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Carbon Frontiers 2024 | Episode 10
Steve Zwick, Host and Producer, Bionic Planet

This week on Carbon Frontiers 2024, we welcome Steve Zwick into the SmarterMarkets™ studio. Steve is Host and Producer of Bionic Planet, which focuses on navigating the new reality of life on a managed planet. David Greely sits down with Steve to put some of today's controversies in the voluntary carbon markets into their historical context. David and Steve also discuss what's gone wrong – and what's gone right – with the first generation of REDD projects and the media criticism they've come under.

Steve Zwick (00s):
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Announcer (13s):
Welcome to SmarterMarkets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities, and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together we examine the questions: are we facing a crisis of information or a crisis of trust, and will building Smarter Markets be the antidote?
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David Greely (54s):
Welcome back to Carbon Frontiers 2024 on Smarter Markets. I am Dave Greely, chief Economist at Abaxx Technologies. Our guest today is Steve Zwick, Host and Producer of Bionic Planet, which focuses on navigating the new reality of life on a managed planet. We will be putting some of today's controversies in the voluntary carbon markets into their historical context, while also discussing what's gone wrong and what's gone right with the first generation of red projects and with the media criticism they've come under. Hello, Steve. Welcome to Smarter Markets.

Steve Zwick (01m 29s):
Hey Dave, how's it going?

David Greely (01m 30s):
It's going well and, and better for you being here. You know, I've learned a lot from our conversations over the past few years, and I'm glad to be able to share this conversation with our listeners here on Smarter Markets. In your own podcast, Bionic Planet, you are producing a new series telling the untold story of the voluntary carbon markets, and in particular the science and development of the Verified Carbon standard or the VCS and that first generation of projects, reducing emissions from deforestation and forest degradation in developing countries you know, the Red Plus Projects, both of which have come under such intense media criticism over the past year and maybe that's a good place for us to start. I'm curious, why are you calling this series The Tribes of the Climate Realm, and why spend so much time on these projects that seem sometimes, like they are from the past when we're moving on to a new methodology in Red Plus?

Steve Zwick (02m 24s):
Yeah, I mean, that's a big a good question and the main reason is there is this huge disconnect between, you know, the technical debates that are happening in the community and the public discourse and this has been going on for about 20 years as long as I have been here and I think it comes from the fact that we have different ideological factions in this space. This is not a monolithic entity and so, you know, it's a very tribal community, the climate world, and it was also a world that existed kind of on its own for a long, long time. People who have been in it for a while know who is who, but people who are just coming in don't know and I think a lot of the kind of competing tribes, for lack of a better way of putting it, some of them are just better at communicating than others.

Steve Zwick (03m 05s):
And a lot of the tribes that are better at communicating are more ideological than say, scientific and I think this is a huge problem when people are trying to understand these markets. So in trying to communicate what's really happening, I think it's important to do a couple of things. One is go back to see where these markets came from and why they are the way they are and the other is what are the different ideological factions and I also want to make it clear that I'm not saying that all, that my tribe is the right one and others are wrong. I think we have there, there are, within this whole realm, you have legitimate philosophical debates that are never going to be resolved and should be allowed to compete openly. And many have some people who are just not really playing fair. They're not really trying to educate people. They are cherry-picking, they are distorting very much like the merchants of Doubt in Naomi Ores book, the people who tried to undermine confidence in climate science itself and I feel like the best way to counter that, because if, if we don't tell people what the different factions are, the different tribes and the history, it's going to keep happening. Even as we go to new methodologies, the same people are going to come up and they are going to cherry pick, they are going to find holes because none of this stuff is perfect.

David Greely (04m 13s):
And that's one of the things I am really enjoying with the approach you are taking, you know, because oftentimes over the past year or two, the voluntary carbon markets all do seem to resemble a bit of a circular firing squad when we all really need to figure out a way to make progress moving forward despite a differences in views and perspectives and I like the way that in your current approach, you are trying to put many of the current controversies in context in the context of where these standards and methodologies came from you know, the compromises that were made, the conversations and controversies that led us to where we are today and how they developed and maybe you could walk us through a little bit of that, you know, why, and in response to what did the VCS and the first generation of Red plus projects develop?

Steve Zwick (05m 00s):
Yeah, I will try to be quick. Even though there is a lot to it. So I think there is really two phases to the creation of the voluntary carbon markets. If you go back to the late 80s, early 90, it was really just about experimentation and trying to find ways to draw companies in. There were efforts to get companies to sort of pay attention to climate change, to get them to take early action. You had some corporate leaders who really wanted to make a difference and then you had NGOs who were trying to lure all companies into it and you also had talk of regulation, remember the IPCC was formed in 1988 and people assumed we have regulation and companies were sensing that we're gonna have to deal with this risk one day, let's dip our feet in the water. I mean it specifically on red, it started in 1988, there was a agroforestry project called Mequentia.

Steve Zwick (05m 50s):
And the WRI got involved and they were looking at this and AES an energy company was like hey, we was looking to see, hey, can we, how can we reduce our footprint. We can't, you know, renewable energy is just not cost effective at this point. Maybe we can plant trees somewhere else, you know, somewhere in Hawaii, I think they were looking at Then WRI said, well, why don't you go into the developing world there you can have some social good go into this area and plant trees in this agroforestry project that's struggling to make money. They went in and they looked at it and then in doing the analysis again named Mark Drexler, who was going to be on the show is kind of a critic these days, but he, he actually had the original insight and said hey, wow, look at this.

Steve Zwick (06m 31s):
You could actually, by helping these farmers manage their land more effectively, you are reducing their incentive to go into the forest and your agroforestry project is actually having a much bigger impact than you realize. So let's, maybe we can, we can look into this and that became the genesis and that was like the, the first insight and then you had other people kind, Paul Faith did a paper where he looked at that example and encouraged others to take action and you had this proliferation, you had dozens of, of projects, NGOs going in and trying to do the same thing and trying to do it in a way where they could quantify the actual impacts and this was, I am going to get into this in more detail in the series, but you had this, you had the emergence of the science of land change modeling, which was enabled by satellite images and demographic understandings.

Steve Zwick (07m 18s):
And this enabled NGOs to experiment with estimating deforestation risk from various causes all over the world. So you had this proliferation of projects all around the world and then when, when the Kyoto Protocol was agreed to, there was a sense that maybe that these types of projects will end up in the clean development mechanism. So then the, the UNFCCC asked the IPCC to take a look and evaluate these projects, and they came out with a paper that'll be point to in again, in the series where they basically looked at all

the projects that existed and they said, you know, there is all these different methods. There's modeling, there is simple logic, there is scenario they all work in the right circumstances, but there is no way to standardize this. We can't see how it can be standardized. It's always going to be subjective, was essentially what they said. But they also identified models that had emerged that were pretty effective.

Steve Zwick (08m 10s):
One year later you had the Kyoto Protocol in Marrakesh forestry was tossed out, avoided deforestation conservation was thrown out of the accords which was, you know, a disaster because deforestation was responsible for about, you know, the numbers were, were all over the place back then, but say anywhere from say 10 to 20%, maybe 15% of global emissions, I think it's about 12% now. So eliminating that was a big blow and around in 2005 you had this sense that the Kyoto protocol was coming in, it was going to cover certain things with the clean development mechanism, but there is gonna be gaps in it. How can we create incentives for voluntary action for companies to go beyond what the law requires, beyond what the CDM does and as, as rigorous as possible and they basically came up with, it was Mark Kenber was the guy who sent out a, a memo.

Steve Zwick (09m 03s):
He now heads the VCMI and he basically said, hey, went to a bunch of, is there a need for this. Is there a need for a voluntary mechanism and what should it do and people came back with, yeah, it should, you should do two things. Try to be as rigorous as you can, but also try to test and pilot new methodologies and I think the important thing was what was in the spirit of this at the time was this voluntary thing. Anything that worked, what they figured would eventually be folded into compliance mechanisms and everything else would just be kind of an experiment and an experiment that you, you can never really see an experiment fails if it shows you what works and what doesn't. It's done what it's supposed to do. So the whole thing was fill in the gaps, get people to go beyond what's required and test new methodologies.

Steve Zwick (09m 48s):
And what had happened at that point was that in the intervening six years, you had a group of scientists convene under Windrock, decided to look at all these models that existed and say, which ones work, which ones don't, how well do they work and they came up with the same thing. All models work like George Bell, no models work, but some are useful, but they all kind of work in some circumstances. How do you align the model with the circumstances. They outlined this systemic approach that would blend, enable for subjective analysis through a process of expert review, public consultation, get as many eyes on it as possible, and then come up with a baseline, put this out there and, and everything else we have got going that it's too much detail to go into now and then test them, evaluate everything every 10 years and see how it goes. So that was really the, the genesis.

David Greely (10m 41s):
I think what I really appreciate in your approach, Steve, is so often in these markets there is very much the emphasis that the perfect is the enemy of the good and you know, what I come back to in many of the things you talk about is the idea that all of these methodologies work in some circumstances, which also means that not all of them work in every circumstance and probably most don't work in every circumstance and we need to understand that and that it's really about the experimentation, the going beyond what would otherwise be done and I was curious, when you look back at, you know, that first generation of red plus projects, what do you think they accomplished that otherwise wouldn't have happened?

Steve Zwick (11m 20s):
They accomplished a lot and this goes to what you just said, they introduced a lot more rigor than we had before. Nobody, people realize how, like when, back in the days of pure philanthropy, there was no accounting and companies were still making claims, but there was, you would have you know, one project a well-meaning project, but it was getting paid by five different companies and nobody knew where results went and who was getting paid more than they needed and stuff like that, or what they really accomplished. So a tremendous amount of, of rigor now exists in these projects. Much, much more than ever came before. When I say, you know, and I also think like this idea, don't let the perfect be the enemy of the good is one of those things that should be, because we should be trying to get better and better all the time.

Steve Zwick (12m 04s):
You know, we just can't expect absolute perfection and we can't ignore uncertainties. We have to accept uncertainties as we go forward. Another thing in addition to the real rigor and real reductions I think we should emphasize this too above and beyond the experimentation, there are clear reductions in deforestation in the projects that I know well, but there's debate over how much that

reduction was. That is, you know, quantifying that emission reduction is always gonna be a little bit iffy, but there is no denying that they achieved clear results. Another thing is in addition to the rigor, they have just led to the development of new methodologies, new understanding of the predictive value of different drivers. One evolution in the, in the methodology is going back to the earlier ones, was they, they tried to look at as many factors as possible that could drive deforestation in an area.

Steve Zwick (13m 02s):
And that led to the creation of methodologies that were overly complex and that made them easy to, not easy to gain, but gameable and maybe easy to gain, but also difficult to really verify. So that was a big problem. It wasn't you know, there is an answer to it, which is they, they put in independent verification, validation bodies, but it was still a difficult task. Now, what they found is some, some indicators are just much more reliable than others and focusing just on what's more reliable as a future indicator makes for a more scalable approach that will have fewer false positives, fewer times where there is an estimate that deforestation is going to happen, but it might not happen and that led to the new methodology that we have and it's also informed policy because of the improvements in land change modeling, that wouldn't have happened without these projects. The policy is able to be improved, you know, so there is so many benefits that have come from this first generation and again, I think they can be in two categories and one is the actual impacts, which I think are clear despite what a lot of people want to say and the other is the new methodologies and improvements that have come from that.

David Greely (14m 18s):
Yeah and I want to come back to this point on the estimate of the baselines, the hypothetical, because much of the criticism of the red plus projects in the media has focused on the baselines used for the projects and as you said the baseline is the estimate of how much carbon dioxide hypothetically, would have been emitted from deforestation and degradation on the project site in the absence of the Red Plus Project and as a hypothetical, it's going to be difficult and always subject to fairing opinions. But when you have looked at the media criticism and, and the academic research that's often cited in it, what do you think they get wrong in how they think about these baselines or in how they estimate these baselines?

Steve Zwick (15m 02s):
The big thing that I, there is so many things that I think they get wrong and I don't want it to discourage people from looking into these things because that's the only way it's gonna get better. But I think one big glaring issue that I have now is what you have are two things you have reporters coming into a project who don't really understand the methodology and they are kind of being fed by people who don't like markets. And we just have to acknowledge that's a fact and they are giving them little nitpicky, cherry picky things that they can go after that might be factually accurate, but are irrelevant. and that detract from the overall impact that the projects are having and the other is almost the exact opposite, is you are seeing these big meta studies that are coming out that are being taken as gospel, I mean the West et al and continue et al were two of the big ones that came out.

Steve Zwick (15m 51s):
And if you look, you know, the way the Guardian and others presented those papers is that 96% of projects are worthless. That's just not true. All those papers showed is that if you take that there is a low correlation between models developed in social sciences and the deforestation baselines, and the question is, what does that lack of correlation mean and it gets pretty technical there because they used, you know, the West was using synthetic controls, which are a way of evaluating social impacts. He even said in his own, in his paper that he used different covariate, you know, different drivers of deforestation than what, than what was used in the, in, in the actual project baselines. These were kind of academic exercises. I wouldn't even call them studies and they were presented as being somehow superior to all this work that had been done by hundreds of scientists over previous decades.

Steve Zwick (16m 44s):
And that's just not true. You are taking something that is very uncertain, you are saying that is more certain than something that is less uncertain. That's just counterproductive and it detracts from the fact that we are in this period where we are supposed to be evaluating what happened and looking at these things objectively and trying to decide what works and what doesn't and I think what's happening is, and, and most reporters by the way, do get that I did work, you know, briefly at Vera and I was kind of talking to reporters and most of them were coming in with a lot of questions and you know, and they kind of walked away going, yeah, boy, this is really confusing and then you had a few who would come in with like, guns blazing and they weren't trying to say, you know, okay, we are at this point where we're going to evaluate these projects and see what works and what doesn't.

Steve Zwick (17m 27s):
They were like, we are going to shoot this stuff down and they would come in with things that didn't quite add up and when you point that out to them, they would go ahead and run what they were gonna run anyway and that is, again, that's a very small percent of the reporters in this space, but they exist. And I think we, and I, I'm gonna have a, and I am going to have a few of them on my show, by the way. I have continued to talk to these guys and they vehemently disagree with me on this, and they will have their, their say, but you know, that's how I see it.

David Greely (17m 54s):
Absolutely. It's terrific too to keep the conversation going despite the vehement disagreement. Maybe we will get somewhere and I wanted to ask you a bit, you know, because you have looked at a lot of these projects and the various baselines and, and is there anything you've learned that people need to keep in mind when you're judging these things with the benefit of hindsight, right? The baselines are laid down, kind of best prediction based on the methodologies of what's gonna happen in the future in some hypothetical future and then often there's kind of a look back over time when you look back and see like, oh, how did the project do relative to the baseline? Was the baseline too high or too low, are there certain things that happen that people need to keep in mind for how they reevaluate with the benefit of hindsight, whether a baseline may have been over optimistic or over pessimistic?

Steve Zwick (18m 45s):
Yeah, I think you have to look at changing circumstances. You know, the baselines are designed to update over time anyway. You know, they are not designed to be static over 30 years and understand that circumstances change and that science changes. I mean, right now we have better data that we ever did before. We also have jurisdictional data, which is a huge change and is what's enabling the new methodology. Sometimes baselines change because of circumstances changing, and sometimes those circumstances change because of the project and there is one that I would bring up here that is, it's called the Cordillera Azul, which is in Peru and it's a project that was pretty interesting. It got kind of slammed in the press mostly because an activist presented his take and I would say it contradicts reality that the thing about the project is it was you had an area of high ecological value and a group of NGOs got together, lobbied for it to be turned into a park.

Steve Zwick (19m 48s):
Government agreed. They said, okay, we will make it a park if you pay for it and then they struggled to pay for it. They then went and they were able to use Red plus to keep the park going. So that's the basic story. But what's interesting is when they created the baseline, one of the things they looked at was in migration into the area, the migration had been massive because there was anticipation that this was going to be a place where people could move in, they could chop trees, they could farm and after the project, migration dropped dramatically. So the basic critique was that, well, gee, the, the reduction in migration shows that the project overstated its baseline but you could also argue that the reduction in immigration was a result of this land being taken, you know, being taken off the block.

Steve Zwick (20m 38s):
That the fact that they weren't going to be able to deforest in this area. It's the kind of thing that, that should be evaluated. I think it needs to be evaluated in more detail. You know, I you, you can't tell by looking at the numbers. Did the migration end on its own throughout some other circumstance, or was it because people realized, oh, I guess there isn't going to be this big bonanza there, let's not move there. I think it's probably the latter, but we just don't know. But that's an example of a situation where the baseline would be changed dramatically because the project had an impact and the threat is no longer there.

David Greely (21m 10s):
And you know, as, as we've been saying, much of the discussion around these projects has been about potential weaknesses and the methodologies and the baselines in particular but you know, from our conversations, I found that you have a different point of view on this topic that is correct me if I am ascribing the wrong beliefs to you. But you believe that the weakness isn't really in the methodologies, but the weakness historically has been more in the validation and verification bodies or VBS that audit the projects. Can you explain the role of the VBS and why you believe that historically that's where the weaknesses have been more present?

Steve Zwick (21m 48s):
Yeah, and this is something that I think it, it has been alluded to, basically verification of validation bodies are independent auditors accredited under, you know, initially they were accredited under the UNF, but they could be accredited by national governments, and they're authorized to go in and validate and then verify a project and this is kind of when I went back to the creation of methodologies

and how do you, how do you get this subjective stuff, you know, the subjective overlay in on top of a, a model deciding which models to use and what you do is you have a project proponent who will come up with a plan, he presents it, and then first it has to go to a VVB, verification validation body and they will then look at the plan, look at the reality on the ground and say, is it valid?

Steve Zwick (22m 37s):
And that's the validation phase and then they validate it, then it goes out for public consultation. People are supposed to comment on it and say, hey, you know, wait a minute, this one doesn't quite work because this point is wrong, this point's wrong. So that's phase one. Phase two is verification where they implement the project and then another VVB comes in and goes and looks and says, are they doing everything they said they would do and so you have these two phases, one where the baseline is determined and the activities are agreed, you know, if you say here is the baseline, here is why you know, you have got the reason, you have got people chopping trees to make charcoal. So we are going to go in and we are going to give them alternative livelihoods, beekeeping and stuff. Or, you know, you, you come up with a plan.

Steve Zwick (23m 17s):
And then the second one is, are they sticking to the plan and then the payments are made, basically saying that if you are sticking to the plan, you are getting the reductions and then, you know, then over time they will then come in and they will look to see what's happening in surrounding areas, reevaluate the baseline and I think the problem is, as I alluded to before, a lot of these methodologies, like it's the knock on VM nine is, it was very complicated. It was just so complicated that in theory, if, if the VVB was really, really good and knew everything about what's happening in the ground, it would, it'd be almost a perfect methodology, but they just don't, especially in the first generation. You had Chinese VBS trying to evaluate projects in Brazil and they were just too far removed and I think that that is where a lot of issues crept in.

Steve Zwick (24m 06s):
And Verra, you know, they seem, this is kind of where it gets, it gets iffy. They seem to have recognized that or suspected it, but they, it wasn't something they, there was no smoking gun because the projects, the first generation of projects hadn't been reevaluated yet but around 2019 or so, when money started coming in, again, people have to realize there was no money until then, until the market really took off As money started coming in and Verra started getting funding, they didn't put the funding into communications and stuff, they put it into trying to hire people to do secondary audits on the VVB. So they, you know, to an audit, the auditors, and they did find that there was, there were just sloppy somewhere sloppier than others. That was a one reason for the big slowdown is, you know, because initially they were doing completeness audits, then they went to doing really double checking every step and sending back a lot of questions. So they, they did find that some VBS were sloppier than others, and some really needed to be, you know, they had to send these things back three or four times and eventually they said, if it comes back to us a third time, it's you know, you had to start over.

David Greely (25m 11):
Yeah, I find the VVB discussion so fascinating because, you know, one is the work as you said, might have been sloppy because there wasn't really much money in the space and so people were trying their best and just didn't have the resources and then as you said earlier in the conversation, you know, sometimes systems get gamed. Any system of people, you are going to have people trying to find folks that will give them a pass even if they might not have deserved one. And your discussion of the VBS reminds me of a lot of the problems with credit rating agencies which were a big contributor to the subprime mortgage crisis in 2007, 2008, that led to the financial crisis in great recession in 08/09 and so I think, you know, our listeners might be more familiar with that, but to me it strikes me as like a very analogous situation where if you can find an auditor that will give you a pass you will tend to take one and hopefully the markets are able to ferret out who are the high quality verifiers and auditors versus those that aren't and I am curious, you know, have the issues with the VBS largely been addressed or are there lessons we can learn from the case of the credit rating agencies that might help us improve the weaknesses if they still exist with the VBS?

Steve Zwick (26m 21s):
I think they have largely been addressed in red. I mean, because in red one of, like, one of the big changes they made or they are making under the new methodology is that Verra defines the baselines essentially. So that is all taken away from, from a lot of these subjective groups. There has been accusations that the VBS provide preferential treatment to groups that pay them and I don't know, I mean, it's in theory that could happen. I think it was more an issue of lack of understanding and lack of quality and Verra has put a lot of effort into training the VBS and getting them up to speed and one of the thing I wanted to point out here too, if you don't mind if me

digressing just a bit, is how much this was born of necessity because I have seen, I have seen this issue covered and it's usually presented as some kind of a extremely nefarious way of creating a, an old boys network.

Steve Zwick (27m 13s):
And that's not really true. When this was coming together, there, there were two things. There was a lot of talk about this. One was how are the methodologies created and the methodologies themselves were usually created by project proponents who would create a methodology and then it would go through this expert review, public consultation, VBS and everything and there was always people saying, well, gee, if you are having the project proponents creating the methodology that they are using, is that a conflict of interest, but there was no other way. This was in, in 2010 or so, Angela Mackle, she said something about how we would, German government would like to fund, provide some funding to help this voluntary carbon thing move along. Where should it go and I remember at Ecosystem Marketplace, we called around just asking people where should it go and everybody said, put it into independently developed methodologies because that's what we really need, and nobody wanted to pay for it.

Steve Zwick (28m 07s):
And the same thing was happening with the VBS. Nobody wanted to pay for it. So there is always this thing, like when nobody wants to step up and do something and the one group who does it seems to have a, a conflict of interest, is that something you just have, you have no choice but to do and in this case, there was this, this additional system of public consultation where everything goes out for public consultation and again, there just weren't enough eyes on it. There's, this was designed on the premise that people would be paying attention and people would look at this stuff and they would see things and call attention to it and it just, it, it just didn't happen. You did have public consultation, you did have critiques, but there just wasn't enough of that.

David Greely (28m 50s):
You know and that's moving forward, introducing new methodologies as you have referred to. I am curious from your perspective, do you think we might be taking some of the wrong lessons forward into the development of the new methodologies and do we risk creating new problems because of that because we always want to be improving, but do you think we might be taking some of the wrong lessons or, you know, what are the lessons you think we should be taking forward?

Steve Zwick (29m 18s):
Yeah, I think it's more that we are sending the wrong signal sometimes I think, and we have to keep developing new methodologies, but we can't assume the old ones are bad. There seems to be this sense right now that, okay, out with the old and with the new, the old methodologies were no good and the new one are going to be perfect and that's not true. I think the old methodologies were much better than people give them credit for and they were developed under really rigorous processes of review and consultation and the same thing is going into the new methodologies and the new methodology is are also not going to be perfect. You are going to have changes and things are going to happen that we can't anticipate. Just as the advent of jurisdictional data made the new methodologies possible, advances in remote sensing, and you know, the ability to really evaluate changes on the ground, you know, these are all changing and the new methodology, there is going to be issues in the new methodology.

Steve Zwick (30m 20s):
And I think, you know, we need to be aware of the fact that as these are implemented, people who want to improve the methodologies are going to be pointing that out to make things better. But people who are ideologically opposed are going to be finding those flaws picking them out of context and blowing them up to undermine confidence and that's something we need to improve on the current methodologies. One of the one issue with them is they are based on model. They are based on looking at deforestation that's already occurred in an area and then looking for new deforestation in an analogous area but these projects usually end up a little bit away from where deforestation has already occurred. It's not really eminent, it's modeled to happen slowly in the future and that where, and because developers don't like to go necessarily into where it's, everything's really happening in crazy and is imminent. The new methodology really drives money to the frontier, which is really, really good but it leaves a lot of this mosaic stuff out. There is a lot in theory, the new methodology will have fewer false positives. In other words, it will send fewer signals about where deforestation is going to happen. It's very accurate the next three to four years, but it might miss a lot that's happening away and I think that is something we have to have to be aware of.

David Greely (31m 39s):
Yeah and I know, you know, you followed many of the red plus projects that have come under scrutiny in the past couple of years, and I would recommend folks listen to your podcast for your in-depth coverage of many of these projects but I was hoping you might take us

on a brief tour of some of these projects you have dug into. You know, like in terms of what was the criticism and what was the context and was the criticism deserved or the project misunderstood?

Steve Zwick (32m 05s):
Yeah, I mean that's I think there is so many I could go to. I think the one I would want to stick with would be the Cordillera Azul that I mentioned earlier, because I just was looking at some emails on that one. So it's, it's kind of fresh in my mind and this one, if I could criticize the critique maybe a little bit, and in so doing talk about what the project achieved, so that this project, as I mentioned was, you know, I told you where it came from, basically, like when the reporting on this started, you know, the reporter came in with like 20 or 30 quote unquote findings that turned out to be, most of them turned out to not really be legitimate even before looking at the facts. I mean, there was things like, one was he had heard from a so-called expert that the project was illegitimate because the deforestation rate in the reference area was higher than in the project area.

Steve Zwick (32m 57s):
Well, that's, that's how it always is. You trying to take action in an area where deforestation hasn't occurred and you know, you're basing that future on what, on an deforestation in an acknowledges area that where it has already occurred and then he was also pointing out that deforestation increased inside the project area after the project began, which is, again, this is reducing deforestation, not eliminating it. Usually if you're going into a situation that is under imminent threat, you know, you are going to see increases in deforestation. And the idea is, is the deforestation going to be below what it would've otherwise been, you know, and then they also, he, he was also claiming alternatively that there could never be deforestation in the project area because it was really hilly terrain. And the irony in this case is the reporter's own image on, on Muck Rack had him standing in front of you know, terrorist farming in Peru, which is exactly what they do on really hilly terrain.

Steve Zwick (33m 53s):
So there was, you know, there was a lot of contradictions in the questions that were easy to just say, Hey, look you are asking the wrong questions. But again, looking at what the project did and how it was, what, what they got wrong in, in the coverage first was the genesis of it. They were trying to say that this was already a national park and that you, you know, if you, if you build a project on a national park, you are double dipping because the land's not endangered and that ignored the whole genesis of the project, which was spelled out in the papers and this was, I mean, the, the people doing this project, it was the Field Museum of Chicago, and, you know, people who are not out to just make a buck, you know, they were really trying to save this thing. It was very clear.

Steve Zwick (34m 32s):
They were able to, the VBS did a really good job of going in and looking for paper trails, and they could see that this thing was, they were struggling to keep, first of all, that they, the NGOs had gotten the park designated. They were on the hook for paying for it. They had to go and they had to get this money to keep it going. And read was really a lifeline and it covers 90% of their costs. This is one of those things that comes up over and over again on, on these projects is it's easy to get money, philanthropic money to start something. It's hard to continue it. This happens all the time. Everybody wants to pay philanthropic efforts. They want to pay for bright shiny objects and say, this is what we created. Nobody wants to keep somebody else's thing going and bringing in this kind of finance enables that.

Steve Zwick (35m 13s):
The other was the baseline thing that I mentioned, you know, they, they were trying to say that. I mean, it was, if you look at the jobs that they created in the park for the people who were there, you know, they were all based on sustainable land management, and then they prevented new people from coming in and in migration into the area decreased another, another thing there was, in this, there was a claim by a group called the Forest Peoples Program. That's one of these ideologically driven NGOs out of Europe you know, when I mentioned the tribes of the climate realm, if you tell me, these guys put out a, an analysis of a project, I will tell you what they are going to say before I even read it, because they always say the same thing and in this particular case, they claimed that indigenous people weren't consulted, which wasn't true.

Steve Zwick (35m 56s):
Then the reporter also came in with he had a letter from MENA, or an analysis from which is the Environment ministry, which was saying that deforestation in the buffer area around the project was really high and he was, he was trying to say that proved there was leakage coming from the project area, but it actually, if you read the paper, what it was showing was the threats were high. That's what MENA was talking about. So there's just, I do plan on covering this in more detail, but it's, there is the project itself they had a very clear

objective. They took it through, they protected the area, they documented it and then it was attacked instead of evaluated and I don't want to say in this, I keep mentioning this issue of, in migration, it should be evaluated.

Steve Zwick (36m 41s):
We're at this point, it's at the point where the, the project should be, you know, all these projects should be reevaluated and they are, you know, all the baselines are reassessed and everything is redone before they go forward. That's part of the, part of the plan but to come in and just say this thing doesn't work because of a few accusations that don't really take the structure of the project into account. It's just, it's just destructive and, you know, there is another one I can point to again, there is a lot of them, but there is one that I wrote up a piece on in 2022. If, you don't mind me giving you something that people can Google,

David Greely (37m 14s):
Please.

Steve Zwick (37m 41s):
They Google Nikkei Asia's Half Truths and Innuendo Undermine Climate Progress. It's in Nikkei Asia's Half Truths Innuendo Undermine Climate Progress. They will see an analysis that I did that, that just shows how a, a reporter got a lot wrong and that's kind of what happens whenever a project is sort of targeted. It's like a denial of service attack on fact checking. They'll come at you with 20 or 30 things that they could have easily figured out by looking into a project design document and instead it's not real reporting and at the same time, it's like this, it's this weird dynamic that we are in because there are legitimate issues that need to be addressed. The whole point of this thing is that we're going to have, we are going to be taking a critical look at projects. We are going to be evaluating them, we are going to be identifying what works, what doesn't, why, how do we move forward and that's got to happen, but this cherry picking and plucking things out of context, it's almost like if you go into the city of Chicago and you say, look, there's crime in Chicago.

Steve Zwick (38m 24s):
It's a horrible city. We should remove its charter. You know what I mean it doesn't mean that the crime doesn't exist. The crime does exist, but it doesn't mean everything is wrong and you have to, to evaluate again, everything in balance and I think there, there was a, there was actually a LinkedIn post recently from Donna Lee who was complaining about people throwing stones at people who make legitimate critiques and I think that is a danger too. We have to acknowledge that the whole point of an evolutionary process is figuring out what works, what doesn't, and moving forward but at the same time, we can't be using people who are trying to make a species extinct. You know, a species has to evolve, not be made extinct.

David Greely (39m 02s):
Yeah and it, it's so tricky and so important that we all find a way to get this right, because these are tricky issues that there's a lot of ambiguity, it's difficult to know certain things for sure and well-meaning people are gonna have very serious disagreements and very firmly held convictions and each of us has to, you know, I always like the expression speak like, you are right and listen, like you are wrong and I wanted to ask you, as someone who has been in this, you know, I liked your way of putting it, we need evaluations, not attacks for our listeners who are also reading in this space, are there any hallmarks that you would point to of, okay, when are you seeing a, well-meaning evaluation that's critical, versus when are you seeing in attack like, are there certain things you look for?

Steve Zwick (39m 50s):
You know, I think that's I think we haven't seen much yet in the public space. I think what we have seen is competing narratives that are being proactively pushed because what, what would be a good reflection would be something that I think is, is holistic or that just talks about, let's take stock of this, of a project. If you were, or of the whole system, you know, instead it's like, you know, the, these narratives like, the system's broken needs to be uprooted and begun over no that's not the answer. If you are looking at stuff that says that, that is saying, okay, 10 years in, what have we learned. That's a nice balanced approach and I haven't seen either of those. I have seen some good reporting. I think, it's interesting too if you look at some of the, the majors have tended to get it right and they have tended to stay clear.

Steve Zwick (40m 38s):
Like the New York Times and Wall Street Journal, they have not really touched this much except to do individual stories here and there about projects, I think because they know it's complicated, whereas a lot of others are kind of rushing in to just kind of repeat the narratives and they, but as to what would be a, it would be something that reflects the accurate narrative, which is what have we learned in the first decade of voluntary carbon. What were the mistakes and what can be fixed and how is it being fixed going forward

but when it, and there's this tendency these days to not want to try to explain something, but to want to be seen as an investigator and a lot of stuff that's not really investigative is just being fed by activists, which is a not a constructive approach.

David Greely (41m 26s):
So I guess we got to look out for stories that make it seem much simpler than it is and people who are much more sure of themselves than any of us should be and I wanted to ask you now, I really appreciate you joining us today on Smarter Markets, Steve and sharing your insights and perspectives and the insights and perspectives you share on your Bionic Planet podcast and I wanted to wrap up today, and so I said, you are a journalist who's been engaged in climate and carbon for a long time, and I was hoping you could end our conversation today by sharing a few of your thoughts on the types of questions you think journalists and reporters should be asking in order to cover this space better and what should the market participants be doing in order to both do better and to communicate better?

Steve Zwick (42m 15s):
Yeah, I think I, if I could start with the second one, because I think the second one leads, leads to the problems with the first one, which is we need to do a much better job of explaining, well, what I am trying to do, the history of these markets and the science that underpins them. I think, you know, Verra does a good job of explaining how their methodologies work, but they don't really explain the science that underpins them and it, where it comes from and it's that needs to be done and I think that there's this quest to keep things simple, but, you know, keeping things simple doesn't mean simplistic. It doesn't mean leaning, leaving out details. It means presenting them in a way where there's a clear cause and effect sequence where you can see where things come from, where they, you know, how they all fit together.

Steve Zwick (43m 00s):
So I think they, they a need to really explain not just what they do, but how they do it and again, that's what I'm hoping to do. So then part of me hopes they don't do it before I get to it because I want to kind of own that but the other, and in terms of reporters, I think most reporters, by the way, are really trying to do, do this, right? I have talked to enough, it was one of the interesting things to my, my brief time at Vera was most supporters are like, they come in they want to know how it works. You try to explain it to them and they, they kind of go, okay, I get it now. And I think to, to step back and really ask yourself, who am I talking to, who's telling me stuff?

Steve Zwick (43m 38s):
What's the big picture in these things looking at a project, it's just, I remember that when I first came into this and it was just so confusing. It's not a one and done thing. Don't think you can drop in, do a piece that's accurate on this and be finished. You have really got to spend some time understanding the drivers of deforestation, understanding it's, you know, the, it is as we say, a classic wicked problem and understanding un uncertainty, you know, and being, being open-minded, being really putting your preconceptions aside and asking everybody what, like, like, like we are all supposed to do anyway trying to figure out what are, what are the real challenges. What are the real causes of deforestation on the ground. How are the projects addressing it and what could have been done differently? I think there's like, a lot of times they will zero in on something. These, these methodologies they have really thought of. It's the best minds in the world and the planet dealing with this stuff. Hundreds of people have spent years and years trying to identify the most predictive drivers of deforestation and you get reporters who pop up, they will think, oh, this, you know, here is something that you know, I disagree with, and you must have missed it. And no, that's not usually the case. Usually it's, you know, it may be a driver, something that's was not found to be predictive over time, even if it seems logical. So really just putting your ego aside, questioning your premises, learning the context, doing your homework. Try to be at least as thorough as a, a, a sports reporter. You know, you don't want to be like a guy who covers American football and he goes to cover international football, you know, soccer And he says, Hey, these guys are all idiots. They are not using their hands and that's his headline. You know, you want to be, or, or like a soccer reporter who says, oh, look at American football. These guys are all cheating. You know, they are picking each other up. They are throwing each other on the ground. They're running with the ball in their hand you know, learn the strengths, the limitations of all the tools that people are using to meet the climate challenge and how they all fit together and then just don't confuse things that are problems with the nature of reality itself to problems that are specific to something like this.

David Greely (45m 55s):
Thanks again to Steve Zwick, Host and Producer of Bionic Planet. We hope you enjoyed the episode. We will be back next week with another episode of Carbon Frontiers 2024. We hope you will join us.

Announcer (46m 07s):
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