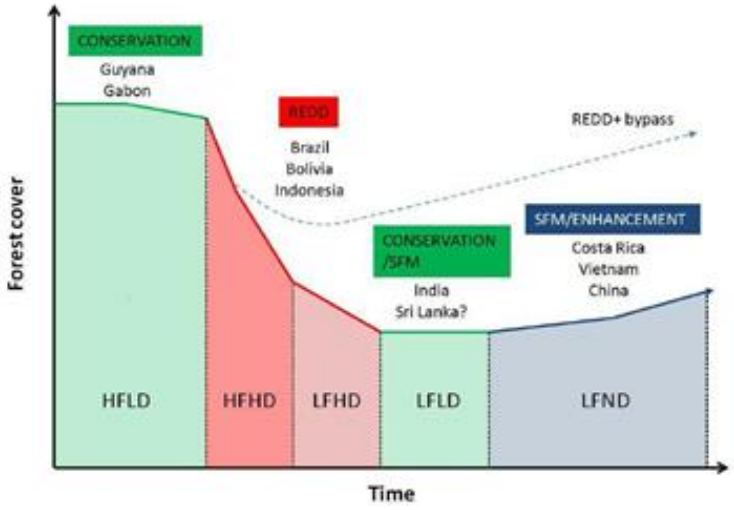
HFLD: high forest, low deforestation jurisdictions, HFHD: high forest, high deforestation jurisdictions LFHD: low forest, high deforestation jurisdictions LFLD: low forest, low deforestation jurisdictions LFND: low forest, no deforestation jurisdictions

Source: Angelsen (2007)

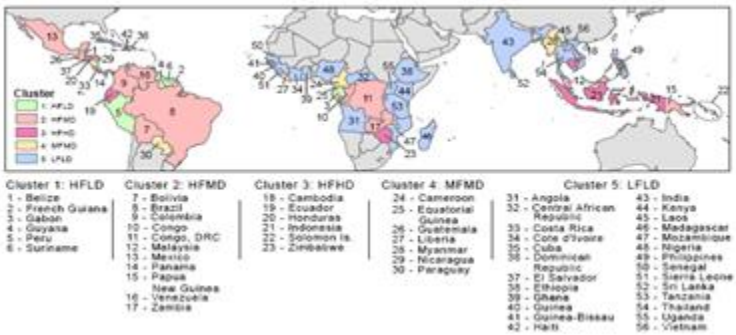
This hypothesis, largely studied and presented in many academic papers[1], mainly proposes that the deforestation rate is dynamic and changing and not permanent along the lifetime of forest areas.

“the FT describes a sequence where a forested region goes through four stages: (1) initially high forest cover and low deforestation, (2) accelerating and high deforestation, (2) slow-down of deforestation and forest cover stabilization and (4) a period of reforestation.”[2]

So, HFLD forest areas, at some point will become HFHD areas, with a growing deforestation rate, and, lately, at some point, LFHD areas, with a decreasing deforestation rate and, finally, the net rate will be zero, with the forest cover stabilized (but after large areas were lost) and even restored with net gains on forest cover. Following graphs show the location of some countries in the segment of the FTC.



Source: Mattsson, E. (2012).



Other papers also locate Peru in the HFLD countries Cluster.

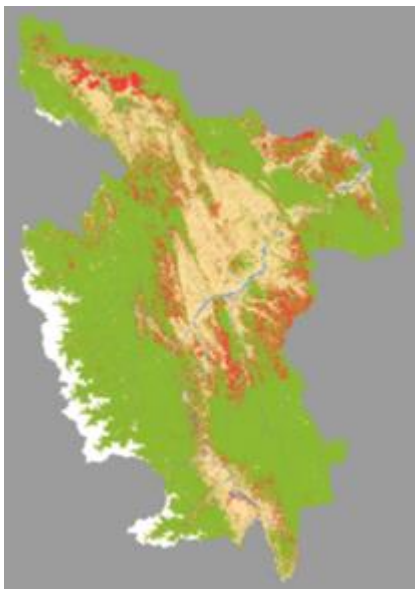
“The Guiana Shield, along with Belize, Gabon and Peru, is part of what is commonly considered as HFLD countries (Dezécache, 2018).

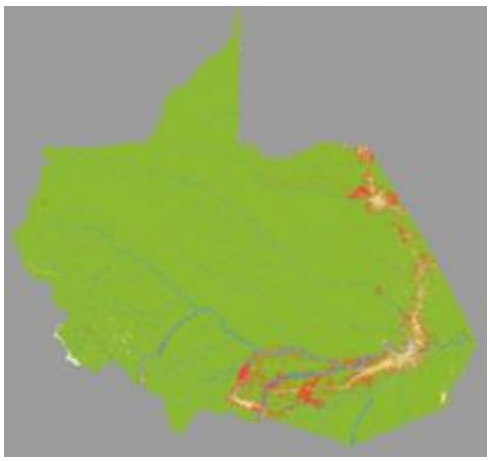
Forest transition of FCPF and UN-REDD countries

	High Deforestation Rate (> 0.5% year)	Low Deforestation Rate (< 0.5% year)
High Forest Cover (> 40%)	Indonesia, Papua New Guinea, Lao PDR, Bolivia, Paraguay, Nicaragua	Democratic Republic of Congo, Colombia, Guyana, Panama, Peru, Costa Rica
Low Forest Cover (<40%)	Nepal, Ethiopia, Ghana, Liberia, Tanzania, Uganda	Vietnam, Kenya, Madagascar, Mozambique

(USAID, 2015).

This explains why the region of Madre de Dios in Peru (where the project is being implemented, along with other REDD projects) showed an increasing forest loss while other regions (such as San Martín for example) showed a declining rate. It is easy to understand: in territories where large areas have been cleared, remnant forests are mainly protected or inaccessible areas, so deforestation rate decreases naturally and drivers move to other free forest areas such as Madre de Dios.





Baseline is not a simple projection of what has happened in the past years within the project area. It is largely demonstrated that deforestation rate is not homogenous throughout the lifecycle of a forest landscape. This has been largely studied and is named the Forest Transition Curve, where HFLD territories have historical low rates but faces increasing threats in the future. The Foodwatch report

states that deforestation doubled within the project area (false) ignoring that in the Madre de Dios Region, deforestation has multiplied by 4 times since the construction of the Highway (when the project started) and ignoring how the methodology is applied properly in this case, again. If the author had reviewed how methodology works prior to his analysis, he would know that the project area is required to be 100% forest. Thus it makes no sense to state deforestation "was doubled" because double 0 is still 0.

[1] Angelsen (2007), Griscom (2009), Leischner (2011), Duchelle (2014), Ferrer (2020), Dong-hwan (2020)

[2] Angelsen (2009)

C. **Additionality:** According to the author: *"The project lacked any real basis of additionality"*

The additionality analysis states that the Project area is under an increasing threat of deforestation happening in the region as a consequence of the construction of the Interoceanic highway and the consequent construction of secondary roads, which not only facilitated access to forests but, by reducing the costs of transporting agricultural products to major markets, improved the profitability of alternative activities in the region, and consequently the migration of people to settle and urbanize Madre de Dios.

Since the beginning of the project, key activities were implemented to meet the goals of protecting the forests and improving the community's living standards, such as the consolidation and strengthening of the Federation of Brazil nut producers (FEPROCAMD), financial and commercial support to promote the Brazil nut activity (which will indicated further in this letter), among others, which the author does not acknowledge in his report, nor does he acknowledge the different activities that the project has been implementing to generate impact until today (which will indicated further in this letter), because the author did not have the intention or motivation to go in depth, contact us and get to know the reality and details of what is happening in the project directly. Consequently, it is questionable that the author constructs a position on the additionality of the Project without even understanding first-hand what the project has done and is doing for making real impact in the field.

2. Missing, misleading and inaccurate information

According to the author: *"Nearly 500,000 credits had been sold by the end of the 2014. During 2015 and 2016, another 750,000 were sold. The actual value of any of these sales is not reported or known, but at prevailing prices for VCS credits of around $4-$6/tonne CO2e, a rough figure of US$5m-US$7.5m in credit sales can be estimated".*

Calculating the resources generated by the project **assuming** a price of US$ 4-6 per credit and arriving at interpretations that question the integrity of the project and its developers based on **estimated values** is totally misleading and perverse. For this, the author relies on a reference that in our experience does not reflect whatsoever the reality of the voluntary carbon market throughout the years. BAM and Brazil nut concessionaires have been working on the project for over a decade and, in our experience, have not seen those prices in the voluntary carbon market until this year (2021). Such

is the case that BAM has financed the project with its own resources for more than 10 years, a reality that is not considered by the author in his article.

According to the author: *"the exact legal status of the project is unknown, as the last known Ministry of the Environment authorization of it as a standalone project was only valid until December 31, 2020"*.

The statement regarding the legal status of our Project has no foundation and leads the reader to an **interpretation that is false**. The author, without going deeper into the research and leaving an open interpretation that is detrimental to the project, refers to the nesting process being conducted by Peru's Ministry of Environment (MINAM). The situation is as follows:

The Peruvian government, through MINAM, is in the process of developing a National Baseline (FREL) that will later lead to the implementation of a nesting scheme for REDD projects. This means that **all REDD projects in Peru will have to adjust ("nest") to a National Baseline.** This process was expected to be completed in 2020, but has been delayed. Because of that, MINAM submitted a formal letter to all project developers in Peru authorizing them to extend and use their baselines until 2020. Once MINAM finishes the nesting process, **ALL REDD projects in Peru** (public and private initiatives) will have to use the national baseline for verification purposes.

Thus, there will be a **national scheme** that **will shape the project verification processes in the future** as it will **determine the baseline of all REDD projects in Peru**. Nevertheless, **by no means this situation calls into question the viability of REDD Brazil nut concessions project,** as it is assumed and erroneously concluded by the author of the Foodwatch report.

3. No Reference to Project Benefits for the Community

The report ignores different activities being implemented by the project for the benefit of the community and the preservation of biodiversity. Unfortunately, the authors did not contact BAM for more information and evidence to include in their report in order to provide the international audience with a detailed, unbiased and current overview of the project's status.

According to the author: *"All of the Brazil nut concessions already existed and were legally designated, under a law dating from 2000, at the time the project was started. Therefore, the only additionality which could have arisen from the project was the extent to which it enabled the concessionaires to prevent deforestation which would otherwise have occurred on their land".*

Building on that statement, the author suggests in all section 8 of the report that there has been no impact of the project in the area.

In Peru, it is prohibited to change land use from primary forest to agriculture. However, only last year 200,000 hectares[1] have been lost due to land use change to basic agriculture. Having ownership or title of concession of the area in a country where it is "forbidden" to change the use of land does not assure whatsoever to be exempt from the increasing threats of deforestation that haunt the Amazon.

[1] http://geobosques.minam.gob.pe/geobosque/view/perdida.php

Leaving concessionaires alone to face the threats of deforestation in a perverse circle of destruction is not an option for accomplishing the conservation goals our planet urgently needs.

Before the Project, concessionaires were isolated and acted independently, which meant they lacked power to interact among themselves and reach competent authorities, the markets and all relevant stakeholders. REDD+ BN concessions helped concessionaires to group in 11 associations and to consolidate the Federation of Brazil nut producers of Madre de Dios, FEPROCAMD, which allowed them to have presence in front of the competent regional and national authorities until today.

In 2010, BAM provided funding to the project partners as working capital so that they could begin their Brazil nut collection process without having to pre-sell their products at unfair prices in order to start operating. In addition, as concessionaires were already grouped together, BAM and FEPROCAMD facilitated an auction to jointly bid the production of concessionaires at the highest market bid, generating a better market position for them. These relevant actions were not indicated in the Foodwatch report, as neither have the different activities detailed below.

According to the author: *"The project was supposed to have provided "permanent advice" on how to conduct 'Reduced Impact Logging' (RIL), as well as training and management to help the concessionaires "manage their concessions better"62, but there is no evidence that any of this ever happened."*

Training workshops: Brazil REDD Brazil Nut Concessions Project offers training workshops to improve the concessionaires' capacity for sustainably managing and protecting their forests and to develop opportunities for them and their families.

Monitoring, Control and Surveillance system (MCSS): Brazil REDD Brazil Nut Concessions Project implements a MCSS that seeks to identify, report and control threats of deforestation. The system includes permanent technical and legal advice for concessionaires, given by the project staff (professionals working full time for attending concessionaires' needs).

Permanent support to FEPROCAMD as an organization: FEPROCAMD has received permanent financial support from the project to continue providing technical and legal support to their members and to represent BN sector interest in different interinstitutional roundtable discussions.

According to the author: *"Unfortunately, whilst help with clarification of land rights was one of the promises of the project, little or nothing in this regard seems to have been achieved (or even attempted)"*

Concession demarcation: Brazil REDD Brazil Nut Concessions Project implements a process for concession demarcation and legal sanitation of land. This, to define and properly maintain the exact limits of each partner's concessions.

According to the author: *"Neither FEPROCAM nor any of its members have ever received any significant financial or other benefit from the project. In this case, it is hardly surprising that the project appears to have had little or no impact on the ground in reducing deforestation or carbon emissions".*

Since it has been possible to generate profits (year 2020), the Project has been **sharing profits with the concession partners.** To date, concessionaires have received income from profits, transfers made through Banco de Crédito del Peru (BCP), one of the largest banks in the country. Indeed, as a result

of carbon credit sales in 2021, concessionaires receive profits that at least double their past income. We expect these revenues to continue to increase in accordance with market dynamics in the future.

In addition to the above, other activities are being developed by the project such as the **implementation of a science program** to permanently evaluate the ecological wealth of the area and the impact of conservation efforts on biodiversity, among others.

Furthermore, the author builds a whole argument on the disagreement of the concessionaires with the project based on isolated references, misinforming about the general context of the reality of the Project. If we had been contacted by the author, we would have been able to share testimonials from concessionaires partners on the project. We put them here as an example: https://www.youtube.com/playlist?list=PL17JODX9kDJ-GwGpbh7jO_wgQOx6UIpXn

The clearest evidence of the concrete results of REDD Brazil nut concessions and hence the acceptance of the project in the Brazil nut concessions community is that in 2021 alone, as a consequence of all the efforts and the good execution of the project activities, **75 new Brazil nut concessionaires have joined to be part of REDD+ BN concessions, which represents an additional area of around 65,000 hectares to be protected by the project.**

The inaccurate and misleading information presented by the author of the Foodwatch report tends to destroy a job that for more than twelve years has been implemented jointly by BAM and hundreds of concessionaires to effectively prevent forest loss and provide well-being living conditions for the most vulnerable families in the Peruvian Amazon, through the structuring, issuance and negotiation of carbon credits under the framework of national regulations, independent third-party audits and international rigorous standards.

As Project developers of REDD Brazil nut concessions, we communicate our absolute rejection regarding the information stated in the Foodwatch report. As it has been demonstrated, the methodology used for running the research does not accurately measure environmental contribution according to the rules of the Verified Carbon Standard (VCS) but relies on a self-made approach that has not been approved by experts on the field, raising serious concerns about the technical integrity of the study. Furthermore, as the report has not been constructed on the basis of respectable accuracy processes that ensure the objectivity of the conclusions presented.

This one-sided report clearly makes the case of one of the many attempts that REDD detractors at the international level are making to delegitimize forest conservation efforts, sharing biased information that responds to a premeditated/pre-structured strategy to discredit REDD projects as a climate solution. Not surprising, one of the 10 conclusions in the Foodwatch report mentions: ***"It is to be noted that the financial structuring of the Verra verification process represents a very clear and significant conflict of interest. In addition to the very substantial (six-figure) fees which are paid by the project developer to the verifier for each verification exercise, on top of the initial fee of US$115,000 for opening a project account, a fee of US$0.10 is also payable on each issued VCU"*.**

For several years, VERRA has been working in the development of scientific-based methodologies developed by multiple-discipline experts worldwide. Furthermore, in building rigorous processes to ensure REDD integrity and impact. Indeed, carbon credits are not verified by VERRA but by different

external auditors that comply with the rigorous processes established by the methodology. In addition, VERRA establishes several additional protection and transparency clauses in its processes, such as the fact that an external certified auditor cannot verify different contiguous processes of the same project. Not to mention that the argument that the author makes about VERRA charging a fee is absurd since all international certification systems charge a fee for their certification as part of the income to maintain their operations.

On the contrary, the single author writing the report appears to be adopting an *ad hoc* technical approach according to its convenience without acknowledging how REDD+ projects are actually evaluated under the rules of the VCS standard. Hence, making numerous, fundamental methodological errors concerning how the REDD+ mechanism works.

Drawing false conclusions regarding the performance and impact of REDD+ Brazil but concessions could not only cause irreversible damage to the conservation of ecosystems and the preservation of world's most valuable biodiversity, but also directly harm 480 families living in rural conditions who have put their efforts on REDD+ to build opportunities for sustainable development. In this regard, we expect this letter and our reviews of the report will be published at the same level as this post. Furthermore, in order to protect the interests of our partners and the reputation of our company, we reserve the right to take the corresponding legal actions.

Jorge Gil Cantuarias Falconi
Gerente General
Bosques Amazónicos SAC