



NAMPAN

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Letter to the Editor: Underpricing of blue carbon on the voluntary market

Dear MPA News:

The July-August MPA News article on [funding MPAs by selling blue carbon credits](#) was excellent, including the case studies from Madagascar and Kenya. I follow blue carbon initiatives very closely, not least of all because blue carbon represents one of the [36 incentives to promote good MPA governance](#)* yet is only rarely cited as being used or needed, despite all the interest in selling blue carbon credits.

One thing that strikes me is the extremely low prices that the voluntary carbon markets pay. The Mikoko Pamoja project in Kenya, which was profiled in your article, receives just US\$12 per metric ton. While I recognize this is higher than the average price for forestry-related carbon offsets on the voluntary market (reported as being only \$3.20 per metric ton), the EU emissions trading system price is currently at a high of [\\$36 per metric ton](#), and even that is effectively undervalued. [EDF highlights](#) that:

“The current central estimate of the social cost of carbon is over \$50 per ton in today's dollars. While this is the most robust and credible figure available, it does not yet include all of the widely recognized and accepted scientific and economic impacts of climate change. For that reason, many experts agree this is far lower than the true costs of carbon pollution.”

So whilst the pilot projects are very interesting and innovative, it is a worry that one is being offered only \$12 per metric ton — just one-fourth of the estimated social cost of carbon, and even less if the accepted scientific and economic impacts of climate change are factored in.

This critically undermines not only the MPA financing aim of blue carbon schemes, but also the climate change mitigation potential. Offsets are being purchased at too cheap a price, which has costs to us all. This indicates that the blue carbon market needs to become a formal one, instead of an easily exploited voluntary market that yields insufficient funds for participating MPAs and enables emitters to buy carbon offsets at a grossly insufficient price.

The next phase of the blue carbon program *must* be to gain a more realistic price for blue carbon on formal markets, in order for it to become financially viable and environmentally meaningful from a climate change mitigation perspective.

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* The list of MPA governance incentives in the book *Governing Marine Protected Areas: resilience through diversity* (<http://www.mpag.info/>) includes:

Payments for ecosystem services: Direct payments for ecosystem services provided by an MPA through formal markets with open trading between buyers and sells — i.e., Blue Carbon payments as the marine equivalent of REDD+ payments.

Revision: On 9 October 2020, this letter was revised to reflect updated carbon credit sales figures for the Mikoko Pamoja project in 2019.

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