



Pioneering investment deal prices 'utility value' of rainforest

A deal announced today opens the way for financial markets to price the 'utility value' of rainforests. For the first time investors will pay for the ecosystem services produced by a rainforest, including rainfall generation, climate regulation, biodiversity maintenance and water storage – utilities with global significance which are vanishing as forests fall.

Today's transaction between Iwokrama and Canopy Capital pioneers the use of risk capital to safeguard such services within the Iwokrama Reserve in Guyana. Given to the Commonwealth for research into sustainable forest management, the pristine million-acre reserve lies at the heart of the Guiana Shield, one of the four intact rainforest systems left in the world.

“Forests do much more for us than just store carbon. We should move beyond emissions-based trading to measure and place a value on all the services they provide. This initiative fits perfectly with Iwokrama's original mandate to demonstrate that conservation, environmental balance and sustainable economic activity can be mutually reinforcing.

Moreover, this first significant step is in keeping with President Jagdeo's visionary approach to safeguarding all the forests of Guyana. It also ensures, with the Commonwealth's support for Iwokrama, that the world hears a knowledgeable and persuasive voice on a matter of growing international concern” said Iwokrama's Chairman Edward Glover.

The forests of the Guiana Shield generate rainfall that services the production of agricultural commodities throughout northern Latin America and the southern Caribbean. Speaking for investment house Canopy Capital, Director Hylton Philipson said “How can it be that Google's services are worth billions, but those from all the world's rainforests amount to nothing? As atmospheric levels of carbon dioxide rise, emissions will carry an ever mounting cost and conservation will acquire real value. The investment community is beginning to wake up to this.”

The deal, drawn up by international law firm Stephenson Harwood, comes in the wake of a pivotal year for the fate of forests. The contribution of deforestation to runaway climate change has been recognised internationally and new measures to conserve forests are set to be included in a post-Kyoto framework after 2012. Announcing the Iwokrama initiative today at the world's first Biodiversity and Finance Conference in New York, Canopy Capital Director Andrew Mitchell said “The decision on forests at December's UN conference in Bali is a major step in tackling climate change, but it fails to reward countries such as Guyana that aren't cutting down their forests.”

The Iwokrama deal creates an investment template for first-movers in an emerging market for ecosystem services. Such a market could generate billions of dollars for developing nations, making it more valuable to keep their forests standing than to cut them down.

Funds already secured from Canopy Capital will be used to continue the management of the Iwokrama forest in accordance with its philosophy of conservation through sustainable best practice, providing livelihoods and business partnerships for the 7,000 people living in the forest and the surrounding area. Expressing community sentiments, Iwokrama Head Ranger Ron Allicock said “I love this place. This is my home. I want it to be around for my children, my children's children, for ever.” -- ENDS

FOR MORE INFORMATION PLEASE VISIT IWOKRAMA'S WEBSITE AT www.iwokrama.org OR CONTACT:

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