

# Monitor Online

---

Research projects boom in Carbon market MARTIN LUTHER OKETCH KAMPALA

A research released on September 19, by Forest-Trends, a Washington, DC-based non-profit organisation, reveals that the growing pressure to address climate change has created multi-million Dollar markets for carbon, that within the next 10 years are expected to reach billions of dollars in annual transactions.

"Carbon market transactions have doubled in volume every year from 2001 to 2003, from nearly 13 million tonnes to more than 70 million tonnes of carbon equivalent, with several hundred million US dollars worth of trade made in 2003 alone" In Uganda, Ecotrust launched the "Trees for Global Benefits Programme," in which companies like Tetrapak and Future Forests have so far purchased carbon emission credits of about \$100,000 that pays individuals farmers in Ruhinda and Bunyaruguru counties of Bushenyi district to plant indigenous tree species.

The payments are channeled through European-based broker, Biochematic Research and Development (BR&D), and a Ugandan national conservation trust fund, Ecotrust, to individual farmers.

With the first deal signed in 2004 and 2005, the project is still in the pilot phase with payments to 100 farmers has been made. The Chairman of Ecotrust board Uganda, Dr J.R. Sonko Kaboggoza, said on September 19, at Hotel Africana that paying landowners, communities and companies to protect ecosystem services could have a great impact on conservation and provide new opportunities for Ugandans.

"Many countries have had successful experience in mobilising private companies, municipalities and others who benefit directly from ecosystem services to pay for conservation. We are eager to explore how to adapt these programmes to work well in Uganda and other regions of Africa," he said. The Executive Director of National Environment Management Authority, Dr Henry Aryamanya-Mugisha, explained to the participants that payments for ecosystem services offer exciting possible solutions to some of Africa's biggest economic and ecological challenges.

"We need to thoroughly examine projects currently underway throughout Africa, learn from them and develop policy frameworks to support practical and realistic PES programmes that will produce tangible results on the ground. African countries have become increasingly interested in payments for ecosystem services (EPS), over the recent years and a number of projects have emerged on an ad hoc basis," Mugisha said, However, the Minister of Water, Lands and Environment, Maj. Gen. Kahinda Otafiire, told participants that his ministry has developed policies that require that beneficiaries of the ecosystem services contribute to their management.

"One of the major constraints to their implementation has been lack of implementation mechanisms based on field experiences. The sector-organised private sector deals such as the Ecotrust Tree for Global Benefit Programme should be encouraged especially that it benefits the rural poor," he said.

"Carbon emission offers purchased by utilities and other businesses throughout Africa offer an opportunity for communities and landowners to be rewarded for sustainable land management. However, these markets will not materialise if we do not focus energy and resources in these African settings," the President of Forest of Trends, Mr Michael Jenkins, said.

ABN AMRO estimates that the total value of the carbon in Europe alone will be Euro45b by 2012; Deutsche Bank estimates that from 2008 onwards, the overall carbon market volume will be at a minimum of \$60b, and other credible observers are predicting that the global carbon markets could be worth \$200b sometime in future.

"If these predictions are correct, carbon could one day become one of the world's largest commodity markets," the research reads.

The levels of Greenhouse Gas emission are currently at their highest in 440, 000 years of the earth's recorded climate history.

A key driver of carbon markets is the Kyoto Protocol, under which 38 industrialised countries agreed to cut their emissions of greenhouse gasses between 2008 and 2012, to levels that are on average of 5.2 per cent below 1990 levels. Global Environment Facility has provided \$4.5b in grants and generated \$14.5b in co-financing from other partners for projects in developing countries since 1991.

In 2002, 32 donor countries pledged \$3b to fund operations between 2002 and 2006. On the Biodiversity Services Markets, it says 14.2m hectares of tropical forest and their associated biodiversity are lost in deforestation every year. At this rate, 1-10 percent of the world's species could be lost over the next 25 years.

---

Click here to print | Printed from: <http://www.monitor.co.ug/bizfin/bf10047.php>