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CAMBODIA SIGNS AVOIDED DEFORESTATION CARBON AGREEMENTS FOR VOLUNTARY CARBON STANDARD PROJECT

Phnom Penh, Cambodia, June 23, 2009 – In a ceremony held last month in Samraong, Cambodia's Forestry Administration, in partnership with Community Forestry International/Pact and Terra Global Capital, signed agreements with 09 community forestry groups, to develop and market carbon credits for the avoided deforestation project in the Oddar Meanchey province. Earlier in the month the Forestry Administration and Terra Global finalized their carbon agreement marking a critical step in the development of Cambodia's first avoided deforestation project for registration under the Voluntary Carbon Standard (VCS). These agreements mark the culmination of years of effort to secure legal forest tenure for communities while at the same time cementing an agreement between Government and communities to collaborate in conserving forest carbon over the next several decades.

The avoided deforestation methodology, developed by Terra Global Capital, is nearing the end of the first of two 3rd party validations that are required by the VCS. The methodology supports the measurement and monitoring of deforestation and degradation for REDD projects for the mosaic type. The project will also be submitted to the Climate, Community and Biodiversity Alliance (CCBA), for certification that it has additional benefits for communities and biodiversity. The project is estimated to generate 8.5 million tons of CO₂ over 30 years.

The project builds on the commitment of the Royal Government of Cambodia to support community forestry through their Community Forestry Sub-Decree, and that of 12 community forestry groups, comprised of 52 villages, whose members have agreed to protect 60,477 hectares of forest land in the Northwestern province of Oddar Meanchey. This project is part of an initiative by the Cambodian Forestry Administration, with support from donors, investors and international and local non-governmental organizations, to support a transition to sustainable management in the national forest sector. While the estimated annual net rate of deforestation during the period 2002-2006 has declined to 0.5% in Cambodia, in the northeast forest in Oddar Meanchey Province, loss exceeded 2% per annum over the same period.

H.E. Ty Sokhun, Head of the Forestry Administration declared, "There is an urgent need to address the deforestation problem in Oddar Meanchey Province. The sale of carbon credits from avoided deforestation projects can provide financial incentives to protect and permanently maintain these forests. Sustainable management of forests will not only reduce CO₂ emissions, but will also improve local livelihoods, conserve biodiversity, and help to maintain hydrological systems."

The guiding principles for the project, as provided by **Samdech Akka Moha Sena Padei Techo Hun Sen** the Prime Minister of the Kingdom of Cambodia, are to ensure that the income from carbon credits is used to improve forest quality, provide maximum benefit to

local communities that participate in project activities, and identify potential areas for new avoided deforestation projects in Cambodia.

Dr. Mark Poffenberger, Community Forestry International's Executive Director who initiated the project, reports that: "The Oddar Meanchey Avoided Deforestation Project, designed by Community Forestry International, was developed not only to assist rural people in gaining legal tenure rights over local forests. It will also create a 30-year income stream that will significantly enhance their household livelihoods and natural resource management capacity. The success of the Oddar Meanchey project opens the door to long term financing for Cambodia's national community forestry program, which could eventually encompass and protect over 2 million hectares of forest."

Terra Global Capital has provided the technical work for the carbon measurement and monetization of the project's carbon credits. The new methodology, which was submitted under the Reduced Emissions from Deforestation (REDD) category of the VCS, integrates participatory field measurement for biomass with sophisticated remote sensing image processing to increase accuracy and minimize the costs of the on-going measurement of the carbon credits.

"By combining the rigorous carbon accounting requirements of the VCS with the community and biodiversity co-benefits of the CCBA, we feel that this project will deliver valuable credits to the marketplace and demonstrate a viability of these project types" said Leslie Durschinger, Founder and Managing Director of Terra Global Capital. In addition to the technical aspects of carbon measurement, Terra Global Capital will be responsible for marketing the carbon credits generated by the Oddar Meanchey project.

This project is being brought to market with the collaboration work and support of all project participants. The Royal Government of Cambodia, has created an enabling legal and political environment for the expansion of community forestry systems. Under the enabling leadership of the Forestry Administration, a variety of partners including participating communities, NGOs, Buddhist monks, and the project design and technical carbon measurement team, are working to ensure this project will provide better livelihoods for local communities and deliver climate change benefits through reduced CO2 emissions.

The Venerable Bun Saleth, leader of the Buddhist Monk's Association and the Sorng Rukhavorn Community Forestry site, commented that "The Oddar Meanchey REDD project will support the Community Forest work and benefit local communities. These benefits will include non-timber forest products as well as the carbon revenues, which will be used to support development and sustainable forest management in the local community, and which will improve livelihoods."

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