	<p align="center">CDM: FORM FOR SUBMISSION OF A “LETTER TO THE BOARD” (Version 01.2)</p> <p align="center">This form should be used only by project participants and other stakeholders for submitting a “Letter to the Board” in accordance with the latest version of the <i>Modalities and procedures for direct communication with stakeholders</i></p>
<i>Name of the stakeholder¹ submitting this form (individual/organization):</i>	Ecologica Institute (SOCIALCARBON Standard)
<i>Address and contact details of the individual submitting this form:</i>	Address: Dr.Bacelar Street, 368 CJ 73 Telephone number: +55 (11) 26490036 E-mail address: info@socialcarbon.org
<i>Title/Subject (give a short title or specify the subject of your submission)</i>	Use of the SOCIALCARBON Standard for certifying CDM and PoAs
<i>Please mention whether the submitter of the form is:</i>	<input type="checkbox"/> Project participant <input checked="" type="checkbox"/> Other stakeholder, please specify Organization responsible for the Standard
<i>Specify whether you want the letter to be treated as confidential²:</i>	<input type="checkbox"/> To be treated as confidential <input checked="" type="checkbox"/> To be publicly available (UNFCCC CDM web site)
<i>Please choose any of the type(s) below³ to describe the purpose of this submission.</i>	
<div> <input type="checkbox"/> Type I: <div> <input type="checkbox"/> Request for clarification <input type="checkbox"/> Revision of existing rules </div> <div> <input type="checkbox"/> Standards. Please specify reference <input type="checkbox"/> Procedures. Please specify reference <input type="checkbox"/> Guidance. Please specify reference <input type="checkbox"/> Forms. Please specify reference <input type="checkbox"/> Others. Please specify reference </div> </div> <div> <input type="checkbox"/> Type II: Request for Introduction of new rules <input checked="" type="checkbox"/> Type III: Provision of information and suggestions on policy issues </div>	
<i>Please describe in detail the issue on which you request a response from the Board, including the exact reference source and version (if applicable).</i>	

¹ DNAs and DOEs shall use the respective DNA/DOE forms for communication with the Board.

² As per the applicable modalities and procedures, the Board may make its response publicly available.

³ Latest CDM regulatory documents and information are available at: <http://cdm.unfccc.int/Reference/index.html>.

The Ecologica Institute would like to submit a proposal to use SOCIALCARBON Standard for the certification of CERs from PoAs and CDM Projects. The SOCIALCARBON® Standard was developed by the Ecologica Institute to certify emission reduction projects for their contributions to sustainable development. SOCIALCARBON is founded on the principle that transparent assessment and monitoring of the social and environmental performance of projects can improve their long-term effectiveness and thus add value to the emission reductions generated.

The focus on a project's lifelong sustainability is one of the distinctive features of SOCIALCARBON. Another key element is the active participation of local communities. From the outset, local stakeholders undertake responsibility for the continued evaluation and improvement of a given project. This participation employs the full potential of human and natural resources to ensure stable and beneficial outcomes.

SOCIALCARBON Standard is a tool capable of improving social and environmental benefits related to projects per the Clean Development Mechanism and Programme of Activities. The following are advantages of using SOCIALCARBON for ensuring sustainable development for CDM and PoAs:

- Lower investment costs for Standard application and verification;
- The Standard is applied and independently verified according to each project monitoring period to encourage progress and ensure continual improvement;
- SOCIALCARBON can be implemented before, during or after the projects' registration or verification in the project cycle;
- Project developers can opt for implementing social projects in clusters during the project implementation, making it possible to develop different projects in different regions, respecting their priorities and socioeconomic context; and
- The flexibility of the Standard allows the elaboration of specific evaluating criteria that can be applied to any project activity based on UNFCCC-approved methodologies.

Please provide any specific suggestions or further information which would address the issue raised in the previous section, including the exact reference source and version (if applicable).

We propose that the CDM Executive Board recognizes the SOCIALCARBON Standard as an additional certification to CERs allowing the labeling of emission reduction units at the CDM Registry that comply with the Standard guidelines, as SOCIALCARBON CERs. Attached to this letter, we present you a brief explanation regarding the application of the SOCIALCARBON Standard and some suggestions regarding the CDM and PoAs project cycle within SOCIALCARBON project cycle.

If necessary, list attached files containing relevant information (if any)

- SOCIALCARBON Standard.pdf

Section below to be filled in by UNFCCC secretariat

Date when the form was received at UNFCCC secretariat	15 October 2012
Reference number	2012-172-S

History of document

Version	Date	Nature of revision
01.2	08 February 2012	Editorial revision.
01.1	09 August 2011	Editorial revision.
01	04 August 2011	Initial publication date.

Decision Class: Regulatory Document Type: Form Business Function: Governance

SOCIALCARBON® Standard

Introduction to the Standard and Opportunities on the CDM Registry



SOCIALCARBON®



Summary

- 1- Introduction: Our proposal
- 2- Who we are
- 3- Market Information
- 4- How SOCIALCARBON application works
- 5- SOCIALCARBON differential
- 6- Small Scale and Community Based Projects
- 7 - SOCIALCARBON and CDM: Joining efforts for Sustainable Development



INTRODUCTION: OUR PROPOSAL

SOCIALCARBON® Standard and CDM Registry

- SOCIALCARBON is a benchmark complementary Standard used for certifying carbon offsets within the Voluntary Carbon Markets
- Unlike other standards the SOCIALCARBON Standard does not account for the volume of emission reductions, but provides periodic and systematic evaluation of social and environmental impacts that arise directly and indirectly from the project Activities to the local stakeholders.
- It is widely recognized as a management and certifying tool capable of addressing the needs of LDC countries and community based carbon projects, making possible the inclusion of micro and small companies in the carbon markets
- **SOCIALCARBON does not certify carbon projects. The certification is given directly to the offsets** (upon verification according to other standards, such as VCS, ACR, Gold Standard, and others). Offsets certified by SOCIALCARBON are currently registered in SOCIALCARBON Registry, administrated by Markit Environmental Registry.
- SOCIALCARBON Guidelines and tools can be applied to CDM projects in order to increase value, transparency and reliability regarding project's contribution for sustainable development
- Our proposal is that CDM carbon credits can also be registered on SOCIALCARBON Registry using CDM serial numbers, avoiding double counting and increasing transparency and value to carbon credits



WHO WE ARE

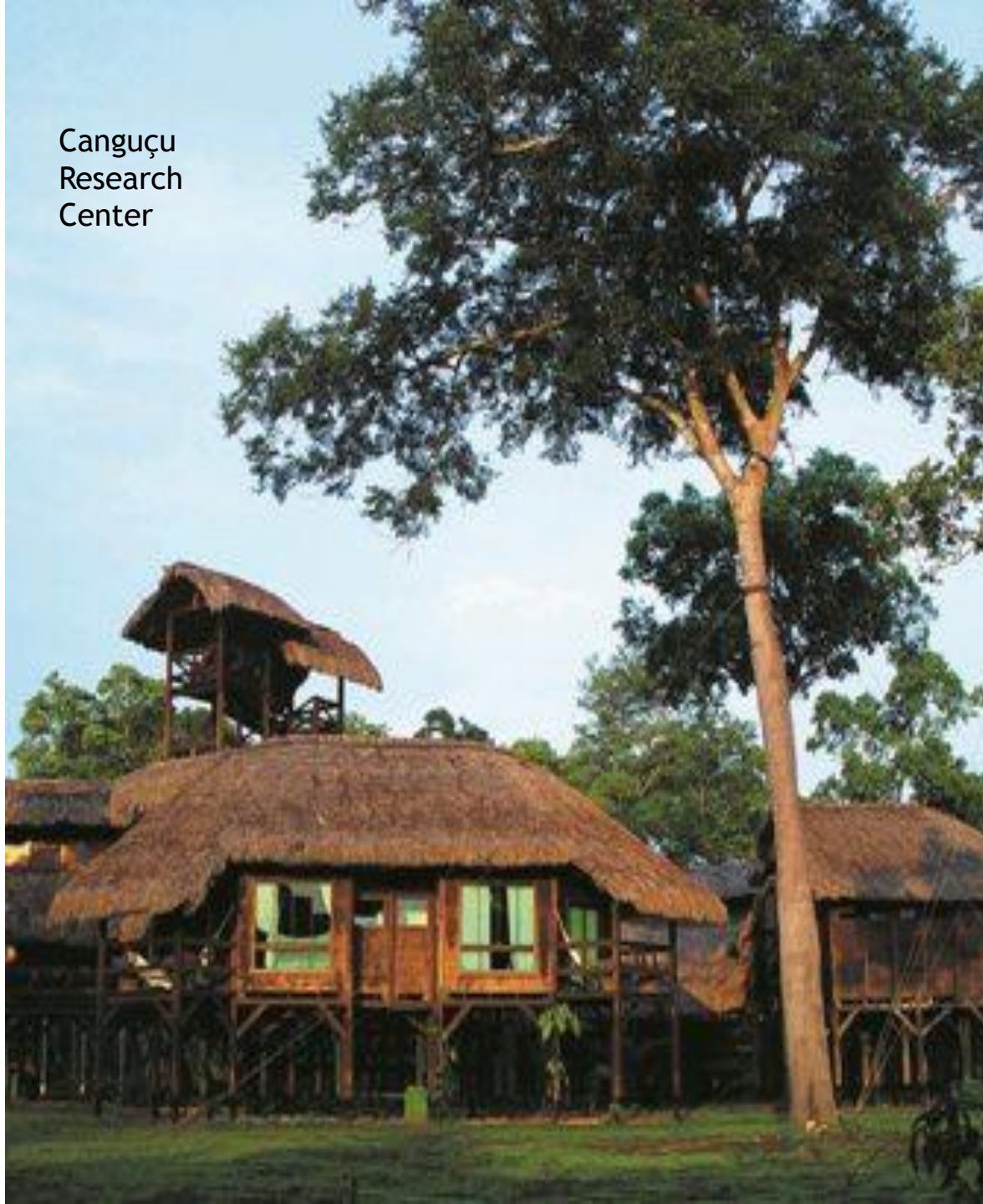
Who we are

Instituto Ecológica Palmas
(Ecologica Institute - EI) is a non-profit organization active in the Amazon rainforest.

During the past ten years, EI's mission has been to develop activities focused on climate change mitigation through:

- scientific research
- environmental preservation
- community development.

Canguçu
Research
Center



Some of our achievements



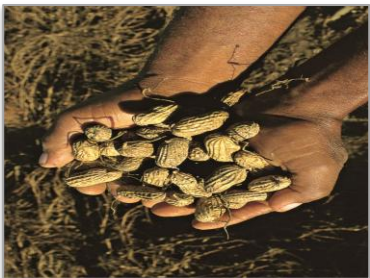
Climate Change

- **460,000 tons of carbon reduced** through the promotion of projects in reforestation, conservation, and fuel switching.
- **46 studies on climate change**, renewable energy, environmental conservation and community development.



Forest

- **2,323 native hectares conserved** through the support of the creation of private nature reserves.
- **300 hectares of forest restored.**



Community development

- **6,480 people trained**
- **110 families included in the market** through the commercialization of sustainable products that benefit the climate.

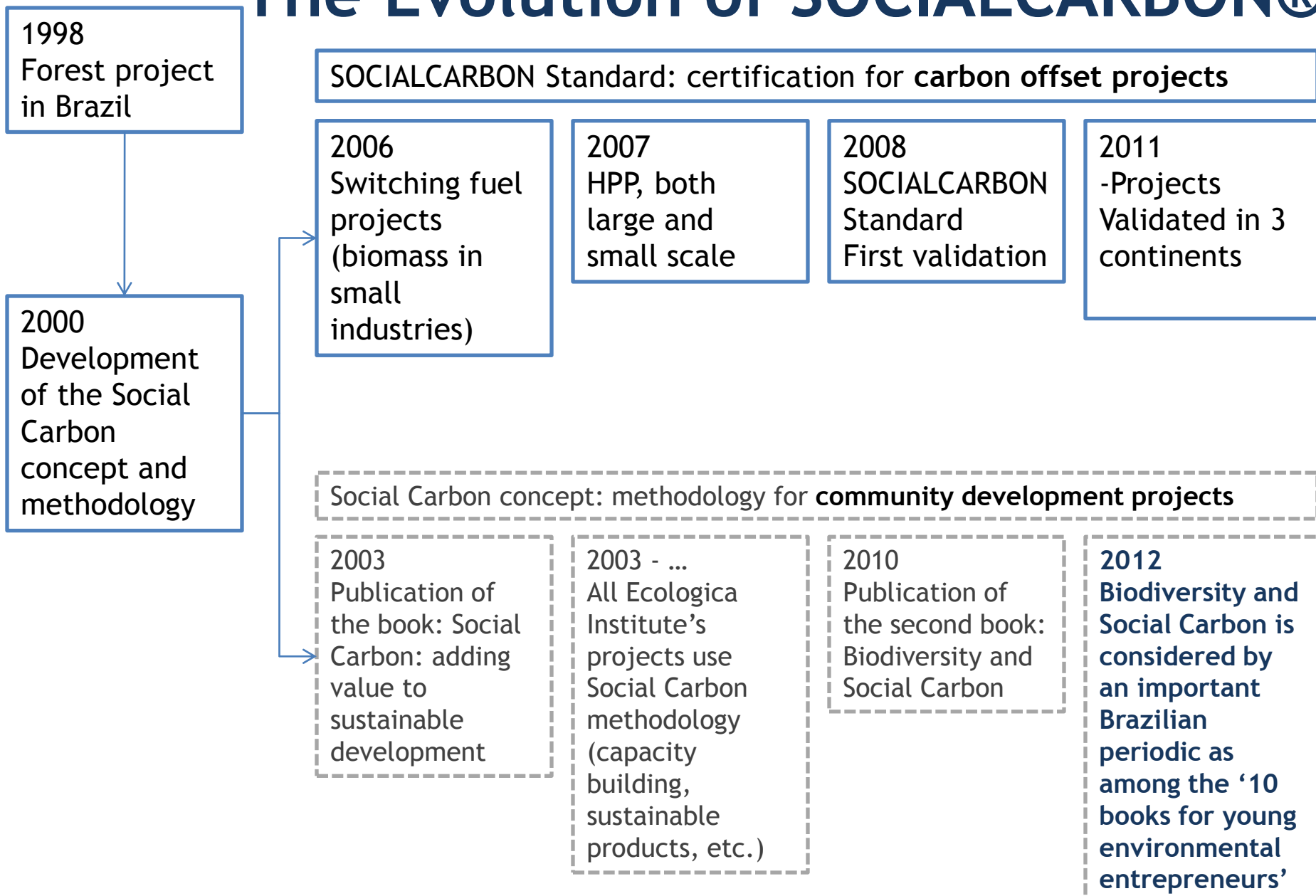
SOCIALCARBON® Standard

The Ecologica Institute is the **developer** of the Social Carbon concept and of the **SOCIALCARBON® Standard**.

The SOCIALCARBON Standard is an **additional certification** to guarantee that carbon offset projects are sustainable and result in **social and environmental benefits**.



The Evolution of SOCIALCARBON®



SOCIALCARBON® all over the world

SOCIALCARBON Standard is being used among different countries and project activities

SOCIALCARBON Project Types

Forestry

Fuel Switching

Composting

Hydro Power
Plants



SOCIALCARBON® Achievements



50 projects certified in **Brazil, China, Turkey & Indonesia**



tCO₂e: over 3 millions issued+ 13 millions estimated to be issued in the next 10 years



New projects expected to be certified in **Africa, Latin America and Asia**



MARKET INFORMATION

What Buyers Want

What are the most important factors your company considers when purchasing carbon credits?

Key

n = sample size

Highly important

Important

Somewhat important

Unimportant

Not sure



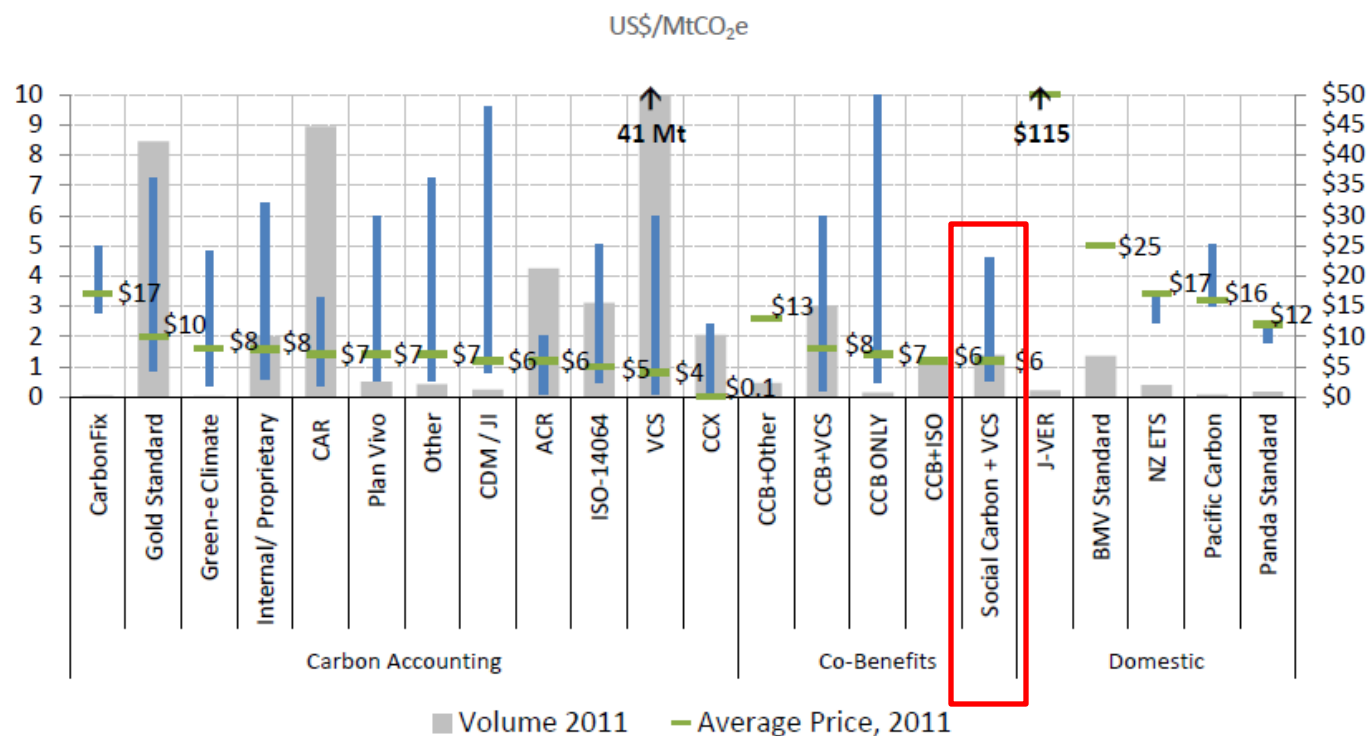
1. Local Community Benefits

2. Experience & Credibility

3. Carbon Standards

Prices of carbon credits (VERs)

Figure 29: Transaction Price and Volume by Standard, OTC 2011

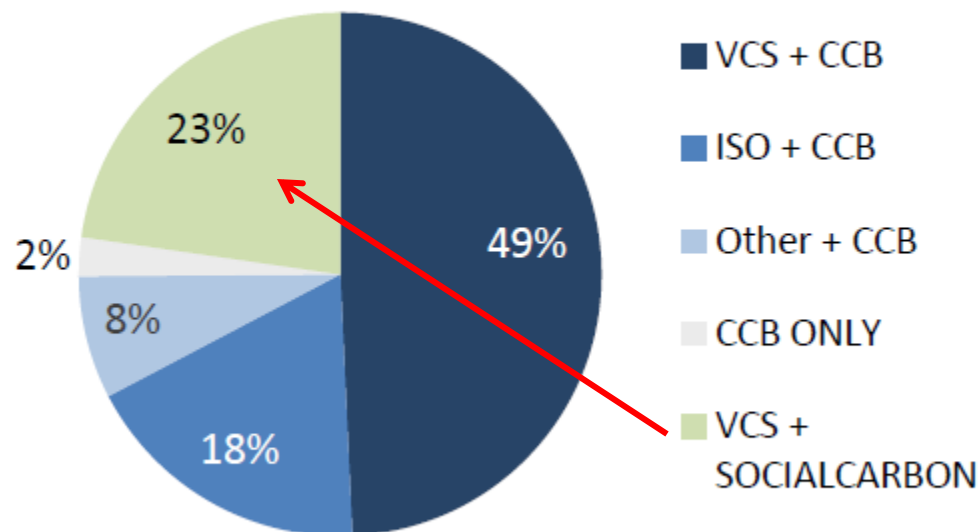


SOCIALCARBON® Market share



**Figure 27: Market Share by Co-Benefits Standard,
OTC 2011**

% of Market Share



Source: Ecosystem Marketplace. Note: Based on 946 observations.

Some of our Developers



Sustainable Carbon, a for-profit project developer based in Brazil, is the first organization accredited by the Ecologica Institute to use the SOCIALCARBON Standard in carbon offset projects.



South Pole is one of the world's leading high quality carbon offsetting companies with ten offices around the globe. In over 20 countries we enable the implementation and operation of high-quality projects that reduce greenhouse gases.



Mavi Consultants specializes in origination and commercialization of emission reductions from high quality greenhouse gas (GHG) emission reduction projects. Mavi Consultants works with project developers starting from initial assessment, developing project documentation, steering the project through approval processes, monitoring and verifying GHG reductions.



EcoTech Timber, Incorporated is an innovative forest management company using sustainable forest management techniques and pioneering technologies to tackle some of the planet's most prominent issues. By combining conservation of natural forests with technological advancements in renewable energies, plant ecology and others, EcoTech Timber is able to provide creative solutions for many conservation, social, development and economic problems.



Ekobil is a consultancy company based in Ankara, Turkey. Established by two dedicated environmental specialists, Ekobil is providing tailored solutions to their customers since 1999. With more than a decade of hands on experience in the environmental consultancy business, Ekobil is now developing premium quality carbon projects and helping their customers differentiate their projects within many similar voluntary emission reduction projects.



HOW SOCIALCARBON® APPLICATION WORKS

Sustainable Livelihood Approach

- SOCIALCARBON was developed during the five-year implementation of a **community-based forest Project**.
- Objective: **include local stakeholder's perspectives** in the development of project to guaranty commitment and long term success (i.e. activities to generate income: Agro-forestry systems)
- Its theoretical framework is based on the **Sustainable Livelihood Approach (SLA)**, a **world wild methodology** used in planning new development activities and in **assessing the contribution** that existing activities have made to **sustaining livelihoods**.

e.g. International NGOs:

- CARE
- Save the Children
- OXFAM
- ITDG (Intermediate Technology Development Group)

e.g. Bilateral:

- DANIDA
- SIDA
- DFID

e.g. Multilateral :

- UNDP
- FAO
- WFP
- IFAD
- World Bank

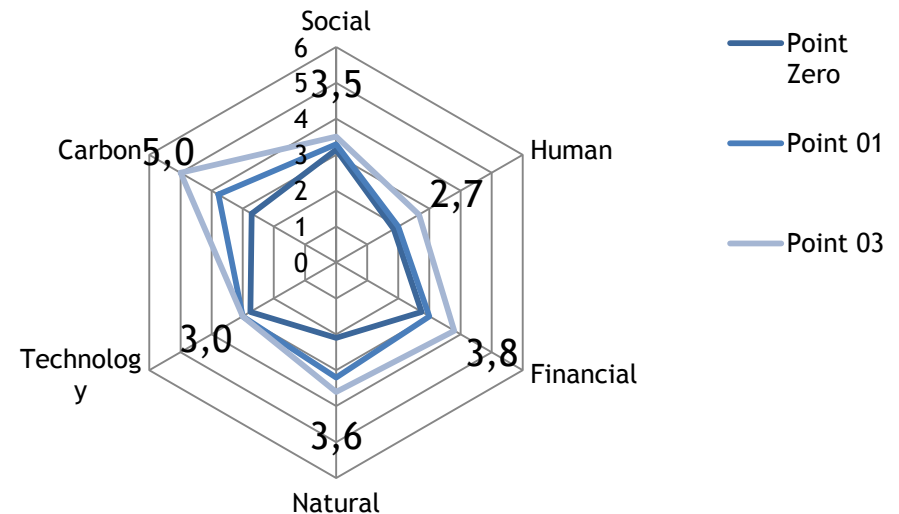
1 - Use of six basic resources: **Social, Human, Financial, Natural, Biodiversity and Carbon.**

2 - The indicators have a **score** beginning at the most precarious scenario (**level 1**) and ending at the ideal situation (**sustainable use of resource - level 6**).

3 - All the data is collected through **participative methods** (interviews, questionnaires and meetings with stakeholders).

4 -The results are presented on a template report and the average score by the indicators is plotted in a **hexagon** to facilitate analysis of the project's evolution.

How it works

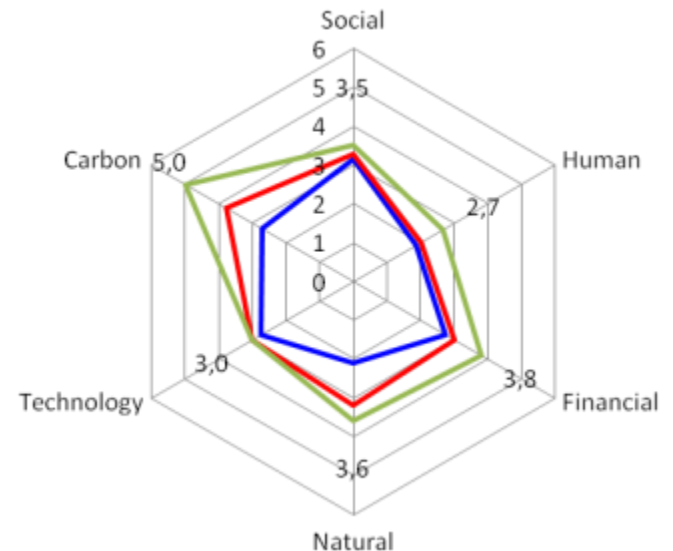
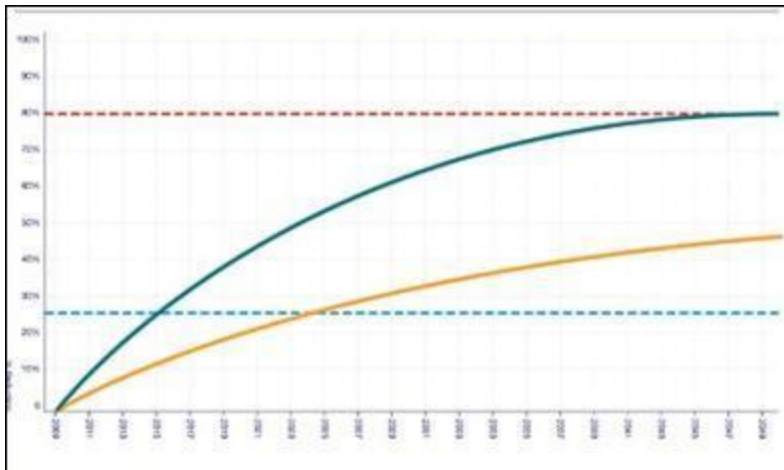


SOCIALCARBON® Requirements

Project developers establish a **baseline** using the standard's assessment tools. Developers must then **demonstrate improvements** in relation to this baseline through SOCIALCARBON monitoring reports that are independently verified by accredited certifying entities.

CDM, VCS and other offset programs defines methodologies to **measure contributions to emissions reductions**.

SOCIALCARBON defines methodologies to **measure contributions to sustainable development**.



SOCIALCARBON® DIFFERENTIAL

Our Differential

- It is more **flexible and responsive to the realities of developing countries**
- **Easily understood** by all stakeholders, including communities
- It has a more **practical vision** (methodology instead of list of criteria)
- It strives for **continuous improvement** instead of selective criteria for projects
- SOCIALCARBON Standard is **the only standard created in a developing country (Brazil)**
- It is based on **Sustainable Livelihood Approach**

Reasons why people think SOCIALCARBON® is a good Standard

- It provides a **view of the local reality** of the project not only the common discourse about project's positive and negative impacts
- Is a **long term commitment** from the Project Owner
- The SOCIALCARBON as a whole is very easy to understand, even if one is not an expert in carbon projects.
- Has **depth assessment** that reduces risks for buyers
- Assures an **integrated approach** of social, economical and environmental aspects of the project through its entire life cycle

SOCIALCARBON® APPLIED TO SMALL SCALE AND COMMUNITY PROJECTS

SOCIAL CARBON® as an inclusive Standard

The nature of small organizations:

- Small organizations and communities have:
 - **poor organizational capacity** and ability to mobilize.
 - **a lack of managerial capacity to control** human, financial, and natural resources
- Small organizations and communities cannot have outstanding performance
 - To make several demands in the beginning of the project does not incentivize improvement, but rather has a contrary effect and undermines people's interests.
 - Excluding people from the market is not the answer.

SOCIALCARBON does not establish a minimal score range - projects can be certified even if the score is at critical levels 1 or 2 according to the indicators.

SOCIALCARBON® as a flexible Standard

- Standards using a “top-down” approach to establish “what should be done” for achieving sustainability are **not effective** in practice, due to **lack of commitment and interest** from the local stakeholders.
- Important issues to stakeholders and employees vary from:
 - **Better wages or benefits** and reducing turn over rates
 - Capacity building on production, quality and security
 - Improving technology to reduce physical efforts and improve product’s quality
 - Reducing waste
- Improving these measures might be **more relevant and cost-effective** than, for example, a twice-public consultation process or the mitigation of “**all potential negative impacts**”.

Adapting sustainable principles to a local reality assessment

- Example of criteria for sustainability assessment for Voluntary Carbon Standard:
 - The project respects the employees' freedom of association and their right to collective bargaining and is not complicit in restrictions of these freedoms and rights?
- SOCIALCARBON assessment (indicators are project specific):

Syndical Relations	Occurrence of strike in the last 12 months	Insignificant participation in the syndicate and/or indifference shown by the workers.	Significant participation in the syndicate yet centralized in the management staff.	Significant participation in the syndicate, including workers.	Besides the participation in syndicates, provides information about working conditions and has periodical meetings with the syndicates to listen to suggestions and negotiate vindications.	Obtains a solid communication channel with the syndicate, keeping them informed, as well as divulging information from the syndicate to the workers frequently.
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2. Syndical Relations: Evaluates the involvement of the entrepreneur and workers with the syndicate.

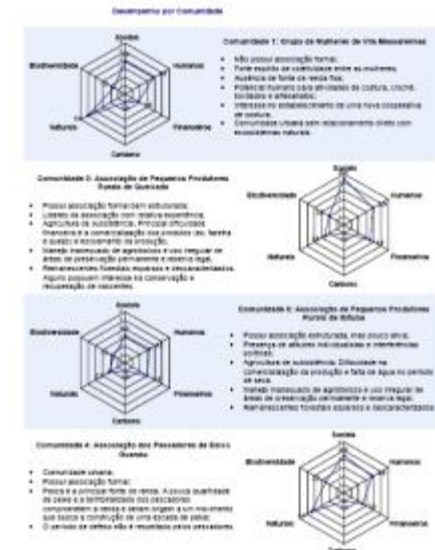
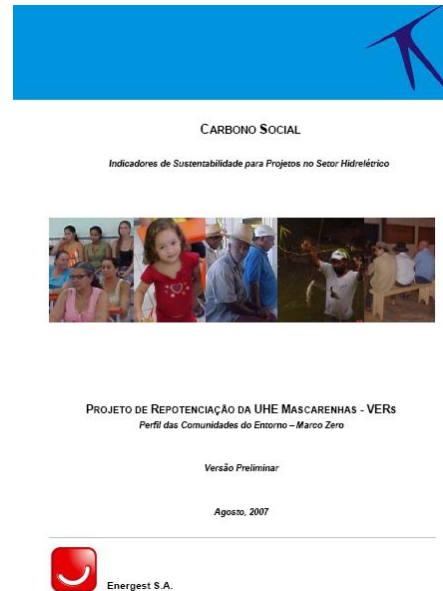
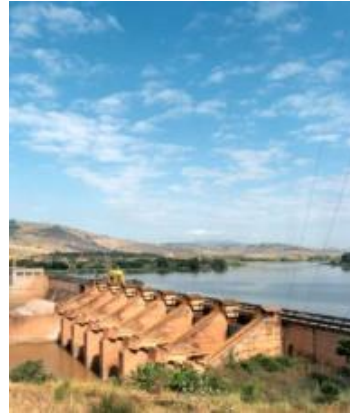
Comments	The ceramics does not present strike antecedents. The owner is the president of the industry union and the majority of employees participate actively in the meetings of the syndicate. The meetings are more frequent in time of claims for increase in wages. The register of the meetings remains in the syndicate.
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Hydro Power Plants

Energy upgrading projects at the large-scale hydropower plant Mascarenhas and the small-scale hydropower plant Paraíso

Objectives:

- Create a fund to support CSR projects through the sale of carbon credits
- Identify CSR projects through participative meetings with the communities



Ceramic Facilities

Project Type	Number	Total emissions	Total VERs	Years
Fuel switching (biomass)	58	1,114,445	9,542,326	10

Location



Project Activities



Certifications



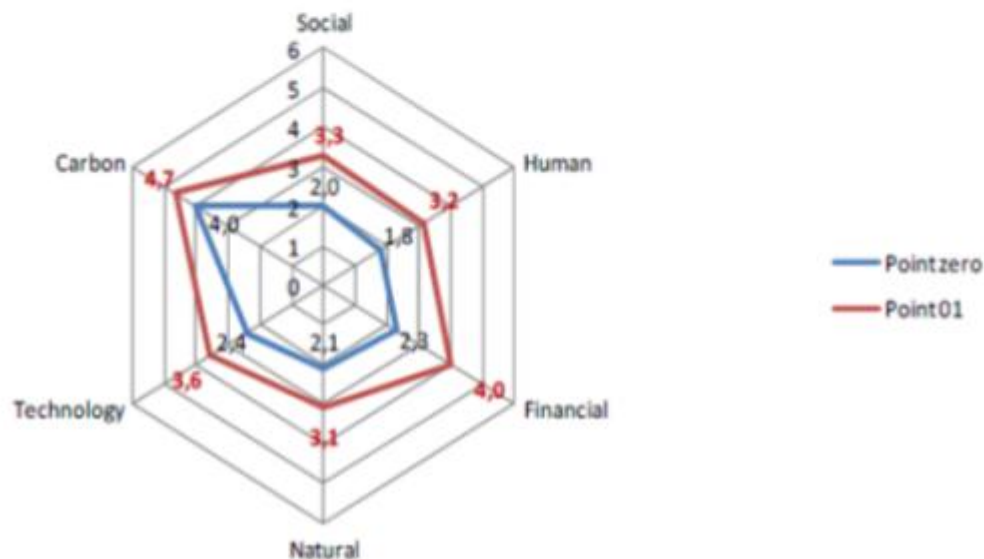


Cerâmica Cavalcante - State of Pará (Amazon)

Table 1: Sustainable Performance of the Project - Point One 2008-2009

Resource	Critical	Satisfactory	Sustainable	Average	Performance
Social	14,3%	85,7%	0,0%	3,3	Satisfactory
Human	16,7%	83,3%	0,0%	3,2	Satisfactory
Financial	16,7%	50,0%	33,3%	4,0	Satisfactory
Natural	50,0%	10,0%	40,0%	3,1	Satisfactory
Technology	14,3%	57,1%	28,6%	3,6	Satisfactory
Carbon	16,7%	0,0%	83,3%	4,7	Sustainable
General Performance	21%	48%	31%	3,6	Satisfactory

Project Performance History and Comparative Analysis



Verified by:





SOCIALCARBON® AND CDM: JOINING EFFORTS FOR SUSTAINABLE DEVELOPMENT

New opportunities for SOCIALCARBON® in the Kyoto Market

- The successful use of the Standard in the Voluntary Markets generated interest among CDM project developers
- SOCIALCARBON has been approached by project developers interested in implementing hydro power plants, cookstoves and other project types which are going to be implemented as Clean Development Mechanisms and Programme of Activities
- Main regions of interest for applying SOCIALCARBON in CDM and PoAs are Africa, Asia and Latin America, especially in least developed countries

SOCIALCARBON accepts all types of projects

- The assumption that certain types of projects are better than others is, in many events, are based on general knowledge and prejudices, and do not consider rational arguments on the specific context.
- Thus SOCIALCARBON was not developed to select projects that are considered “best projects”, but to incentivize any project developer to improve sustainability performance.
- SOCIALCARBON Standard does not exclude large scale projects or any type of project activity, as long as:
 - Project developers can develop indicators and demonstrate co-benefits throughout the lifetime of the project

Proposal for the use of SOCIALCARBON® on CDM Registry

- Currently, the VCS is the main carbon accounting Standard associated with the SOCIALCARBON.
- VCS+SOCIALCARBON verified emission reductions are issued on Markit Environmental Registry, and are also portable to other VCS approved registries.
- In order to promote the use of the standard among CDM and PoAs, the CDM Registry should be linked with SOCIALCARBON Registry Platform
 - The example we would like to replicate is the Gold Standard scheme, which has the CERs serial numbers integrated with the Gold Standard Registry.

Registration within SOCIALCARBON® Registry



Benefits of using SOCIALCARBON in CDM projects

- For project developers
 - It will **improve the attractiveness of the credits** for buyers.
 - The new tool will improve effectiveness of **CSR actions**.
 - May be converted on a source of funds to improve the Project and livelihood in its surroundings.
- For buyers:
 - It will **Reduces project risk** and improve its long-term stability, especially for PoAs.
 - **SOCIALCARBON will improves governance of the project** regarding, environmental and social impacts, political and social risks related to local communities and commitment of the project owner with CSR.
 - It will **Enhances buyers' image and reputation** due to projects' high environmental and social benefits.
 - It will help to diagnose the actual impact of the project activities and its contribution to the sustainable development in **least developed countries**.

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