



“Pay a few quid and rest easy” – carbon offsetting has understandably attracted severe criticism from the like of Friends of The Earth and other environmental activists who regard offsetting as a dangerous distraction from the crucial issue of reducing the global carbon footprint. Yet, however strenuous our efforts, we are highly unlikely to eliminate our carbon footprint entirely and investing in projects which help to reduce global carbon emissions is surely a good thing? Well ... not always. Many schemes have been criticised for failing to meet the fundamental principle of additionality – that the project wouldn’t have happened anyway. Furthermore, companies claim ‘carbon neutrality’ simply by calculating their carbon footprint and buying the cheapest carbon credits available.

In the Stern Report of 2006, Lord Stern estimated that the true social cost of carbon was £57 per tonne, an estimate which he later stated to be a “serious underestimate”¹. With carbon prices having fallen to as little as \$2 a tonne, it is questionable, to say the least, as to whether this represents the real cost.

The Cochabamba Project, a mutual society that was formed to fund a social forestry project called Arbolivia, has therefore developed a different type of carbon offset – one that reflects the true social and environmental cost of carbon. This pioneering project is tackling the



¹ Blueprint For a Safer Planet, 2009

The Arbolivia Climate Action Plan: Second Generation Carbon Offsetting

root cause of deforestation in the Bolivian Amazon by providing economic incentives for poor peasant farmers to reforest part of their land with native hardwood species, and by technical assistance which improves agricultural yields so that farmers no longer need to fell prime rainforest. The project has planted 1400 hectares or around one and a half million trees, but the cost of growing the trees and operating the project needs to be funded until the first commercial thinnings allow the project to be self-financing. The Climate Action Plan is a way of providing this finance and covers the full cost of growing trees over their lifetime at £5 per tree.

The Climate Action Plan has been successful in attracting a wide range of partners, including Ecology Building Society. The Ecology Building Society is dedicated to building a greener society through sustainable mortgages and ethical savings, and has a long held commitment to offsetting its carbon emissions. Chief Executive Paul Ellis explained why Arbolivia was a natural choice for the Society:

“The appeal of the Arbolivia scheme lay in its focus on supporting sustainable livelihoods as well as capturing significant amounts of carbon. The equal profit share between farmers and investors reflects our mutual values, and we’re excited by the development of a new model of community forestry that contributes to the fight against climate change.”



Compared with tree sponsorship schemes in the UK, the humid environment of the Amazon means that trees grow much quicker and absorb far more carbon over the same time period. Furthermore, the project potentially triples the incomes of poor farmers and is as much a solution to poverty as it is to reforestation and climate change. By using 18 different native species and working with around 1,000 farmers in widely dispersed areas, the project also ensures a high level of biodiversity.

This is much more than a carbon offset – it’s a way of supporting truly sustainable economic development and enhancing biodiversity. Investors are linked with specific forestry parcels, tree types and farmers, so it’s easy to demonstrate the value of the investment in the project. A short film and further details can be found at www.climateactionplan.co.uk.