



CCX[®] Case Study:

Precious Woods Managed Forest Offset Project

Project Owner: Precious Woods Holding. Ltd.
Location: Costa Rica
Offset Type: Managed Forest

Initial Offset Verification: March 2006
Project Verifier: SGS Group

Precious Woods Project Summary

- Reforestation on degraded former pasture land in Costa Rica
- Reforested tree species are teak (72%), pochote (21%), and other native species (7%)
- Average harvest cycle of 18-20 years for teak and 24 years for pochote
- Precious Woods is registered owner of all land
- Wood from final harvests exported to India
- Wood from thinning and early harvest sold as raw material
- Quantified using CO2FIX model using input values from sample plots

Technical Description

The Precious Woods Managed Forest Offset Project consists of the reforestation of degraded former pastureland with teak and valuable native wood species in Costa Rica from 1990 through 2003. The specific objective was to establish plantations at a rate of 400 hectares per year, beginning in 1990. The plantations were established on lands that were previously used for cattle ranching. The predominant species planted were teak and a native species called pochote. A number of additional native species were planted over 5-10% of total plantation surface.

The reforestation project was designed to be as natural as possible. The plantations were established in an area roughly 1.5 times the size of the planted surface. Existing natural forest remnants as well as advanced secondary forests and major single trees were left standing. The resultant mosaic of secondary forest, single trees and plantations achieve not only carbon sequestration but also generate ecological and landscape diversity benefits.

Certification was awarded in accordance with the criteria laid out by the Forest Stewardship Council (FSC) principles of improved forest management. The reforestation project was accompanied with a continuous research program in order to improve knowledge on reforestation of native tree species and to restore biotic forest functions such as protection against erosion and wildlife reserves.

Project Significance

In March 2006, Precious Woods successfully registered and sold offsets from the first exchange-based greenhouse gas forestry offset project on the Chicago Climate Exchange. The World Bank Group purchased and retired 22,000 metric tons of CCX Carbon Financial Instrument® contracts originating from the Precious Woods forestry offset project in 2006 and 2007 to offset 100% of the greenhouse gas emissions produced by its Washington D.C. operations and business transportation tracked from its headquarters. Revenues from the sale of the project were reinvested by Precious Woods toward the acquisition of forested land in Nicaragua.



Social benefits of Precious Woods' reforestation projects include job creation for women

Forestry Facts

- Sustainable forestry projects remove a significant amount of GHGs from the atmosphere.
- Forestation is widely recognized GHG mitigation method.
- The Intergovernmental Panel on Climate Change (IPCC) reported in its third assessment that 10-30% of human-induced global GHG emissions are due to land use, land use change, and forestry; and concluded that globally, changes in forest management could induce future carbon sequestration adequate to offset an additional 15-20% of CO₂ emissions.



A young tree plantation (behind tree in foreground) between pre-existing secondary forests and single trees

Precious Woods Holdings Ltd.

Swiss-based company Precious Woods is an international leader in sustainable forest management in the tropics. Precious Woods was founded in 1990 with the objective of promoting sustainable forest management in Latin America and substituting the demand for tropical wood from deforestation with sustainably produced tropical wood.

Precious Woods has set ecological standards in tropical forestry in the past and received a number of environmental awards for its efforts. In 1997, Precious Woods became the first company in the Amazon to receive FSC certification for environmentally friendly and socially responsible forest management.

Chicago Climate Exchange (CCX)

CCX is a self-regulatory exchange that administers a voluntary, legally binding program for the reduction and trading of greenhouse gas emissions and offsets. CCX is the first and only exchange of its kind in North America. CCX has developed simple and standardized rules for issuing tradable greenhouse gas emission offset credits for landfill methane capture and destruction, as well as for anaerobic methane digestion, renewable energy generation, no-till and low-till farming and other activities that destroy or sequester greenhouse gases.