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TERRA GLOBAL CAPITAL'S VCS MOSAIC REDD METHODOLOGY COMPLETES THE FIRST VALIDATION

San Francisco, August 12, 2010 – Developed by Terra Global Capital, LLC in partnership with Community Forestry International, the pioneering Mosaic REDD methodology submitted to the Voluntary Carbon Standard (VCS) has completed the first of two required validations. The methodology, designed to support the development of a REDD project in the Oddar Meanchey province of northwestern Cambodia, was supported by the Cambodia Forestry Administration, Pact, and the Children's Development Association, with validation funding provided by the Clinton Climate Initiative. The quantification of carbon credits from mosaic-type REDD projects as developed in the methodology presents unique challenges. Mosaic REDD projects, by design, address situations where a complex set of deforestation drivers and agents interact. The methodology covers a broad set of applicability criteria and can be used for a number of REDD projects with deforestation drivers, including conversion of forest to farmland and settlements, logging, fuel wood collection, forest fires, economic land concessions and forest encroachment. "The methodology is expected to be broadly applicable where mosaic patterns of deforestation occur throughout Southeast Asia and Africa. The completion of this first validation after 18 months demonstrates the technical leadership and commitment of the Terra team and the methodology's validator TÜV SÜD. The effort was worth it as it will reduce the development time for many REDD projects," said Leslie Durschinger, Founder and Managing Director of Terra Global Capital.

Detailed in the methodology are the carbon accounting procedures for activities that avoid deforestation and forest degradation, and restore degraded forests. The baseline, or without-project scenario, is determined using a land-use change model that is calibrated based on data on historical land-use change in a reference region that has forest dynamics similar to the project area. Leakage, which refers to the displacement of deforestation outside of the project area, is accounted for using a combination of monitoring in a leakage belt surrounding the project areas, and a pre-determined discounting factor for leakage that occurs beyond the leakage belt. The methodology explicitly includes rigorous accuracy tests and discounting procedures that are designed to reward project participants who improve monitoring accuracy over time.

The methodology will be used to create the VCS Project Document for the Oddar Meanchey REDD project, which is being developed by Terra Global Capital, in collaboration with Pact and the Cambodia Forestry Administration. The project, which involves 13 Community Forestry Groups and 58 villages, is expected to protect nearly 70,000 hectares of forest and generate 7.1 million carbon credits over a thirty year period. In exchange for their commitment to conserve and enhance the forest carbon stock in the 13 community forests, members of those community forests receive the following: legal tenure to the land, at least 50% of net income from the sale of carbon credits, employment opportunities in the forest (monitoring, enforcement, restoration, fire brigades, etc.) and community safety (fire breaks, fire control, enhanced enforcement to prevent poaching and illegal logging). To recognize the exceptional co-benefits to communities and biodiversity, the project has also completed a Climate, Community & Biodiversity (CCB) Project Document and is expected to be the first dual VCS and CCB REDD project. The Oddar Meanchey REDD project will begin marketing credits shortly, which will be managed by Terra Global Capital, on behalf of the Cambodia Forestry Administration and the communities of Oddar Meanchey, with legal counsel from Sonnenschein Nath & Rosenthal LLP.

About Terra Global Capital: Founded in 2006, Terra Global Capital is a leader in land-use carbon finance, analytics and advisory. With a dedicated team of technical, development and carbon finance experts, Terra Global Capital has the in-house capability to develop land-use carbon projects under all recognized carbon market standards. By combining technical capability in carbon analytics with expertise in global carbon markets, Terra supports the carbon development and investment in carbon credits from a wide range of land-use projects.

About Community Forestry International (CFI): Engaged in climate change research and community forest carbon project development in Asia since 2001. With local and international partners, CFI helps to identify and design community-based REDD projects leading to fair and equitable benefit sharing agreements, as well as identifying drivers of deforestation and cost-effective mitigation activities. CFI's community-based projects rely on participatory processes that lead to financially and environmentally sustainable strategies, enhancing the livelihoods and forest management capabilities of the rural poor.

For more information about the Mosaic REDD VCS Methodology, please contact:

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