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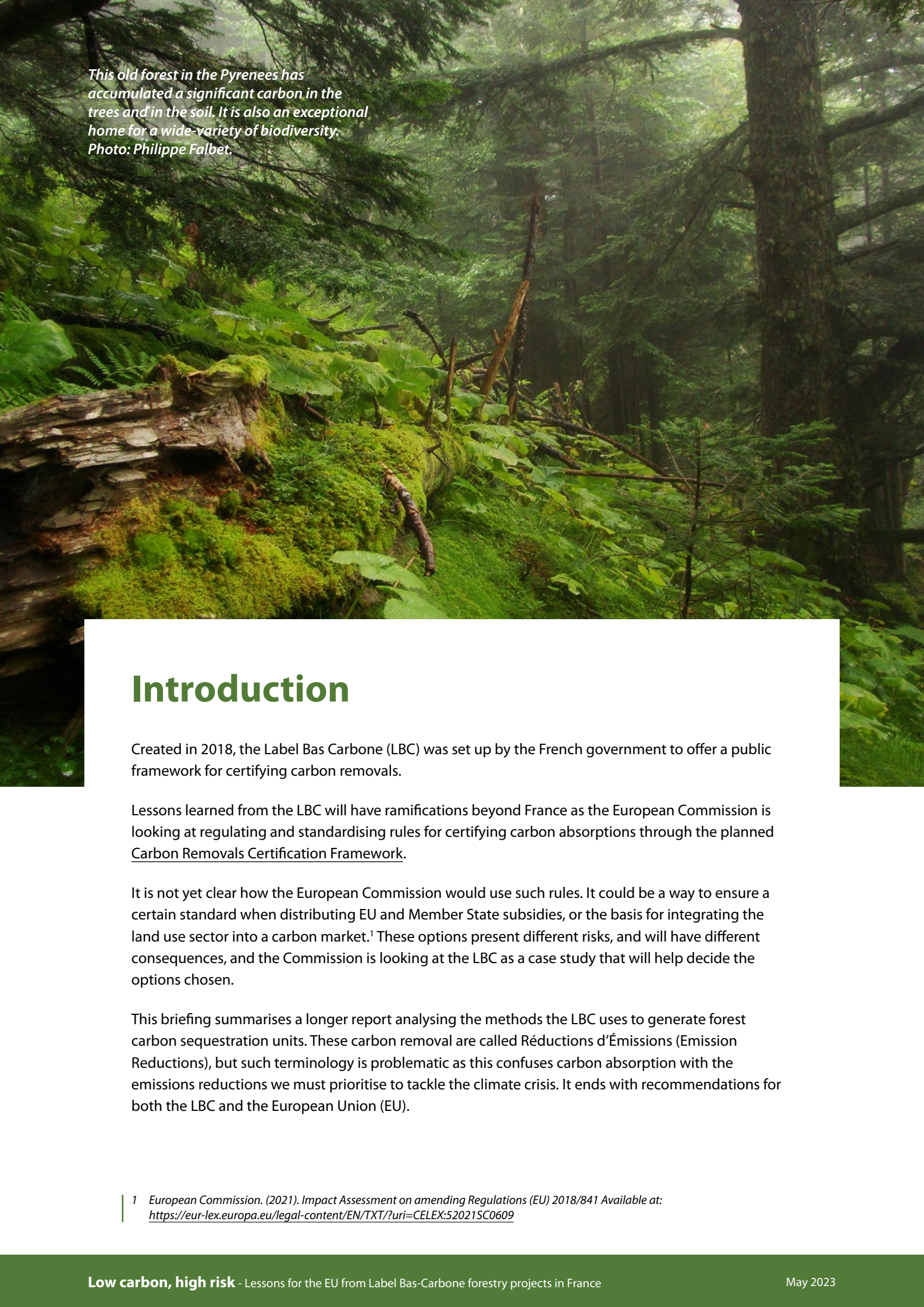
Low carbon, high risk

Lessons for the EU from Label Bas-Carbone forestry projects in France

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Photo: Bruno Doucet / Canopée.



This old forest in the Pyrenees has accumulated a significant carbon in the trees and in the soil. It is also an exceptional home for a wide-variety of biodiversity. Photo: Philippe Falbet.

Introduction

Created in 2018, the Label Bas Carbone (LBC) was set up by the French government to offer a public framework for certifying carbon removals.

Lessons learned from the LBC will have ramifications beyond France as the European Commission is looking at regulating and standardising rules for certifying carbon absorptions through the planned Carbon Removals Certification Framework.

It is not yet clear how the European Commission would use such rules. It could be a way to ensure a certain standard when distributing EU and Member State subsidies, or the basis for integrating the land use sector into a carbon market.¹ These options present different risks, and will have different consequences, and the Commission is looking at the LBC as a case study that will help decide the options chosen.

This briefing summarises a longer report analysing the methods the LBC uses to generate forest carbon sequestration units. These carbon removal are called Réductions d'Émissions (Emission Reductions), but such terminology is problematic as this confuses carbon absorption with the emissions reductions we must prioritise to tackle the climate crisis. It ends with recommendations for both the LBC and the European Union (EU).

¹ *European Commission. (2021). Impact Assessment on amending Regulations (EU) 2018/841 Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021SC0609>*

Findings

The report found that the LBC faces the same limitations as many carbon certification methodologies in anticipating and accurately quantifying the carbon gains of a forestry project. These weaknesses are compounded if the project generates offsets which companies buy as an alternative to reducing their emissions. Furthermore, this focus on carbon dioxide (CO₂) calculation means that the LBC does not sufficiently take into account biodiversity and soil protection requirements, necessary to avoid projects that are less resilient to climate change impacts.

Unlike most carbon certification schemes, the LBC is steered by public authorities. This reduces, but doesn't eliminate, the risk of conflict of interest. Public actors such as the Centre National de la Propriété Forestière (National Association for Private Forest Owners), or the Office National des Forêts (National Forest Agency) conduct commercial activities that depend on the Label, yet are still directly involved in its governance. The LBC also differs from other certifiers in that RE units are not tradable – once purchased they cannot be sold on by the buyer. This prevents the creation of derivatives markets based on carbon absorption activities, but units can be used by companies to claim they have “offset” their emissions.

The LBC's forestry methods present additional problems.

Firstly, the LBC confuses the idea of reducing emissions with carbon removals. Carbon dioxide removals, as defined by the Intergovernmental Panel on Climate Change (IPCC) refers to practices that take CO₂ out of the atmosphere permanently, whereas emissions reductions are those that stop new CO₂ from entering the atmosphere. Whilst the LBC certifies emissions reductions from agriculture, they only certify removals from forestry. Rather than conflating both into misleading “RE (Emissions Reductions)” units, any sequestration by trees should be termed “carbon removals” or “carbon sequestration”.

Secondly, as with all carbon certification, especially around forests, the LBC faces numerous methodological problems in its attempts to quantify how much carbon has been reduced or sequestered. These include non-permanence, difficulty in demonstrating additionality, substitution effects and time lag (see Box 2). The

lack of transparency about such problems seriously undermines the LBC's credibility. Rather than allowing carbon units to be generated and traded, money should be directed to restoration activities that don't create credits, this simpler approach is sometimes called a “contribution model”.

Thirdly, the LBC does not sufficiently integrate biodiversity preservation. Although projects analyse the situation using the Index of Biodiversity Potential (IBP) and prohibit some practices that are harmful to soil (such as stump removal or slash harvesting), there are exceptions, contradictions and a lack of control. Because of a lack of binding criteria, initially the LBC had a high volume (60 per cent) of planted monoculture forestry projects. This number has decreased over time, but lack of transparency means it is not possible to know the proportion of each species planted and therefore to estimate the level of biodiversity. Moreover, invasive species are planted in one out of every ten afforestation projects.

Fourth, the LBC cannot guarantee that it will preserve existing forest carbon stocks. At the time of writing,

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the LBC approves only three forestry methods. Two of these (which together gather account for 99 per cent of projects) focus on planting, to the detriment of improving existing forests. Thus activities to improve existing forests, such as transforming coppice woods into developed forests, are rarely used despite being an approved activity. Another major flaw is that if just 20 per cent of trees in a forest are deemed to be declining, the whole forest can be cut down. In many situations, this threshold is insufficient to consider that a stand is

doomed. Additionally, clearing the forest has a serious impact on carbon storage, which is not included in the project's carbon outcome.

99%

of projects focus on planting trees instead of improving existing forests



The final issue is related to who gets the money for delivering a project. Part of project funding normally goes directly to the project (technical engineering, carrying out the work) and another part is absorbed by the project leader, the agent or intermediaries to cover administration, communication, and prospecting costs. This is the transaction cost. For a funder, transparency over these costs is important as ideally most funding

should directly help improve carbon uptake through activities in the forests.

But the LBC does not require transparency with respect to the use of funding, and as a result, project developers and intermediaries are not systematically transparent about how much money goes directly to forest work. Where such information is available, the proportion of funding used for purposes other than forest improvement varied between 13 and 48 per cent. The more money that foresters receive, the more high quality, well-paid work they can carry out. According to Gaetan du Bus de Warnaffe, a French independent forest manager, "Carrying out silvicultural work requires trained, motivated and attentive foresters. Improving forests to adapt them to climate change (diversifying plantations, enriching forest plots, selective thinning) requires a particular skill-set and understanding that only field forest experts have. There are few of such actors due to a lack of resources. It is therefore essential that the largest part of the budget allocated to silviculture directly benefits these field operators, in order to enhance their work and make it more attractive".

Extending harvest periods can increase both carbon stored in the forest and biodiversity. Photo: Philippe Gourmain / La Belle Forêt

Box 1: The scale of the issue

Forest offsets are popular because they allow companies to green their image. Since 2000, 98 per cent of Fortune 500 companies based in Switzerland, France and the UK have funded tree planting.² From 2020 to 2021, the voluntary carbon market quadrupled in size, from €450 million to €1.8 billion.³ Forests and land are at the heart of controversial carbon finance - Virgin Atlantic claimed carbon credits from a forest that had been cleared,⁴ and a recent survey showed that 90 per cent of avoided deforestation carbon credits certified by the main certifier Verra are "ghost" credits.⁵



In Haute-Saône, a plantation that was in a poor state was brought back to health by retaining the best Douglas-fir trees and bringing back a diverse understory of hardwoods. Photo: B. Menigoz.

2 Mansourian, S., & Vallauri, D. (2022). Unravelling the extent of tree planting by corporations. *Corporate Social Responsibility and Environmental Management*. Available at: https://www.iufro.org/fileadmin/material/discover/Mansourian_and_Vallauri_2022_Unravelling_the_extent_of_tree_planting_by_corporations.pdf

3 Ecosystem Marketplace. (2022). *The Art of Integrity. State of the Voluntary Carbon Markets 2022 Q3*. Available at: <https://app.hubspot.com/documents/3298623/view/433338095?accessId=3abc8b>

4 Fern (2017). *Unearned credit - Why aviation industry forest offsets are doomed to fail*. Available at: https://www.fern.org/fileadmin/uploads/fern/Documents/Fern_Unearned_Credit_FINAL.pdf

5 SourceMaterial. (2023). *The Carbon Con*. Available at: <https://www.source-material.org/vercompanies-carbon-offsetting-claims-inflated-methodologies-flawed/>

Box 2: The problems with forest offsetting

Non-permanence: Carbon stored in the trees will eventually return to the atmosphere and global heating makes forests more vulnerable, meaning tree-stored carbon is at ever increasing risk of being released.

Additionality: To prove carbon gains, the developer must demonstrate that the gain would not have occurred in its absence through a baseline scenario and a project scenario. The difference between the two is the carbon gain. It is, however, impossible to predict with certainty what would have happened in the absence of the financed project, so gains are based on the developers' assumptions.

Time-lag: While a carbon emission is instantaneous, many offset projects, especially those related to tree planting, are based on the modelling of a future and hypothetical absorption and awarding carbon removal credits before they happen. This is called ex-ante certification, which is problematic if the expected absorption doesn't happen, such as if there is a forest fire, or drought. All three LBC forestry methods use ex-ante certification.

Substitution: Some forestry projects not only label the tons of carbon sequestered by the trees but also the substitution effects. For example, making a window out of wood rather than aluminium emits, on average, less greenhouse gas: using wood to make building materials can therefore avoid greenhouse gas emissions. This is too speculative an approach to accounting as depending on the type of forestry, the location of the wood sourced and various other factors, the environmental impact can change. The accounting of substitution effects is further complicated by the fact that shortened stand rotation times can be made to look like they increase overall carbon removals, which can incentivise lower quality forestry.

For these reasons the LBC should promote an activity-based approach to forestry rather than the generation of carbon units for forestry projects.



Thinning is an important and early element of forest management in Aleppo pine forest. The selected trees are well shaped and spaced meaning they will be able to produce timber. They also keep a controlled understory to limit the risk of fire.

Conclusion

The LBC is under constant review and could play an increasing role in channelling private funding to forests. It is therefore important that new methods are developed and existing methods revised, but to be considered credible, the LBC must improve its methodologies rather than aiming to increase the number of projects awarded the label.

The fate of LBC has ramifications beyond France, given that it is one of the first European countries to standardise carbon certification with public guidelines. As the EU considers its own Carbon Removals Certification Framework (CRCF), it is essential to have a clear vision of the strengths and limitations of the LBC.

For example, the precise quantification of the carbon stored, avoided or substituted is too uncertain to be the central criterion for assessing a forestry project. Current LBC methods are too focused on tree planting and not enough on improving existing stands, particularly maintaining or restoring ecosystem services. Some forest management projects are discarded (thinnings of Aleppo pine in the fire-prone Mediterranean area) or are not very attractive (prolonging the life of coppice trees) because they do not generate sufficient carbon sequestration in the short-term. This ignores their importance for biodiversity, and other benefits such as reducing fire risk. Conversely, many low-diversity plantation projects using exotic species, are certified. It is therefore essential to strengthen the supervision of forestry projects at the European level by taking into account the following recommendations gleaned from the implementation of the LBC:

Do not allow carbon offsetting

- LBC and the EU need to be clear that forest carbon projects are not equivalent to actual greenhouse gas emissions. The label should move away from generating units and focus only on certifying activities.

Fund resilient activities, not accounting

- The EU should fund activities, not unreliable carbon units: Carbon measurement should only be one indicator of a quality project. The LBC and the EU should favour continuous cover forestry, longer harvesting times and natural regeneration, all of which have multiple benefits;
- Financed activities should be approved and audited based on the principle of non-degradation of the Index of Biodiversity Potential in France and Nature Restoration criteria in the EU. This should include soil protection as a prerequisite of all projects;
- Partial dieback of a stand is insufficient justification to clear-cut it. Trees which are not suffering from drought, pests, or storms should be left standing;
- The CRCF and LBC should ensure no project claims carbon benefits until it has been implemented. Carbon gain should be reassessed throughout the project at intervals of no more than five years, to take into account the response of forest ecosystems to the climate crisis;
- The CRCF and LBC should not include substitution effects in the measurement of carbon gain, as the measurements are very imprecise;
- The CRCF and LBC should encourage improved activities in regions such as the Mediterranean where forestry is less productive but essential.

Ensure transparency

- The CRCF should make the following data public: The exact location of the projects, the work undertaken, estimates of the impact on ecosystem services, the financiers, how finances are distributed and how results are monitored;
- The CRCF should ensure transparency around how funds are spent, and a minimum of 70 per cent should be earmarked for forestry work and technical engineering. Furthermore, funding should be encouraged throughout the duration of the project.



A project in the Vienne region of France kept a maritime pine plantation but clearcut a hardwood stand. It none-the-less was the first forestry project to receive the Label Bas Carbon. This is the opposite of the type of forest project that the EU should be incentivising. Photo: Bruno Doucet / Canopée.