



NEWS

Innovative Financing Mechanisms for Conservation and Sustainable Forest Management



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benefits are expected. The Plantar greenhouse gas emission reduction project is expected to enhance biodiversity conservation in inexpensive, quantifiable ways, providing an additional benefit to project investors. The Plantar properties that will produce charcoal for pig iron smelting with new plantations of high-productivity, clonal Eucalyptus stands, also support *cerrado* savannas in various stages of recovery. The global importance of *cerrado* ecosystems is high. Plantar's most important contribution to biodiversity conservation is its existing system of fire surveillance and control, which is allowing *cerrado* remnants on its properties—and perhaps on neighboring properties—to partially recover their original plant and animal composition (Nepstad 2001).

Gunars Platais PhD
Sr. Environmental Economist
Environment Department, World Bank
1818 H Street
NW, Washington D.C. 20433 USA
Tel.: +202-473-2627, Fax: +202-522-1142
E-mail: gplatais@worldbank.org
<http://worldbank.org/biodiversity>

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Innovative forest financing in Latin America

By Kari Keipi

Forestry can be a profitable business in Latin America. This is evident in the increasing flows of international investments in the forestry sector of the region. In looking at the profit issue, the question of time horizon is of utmost importance. The time frames for sustainable forest practices are often longer than for other types of investments, and affect their relative profitability compared with other land uses. Yet the returns on this type of investment accrue much more broadly than solely to the private investor's pocket book. The returns also accumulate in the form of ecological and environmental benefits to local, regional and global societies.

Many types of investment strategies involve the public sector, the international community and various public/private partnerships. This article focuses on two mechanisms: debt swaps used mostly at national level and private sector investment via venture capital funds for individual companies.

Debt related mechanisms

In certain cases, a debt situation can be used by a nation to leverage financial resources for conservation investments. For instance, the debt can be bought at a discount on secondary markets by a third party (usually an environmental NGO) and be swapped with the debtor government for conservation activities. It is also possible for the creditor government to agree to forgive or exchange the debt (at a discount) in return for local currency to be used in conservation. This is known as a "debt buy

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European Tropical Forest Research Network

c/o The Tropenbos Foundation

PO Box 232

6700 AE Wageningen

The Netherlands

Tel: +31 317 495516

Fax: +31 317 495521

Email : etfrn@iac.agro.nl

[Http://www.etfrn.org/etfrn](http://www.etfrn.org/etfrn)

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Forest Use & Soil Quality

15 June 2002