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Give the rainforests our word and bond

As the Prince of Wales turns 60, he plans to unleash 'the greatest public-private partnership yet'

Nicholas Stern



Faced with a global credit crunch, the governments of the world are coming together to act with urgency. But faced with a far more serious climate crunch, we have yet to show our mettle.

If we are to prevent dangerous and unpredictable climate change, global greenhouse emissions must have peaked by 2015 and be cut by 50-80 per cent from 2000 levels by 2050. So how, in only seven years, can we reverse the gathering emissions momentum? A key part of the answer lies in the rainforests — and the Prince of Wales's Rainforest Project.

Rainforests are critical because their destruction deals a double blow to our defence against climate change. Cutting them down damages the land's greatest carbon sink — trees are very efficient at sucking CO₂ from the atmosphere. Not only that, deforestation releases more carbon dioxide into the atmosphere every year than all the world's cars, aircraft and ships combined.

With so much at stake it is right for the Prince of Wales to call for an emergency package to pay rainforest nations for the services they provide — natural carbon storage and

rainfall, as well as their extraordinary biodiversity. The rich part of the world must help to create incentives so the forests are worth more alive than dead. It will be for those nations to shape their own plans but the rest of the world, which will share the environmental benefits, has a duty to support them.

It will cost billions to beat the forces of destruction. The funding gap between the present efforts to save the rainforests and the economic benefits of deforestation is around \$30 billion a year. It may be more, it may be less, but we can find

out only by the world acting together and planning carefully.

How do we raise the money? This is where the Prince's Rainforests Project comes in. It might happen via surcharges on emission-generating products or through funds raised by the auction of emission permits in future carbon markets. Some public money will be important early on. But the project can help to unite investors and governments to harness what the Prince describes as "the truly awesome power of private sector capital".

The project's report, available in the next two weeks, contains many ideas. The most intriguing is a "pension plan for the planet" in which an international agency raises funds by offering 15-year rainforest bonds with competitive returns. The bonds would be guaranteed by developed nations and the interest and principal could be repaid from a share of income from future carbon

markets (which may include rainforests) by prior agreement with rainforest-nation governments.

The Prince has been talking to pension funds and insurance companies, the most likely investors in such a scheme. He knows there is an appetite for quality, long-term investments that could secure our planet. But the role of government is critical. President-elect Obama proposes a "green new deal" of investment in clean energy to pull the US out of recession, and has said that America should now play a vital part in the international battle to halt

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global warming. Now is the time for the rich world to take a lead and to commit real resources.

An international effort to halt deforestation must be part of such a new deal and governments can act to encourage the private sector to provide the funds. There are four

things governments can do.

First, they can ensure that rainforests are part of any new climate-change regime. The emissions caused by their destruction must be included in the market mechanism that will follow the Kyoto Agreement ending in 2012. This will provide a critical incentive to private investment in the global carbon market. Secondly, governments can introduce fiscal

incentives or guarantees that help to make such investment less risky. Thirdly, just as the EU intervened in the car and energy markets to make low-emission products attractive to consumers, so it can build consumer demand for beef, soy and palm oil that is sustainably-produced. Fourthly they can provide funds to kick-start the process.

The Prince has often referred to "the greatest public-private sector partnership" yet unleashed. If governments and business can work together they can create a virtuous circle in which it pays to invest in the environment.

But there is one more thing that the Prince can and will achieve through his project: the determination among world leaders to act. His integrity in championing the environment over the decades, his longstanding commitment to sustainable development in every corner of the world and his public role gives him a powerful voice.

His concern for the rainforests goes back many years but, as with many of us later arrived to the cause, it has evolved from fear for the survival of their delicate biodiversity and the fate of the communities who dwell in them towards recognition of a stark truth: that if we lose the battle for their survival we lose the battle against climate change.

Lord Stern of Brentford serves on the steering group of the Prince's Rainforests Project
www.princesrainforestsproject.org