

Forest carbon offers up hard lessons

[Carbon News and Info](#) > [Climate change news](#) > [Forest carbon & sustainability](#)
[Our Focus](#) > [Forest carbon](#) > [News & commentary](#)
[Our Focus](#) > [Forest carbon](#) > [Reports & research](#)

Thursday, 3 March 2011



Two decades of attempts to restore and preserve forests to help combat climate change have seen the slow rise of a “forest carbon” sector that is vast in opportunity, but not for the faint-hearted. That’s according to a report, “Investing in forest carbon: Lessons from the first 20 years” by research organisations the Katoomba Group, Ecosystem Marketplace and Forest Trends.

The report draws on the findings and feedback gleaned in this group’s annual State of the Forest Carbon Markets surveys in recent years. It identifies the lessons for project developers learned the hard way in a difficult, emerging industry over 20 years. Many of the opportunities in forest carbon lie in developing countries, with all the governance, institutional and infrastructure challenges they pose.

Top of the list is that although the rules are often unclear, it is vital for project developers to know them as best they can. What are the national rules applying to carbon projects in the country of operation, and are there clear lines of authority? Who owns the carbon stored and the financial credit asset over it —the landowner, the government, or another entity? Controversy over questionable forward sales of REDD credits in Papua-New Guinea in recent times, and laboured attempts by Indonesia to institute revenue-sharing rules around REDD projects are just two examples of the

difficulties.

The importance of credible methodologies to underpin projects is also vital, made all the more difficult in the past because their availability has been badly lacking. “The key is that clarity, stability, and enforceability of legal issues are fundamental components of investor and project developer confidence in potential forest carbon projects and host countries,” the report says.

Lesson two is get used to complexity and time-consuming processes; dealing with all the parties involved, communities, landowners, local and national authorities, is a minefield. Significant expertise is needed to resolve the numerous technical issues that arise in the assessment, design, monitoring, and verification of forest carbon projects.

Lesson three is be conservative in all estimates of carbon, benefits, time, and cost. Project development is time- and cost-intensive and many projects have had higher costs, required more time, and generated less carbon than originally anticipated.

While the sector is maturing in all these areas, the report concludes that forest carbon opportunities will develop on an inconsistent basis around the world. Project developers should look out for countries and regions with “favourable ecological conditions and supportive national and local policies”. Included in the report is a handy project screening guide on these issues.

The report authors say the sense they get from participants is that forest carbon won’t see significant expansion in the next three years unless the sector becomes part of a regulatory system, as opposed to the voluntary market which has driven it over the past three years.

Download:

[Investing in forest carbon: Lessons from the first 20 years](#) [PDF 2.4 MB]

 Tell a Friend

 SHARE   