Root and branch reform: if carbon markets aren't working, how do we save our forests?

The world has looked to offsetting schemes to protect forests, fund conservation and fight the climate crisis – but many fail to fulfil their promises. Here are five ways to keep our forests standing.

Patrick Greenfield
The Guardian: Wed 20 Dec 2023 07.04 GMT

Keeping the world's remaining forests standing is one of the most important environmental challenges of the 21st century. Humanity will not limit global heating to safe levels or stem the ongoing loss of wildlife without them. From the boreal forest that stretches around northern Europe, Siberia and Canada, to the Amazon, Earth's forests are some of the most biodiverse places on the planet, home to species found nowhere else.

Yet all too often, forests are worth more money dead than alive – despite promises from global leaders to halt deforestation. Their exploitation has pushed many plants, animals and fungi to the brink of extinction, while slowly degrading their ability to generate rainfall, sequester carbon and cool the planet.

In the race to create incentives to preserve forests rather than cut them down, the carbon-offsetting market has taken centre stage. Forest-offsetting schemes often sell credits on the basis that they will fund conservation schemes, protecting sections of forest that would otherwise be cut down – thereby preventing carbon dioxide from entering the atmosphere.

Scientific research and journalistic investigations, however, indicate that many of these schemes are essentially "hot air" and failing to protect forests as promised. As some major firms reassess their use of forest credits, it raises questions about how we pay for and incentivise the protection of these crucial ecosystems.

Here are five ways that experts have suggested we could tip the balance in favour of keeping forest ecosystems alive:

1. Pay countries to look after forests

At Cop28 in Dubai, the Brazilian government put forward proposals for a multibillion-dollar global fund that would reward countries for conserving forests and penalise them for deforestation. Tasso Azevedo, a forest expert and adviser to President Luiz Inácio Lula da Silva, said countries could be paid $30 a year for every hectare of forest they kept intact, while being penalised for every hectare lost.

"Imagine you have a country that has 1,000 hectares of forest. If you maintain the forest, you will get $30,000, but if you clear cut 10 hectares, you get nothing," he told a side event at the summit.

In order to qualify for the Tropical Forests Forever fund, countries would have to meet three conditions: keep deforestation below 0.5% a year; have forest loss trending downwards or keep it below 0.1%; and give the majority of funds to the people looking after the trees. The fund could be could be financed by putting a charge on fossil fuel sales, Azevedo said.

2. Ban goods that harm forests
Coffee, beef, rubber, soy and palm oil have driven the destruction of huge areas of forest – releasing vast carbon emissions along the way – and are often consumed in countries thousands of miles away from the Amazon or the Congo basin where they are produced.

To make sure European consumers are not driving further demand for forest loss, the EU has introduced strict regulations on high-risk products. From 2024, firms working in deforestation hotspots must certify that their goods have not harmed forests after a cutoff date of 31 December 2020. If countries like China and the US also introduced restrictions on deforestation-linked commodities, economic demand would probably fall sharply, lessening the incentive to further clear forests. However, this does not solve the problem of finding alternative livelihoods.

3. Introduce a global tax
Barbados's prime minister, Mia Mottley, has been a strong advocate for an international tax that follows the "the polluter pays" principle to generate climate finance. This could also include funding nature-based solutions, such as forest protection, say experts.

By taxing oil and gas profits or the global financial system, Mottley argues that the huge sums required for the global energy transition and future climate resilience could be raised. Proponents say that money should also go to protecting climate-critical ecosystems, without which global heating cannot be limited to 1.5C.

"If we took 5% of oil and gas profits last year – oil and gas profits were $4tn – that would give us $200bn," Mottley said at the Cop28 climate summit in Dubai in December, as she discussed the need for climate change mitigation, adaptation and loss and damage.

4. Swap a developing country's debt for spending on nature
Many of the world's most nature-rich countries are also the most indebted, meaning that they struggle to pay for conservation. By refinancing debt at a lower interest rate in exchange for commitments on conservation, debt-for-nature swaps are growing in popularity and could be used to finance forest protection.

Earlier this year, Ecuador struck the largest deal of its kind, refinancing $1.6bn (£1.3bn) of its commercial debt at a discount in exchange for a consistent revenue stream for conservation around the Galápagos Islands. Gabon has entered into a similar deal to unlock money for marine conservation.

At Cop28, Colombia – the host of next year's UN biodiversity summit, Cop16 – was a leading voice on calling for more action on debt relief in exchange for climate and nature finance. The country's president, Gustavo Petro, has said that biodiversity will be the basis of the country's economic wealth after it transitions away from fossil fuels, but his environment minister, Susana Muhamad, warned that debt was hindering the transformation. “For developing countries, the situation is critical, because many of our economies are highly indebted, especially after Covid. We require fiscal space capacity for climate action to start making the real commitments,” she said.

5. Reform the carbon and biodiversity markets
Despite deep flaws in the current system, world leaders and international institutions such as the World Bank have thrown their weight behind carbon markets as a tool for funding forest conservation globally. Supporters of carbon markets say that by purchasing high-quality credits, countries and companies could transfer some of the billions needed to keep forests standing as part of their efforts to offset their emissions. Cop28 negotiations on how to make this work ended in failure, however.

The sector is wrestling with human rights concerns, scientific evidence that many carbon credits are largely worthless, and lack of clarity about financial flows, but there are those who say it can still work. Among them is Johan Rockström, the director of the Potsdam Institute for Climate Impact Research and chief scientist at Conservation International, which manages a number of carbon-offsetting projects.

“On the one hand, the voluntary carbon markets on nature are not working, and there’s reason to be deeply concerned about how they are misused as offsetting mechanisms for companies that are not following the scientific pathway on fossil fuel phase-out,” said Rockström

“On the other hand, we need nature-based solutions more than ever. We need finance more than ever, and we don’t have another mechanism,” he told the Guardian.

Patrick Greenfield (December 2023).
Root and branch reform: if carbon markets aren’t working, how do we save our forests?
https://www.theguardian.com/environment/2023/dec/19/five-ways-to-save-earths-forests-aoe