Evidence of Voluntary Transactions

Training Workshop on Payments for Ecosystem Services (PES) and Reducing Emissions from Deforestation and Forest Degradation (REDD+)

ILLUSTRATIVE CASE STUDIES

9 August 2011

Evidence of Voluntary Transactions

1. Water
2. Biodiversity
3. Voluntary Carbon
4. Forest Carbon

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1. Water Transactions

Payments for Watershed Services:

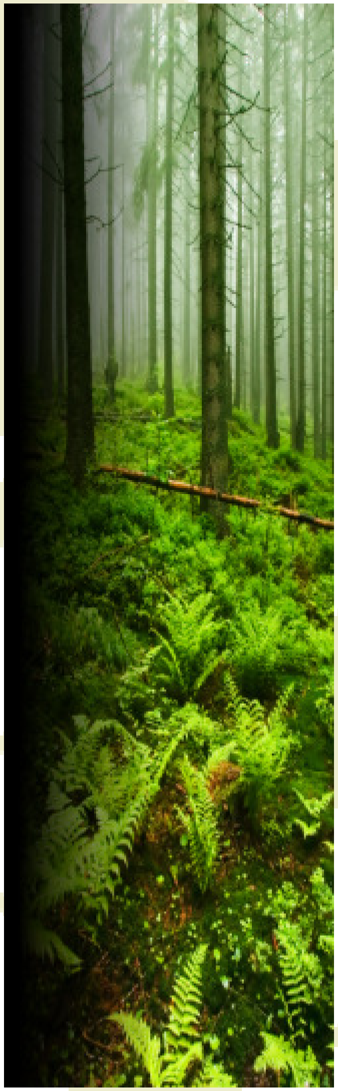
- $9.25 billion total transacted
- 216 total programs (113 active)

Water Quality Trading: $10.8 billion total

- $10.8 billion total transacted
- 72 total programs (14 active)

Payment Mechanisms

- Government direct
- Private negotiation
- Market-driven transactions



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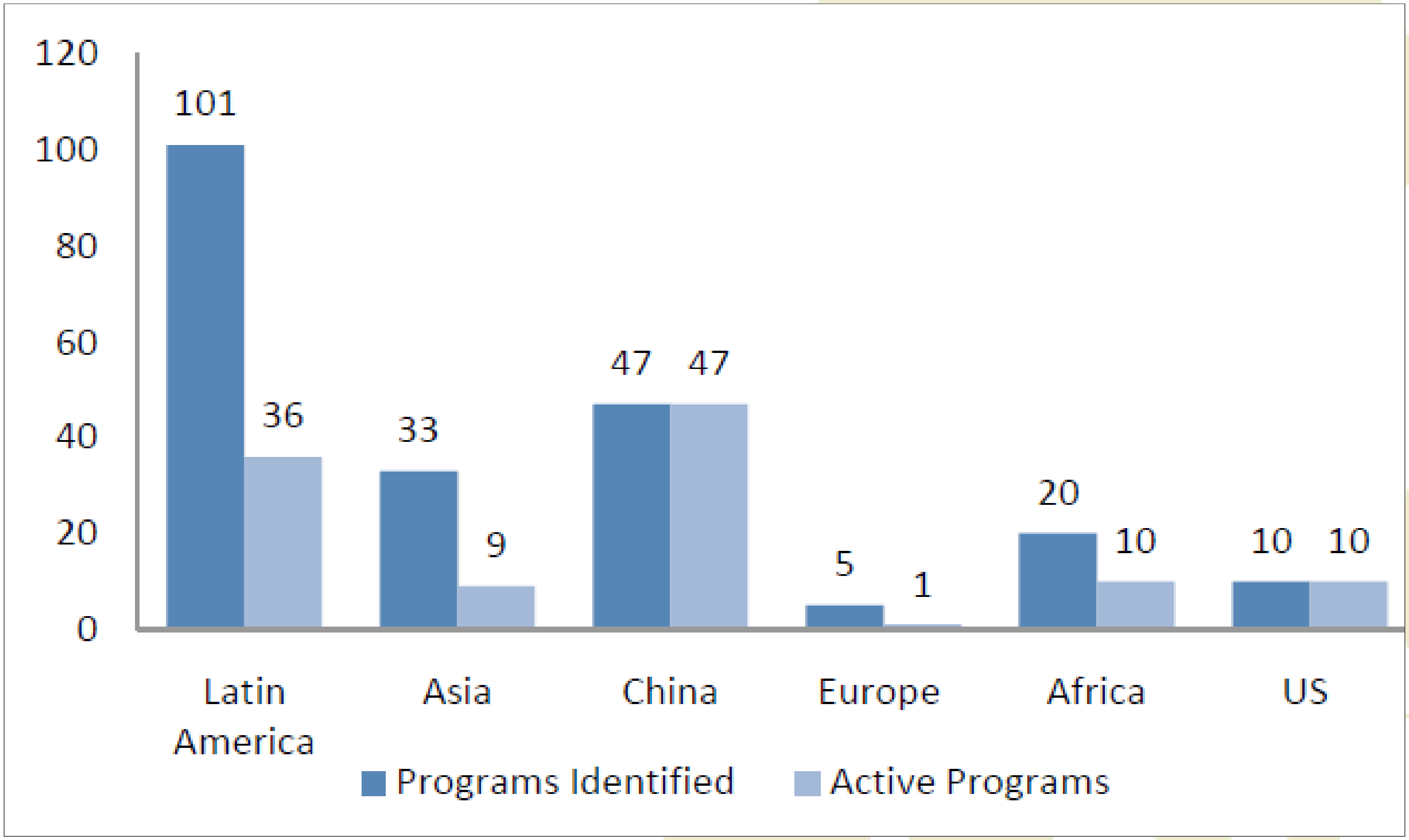
Source: State of the Watershed Payments : An Emerging Marketplace. June 2010. Stanton, Echavarria, Hamilton, Ott. Ecosystem Marketplace

1. Water Transactions



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Source: State of the Watershed Payments : An Emerging Marketplace. June 2010. Stanton, Echavarria, Hamilton, Ott. Ecosystem Marketplace

Equitable Payments for Watershed Services Tanzania

Facilitators: CARE International, WWF, IIED, PREM

Buyers: Industry in Dar es Salaam and Tanga (DAWASCO, Coca-Cola, etc.)

Providers: 450+ farmers in Uluguru and East Usambara Mountains, Ruvu and Sigi River Basins

Goal: long –term financial investment in upstream land-use changes to conserve and improve watersheds

Challenges:

- Farm expansion
- Unsustainable irrigation
- Illegal mining

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For more information: http://www.fao.org/es/esa/pesal/attachments/5_Dosteus_day1.pdf

2. Biodiversity Transactions

Worldwide

- 2,4 – 4.0 billion USD min. Annual
- 187,000 hectares
- Compensatory mitigation programs: 45 operating, 27 developing

Africa

- 6 biodiversity offset programs developing
- South Africa: leader with one national and two provincial offset policies
- Uganda, Madagascar, Ghana, Namibia exploring EIA and offset policy

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Source: State of Biodiversity Markets: Offset and Compensation Programs Worldwide. July 2011. Madsen, Carroll, Kandy, Bennett Ecosystem Marketplace

2. Biodiversity Transactions

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Wildlife Protection in North-West Serengeti

Project profile: Markets for wildlife products and services provide incentives to conserve wildlife habitat and end poaching

Suppliers: villagers outside of The Serengeti National Park

Buyers: local corporations and commercial tourism industry

Activities

- Revenue Sharing by Tourist Hunters
- Local Sourcing of Products
- Community Wildlife – Cropping
- Land-leases and joint tourism enterprises

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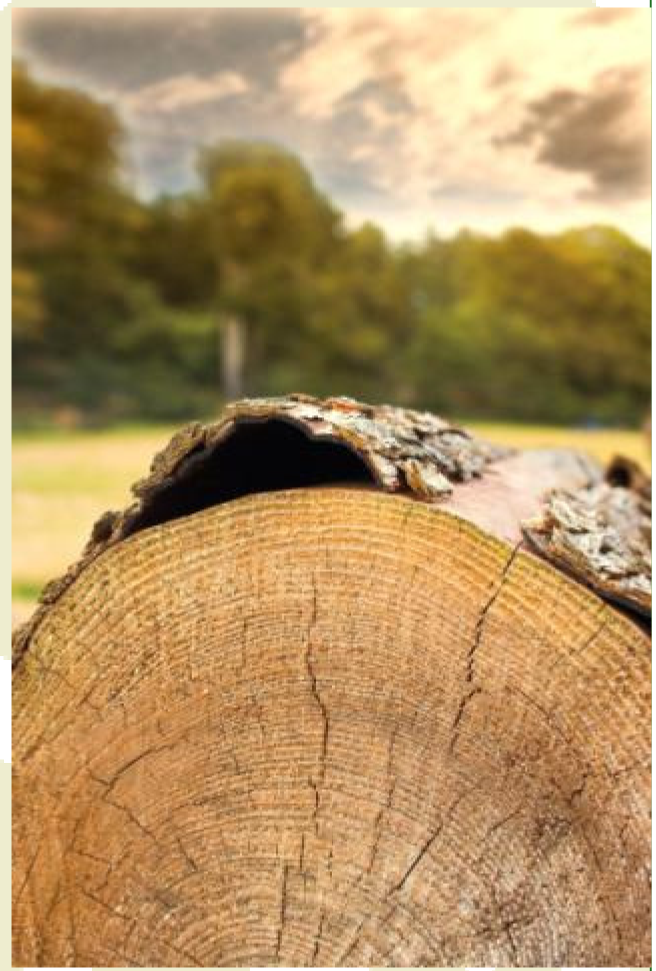
3. Voluntary Carbon Transactions

- OTC average: \$6/ tCO_2e
- Total 2010 value : 424 million USD
- Total 2010 volume: 131 $MtCO_2e$
- Land-based credits ≈50% of 2010 OTC market, 100% of African
- Sellers transacting credits in 2010
  - 284 suppliers
  - 38 countries
  - 9 suppliers in Africa, 5 countries
- Buyers: for profit, motivated by credit retirement, led by the EU



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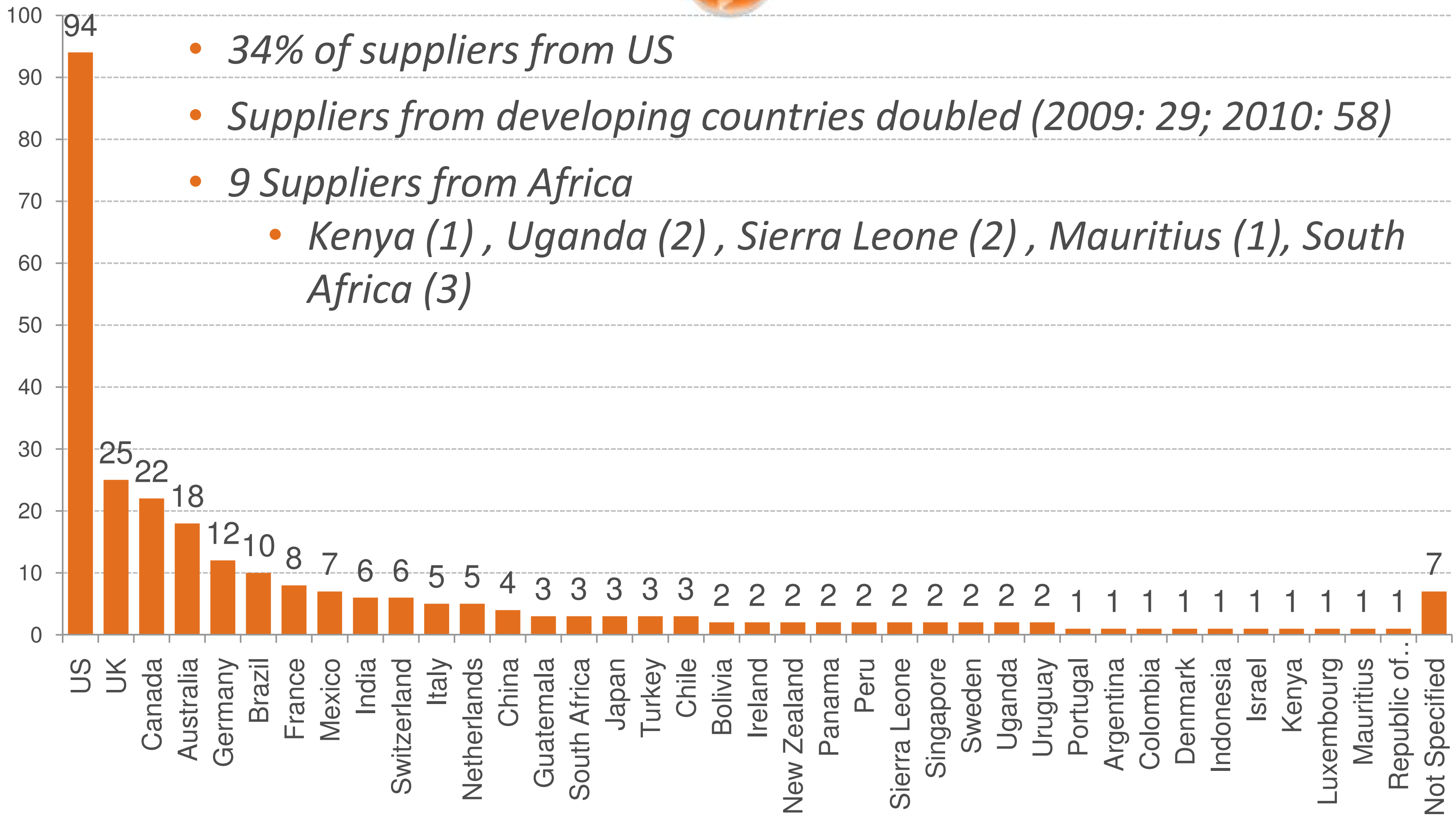
Source: Back to the Future: State of Voluntary Carbon Markets 2011. Peters=Stanley, Hamilton, Marcello, Sjardin. Ecosystem Marketplace

3. Voluntary Carbon Transactions

- *34% of suppliers from US*
- *Suppliers from developing countries doubled (2009: 29; 2010: 58)*
- *9 Suppliers from Africa*
  - *Kenya (1) , Uganda (2) , Sierra Leone (2) , Mauritius (1), South Africa (3)*



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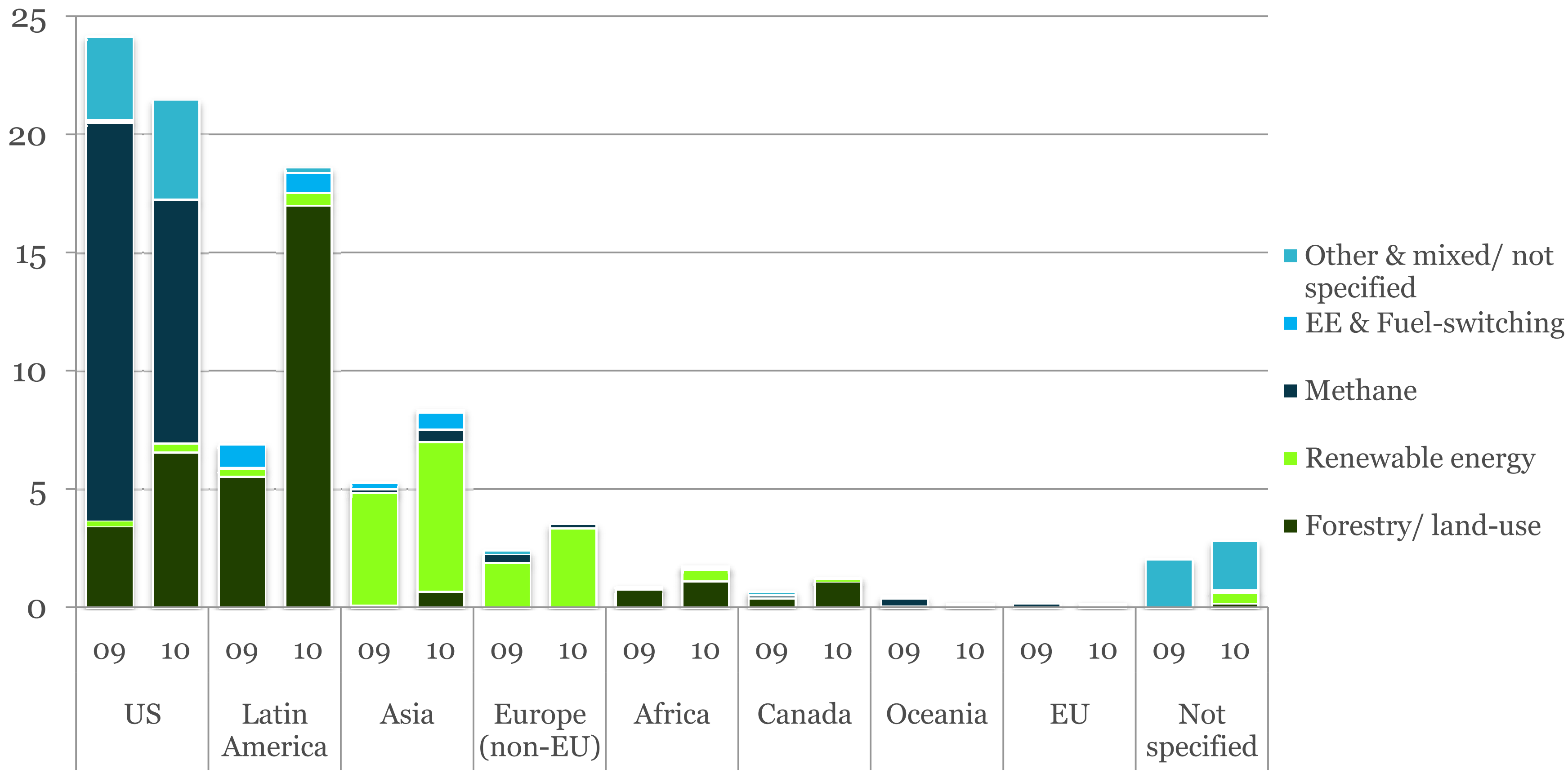
3. Voluntary Carbon Transactions

Transaction Volume by Location and Project Type



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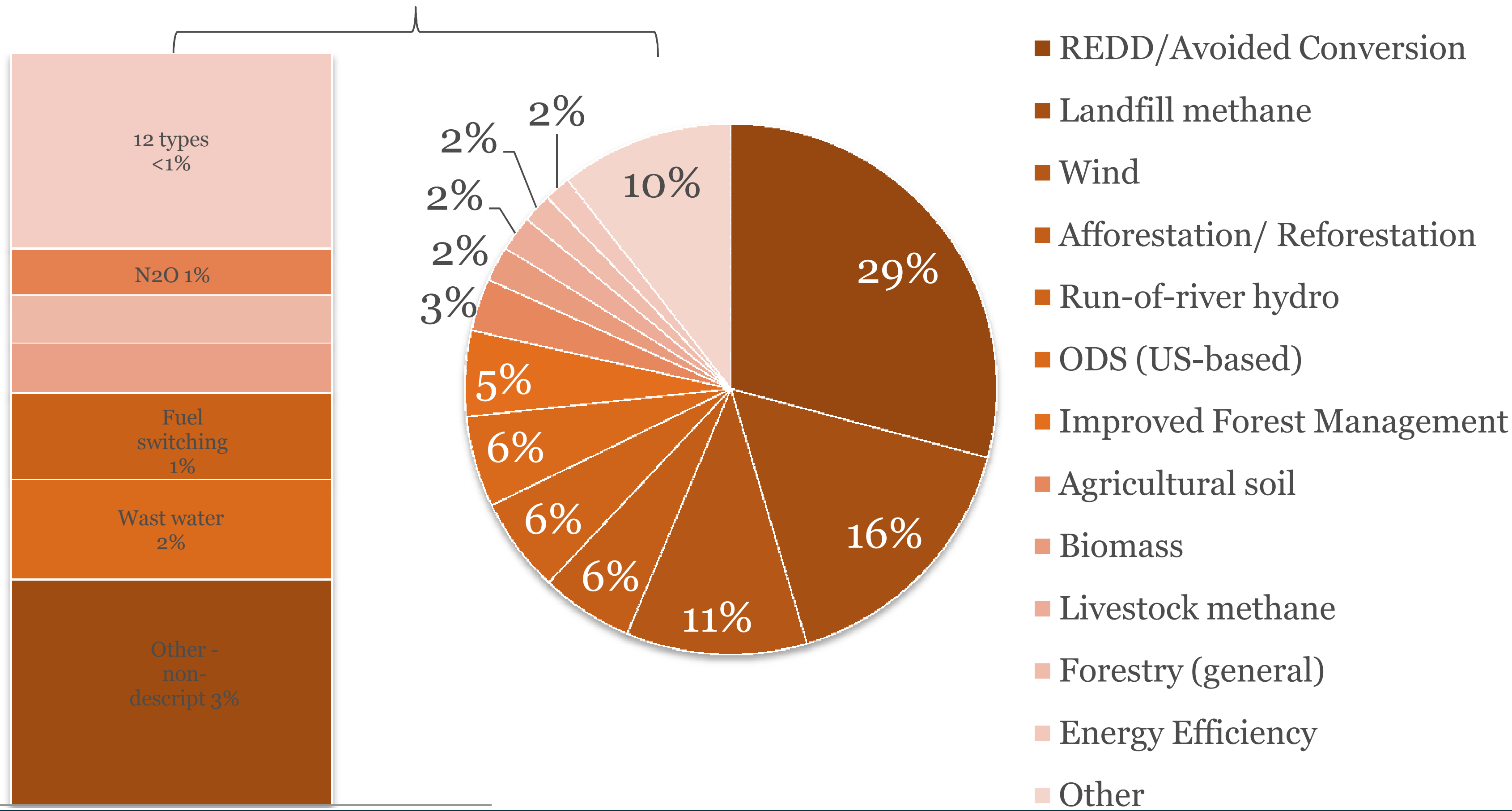

Source: Back to the Future: State of Voluntary Carbon Markets 2011. Peters=Stanley, Hamilton, Marcello, Sjardin. Ecosystem Marketplace

A Personal Forestry Carbon Sale in Uganda

- ECOTRUST with ICRAF, CARE, LTS International and ECCM project to aggregate local farmers to sequester carbon
- Beatrice Ahimbisibwe, Mitooma-Bushenyi in 2003:
  - Contract with ECOTRUST
  - 1 ha of native trees, 52 tons CO_2 ,10 years
  - USD 8/ ton = $416 total

- Since 2003:
  - Beatrice plants additional 2.5 ha
  - Her son 2.5 ha, and her daughter 1 ha
  - Price up 50% to USD 12/ton
  - Number of farmers in total project = 300
  - Buyers: Tetra Pak UK, YOU, CAMCO and WE (through ECOTRUST)
  - Beatrice travels to build capacity for local Ugandan farmers

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4. Forest Carbon Transactions

- 2009 value: 20.8 $MtCO_2$
- 226 projects
- 2.1 million hectares
- $149.2 million credits
- Average price $8.99/ tCO_2
- 86% use third party standard
- Africa 11% of volume, $20.9 million in revenue
- 2009 project types: A/R 53%, Mixed 24%, IFM 20%
- Suppliers: 53.7% NGOs, 40% private sector, 7% public

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Source: State of the Forest Carbon Markets 2009: Taking Root and Branching Out. Hamilton, Chokjalingam, Bendana. Ecosystem Marketplace

4. Forest Carbon Transactions

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Source: http://www..forestcarbonportal.com/

Cocoa Carbon in Ghana

- Shade cocoa farming techniques to store 2X CO_2 (159 tonnes/ ha)
- Benefits: carbon income and increased soil quality
- Approx. 120,0000 has cocoa farming landscape in Bonsambepo
- Sellers: Farmer and cocoa-buyer groups
- Developers: Incubator, NCRC
- High biodiversity benefits

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Cocoa Carbon in Ghana

Project Goals

1. Pilot development of REDD+/ agricultural carbon credits
2. Reduce emissions from forest degradation, enhance carbon stock
3. Improve productivity and ecological resilience of cocoa farming
4. Livelihood benefits through capacity and increased income
5. Introduce certification, extension services, and credit facilities for higher productivity

Increasing farm profits will avoid deforestation and degradation for new farms. Using shade-grown approach will increase carbon stocks and enhance soil quality.

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Thank You!

Questions and Discussion

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