

CARBON GOVERNANCE IN SOUTHEAST ASIA  
TERRESTRIAL FOREST CARBON PACKAGE

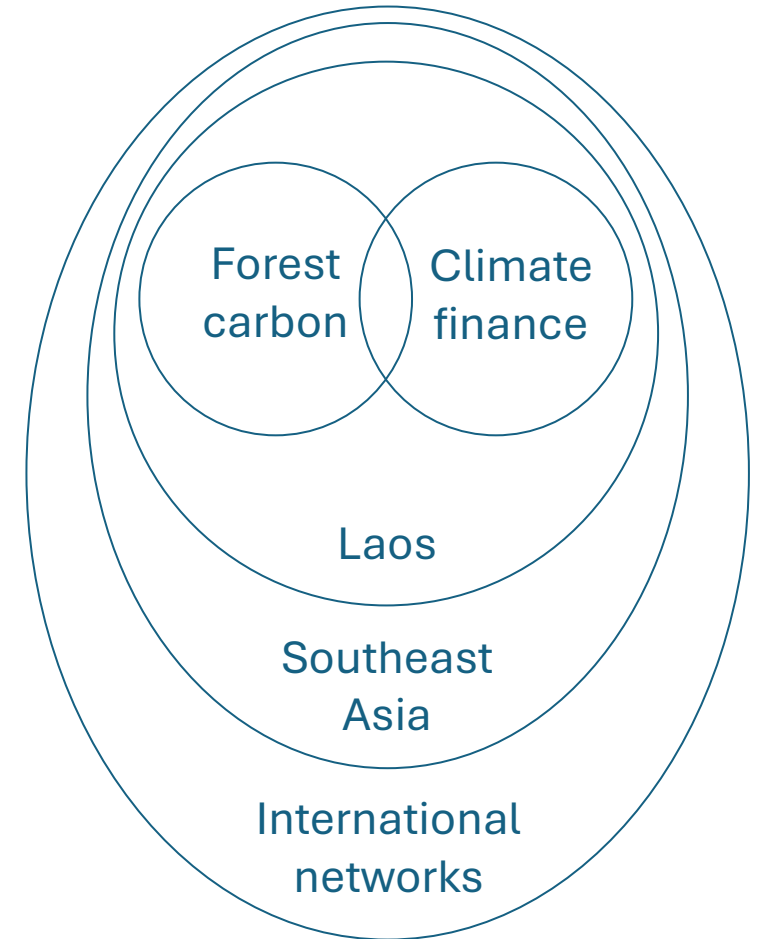
Financialization of forest carbon:  
Financial instruments,  
infrastructures, and governance

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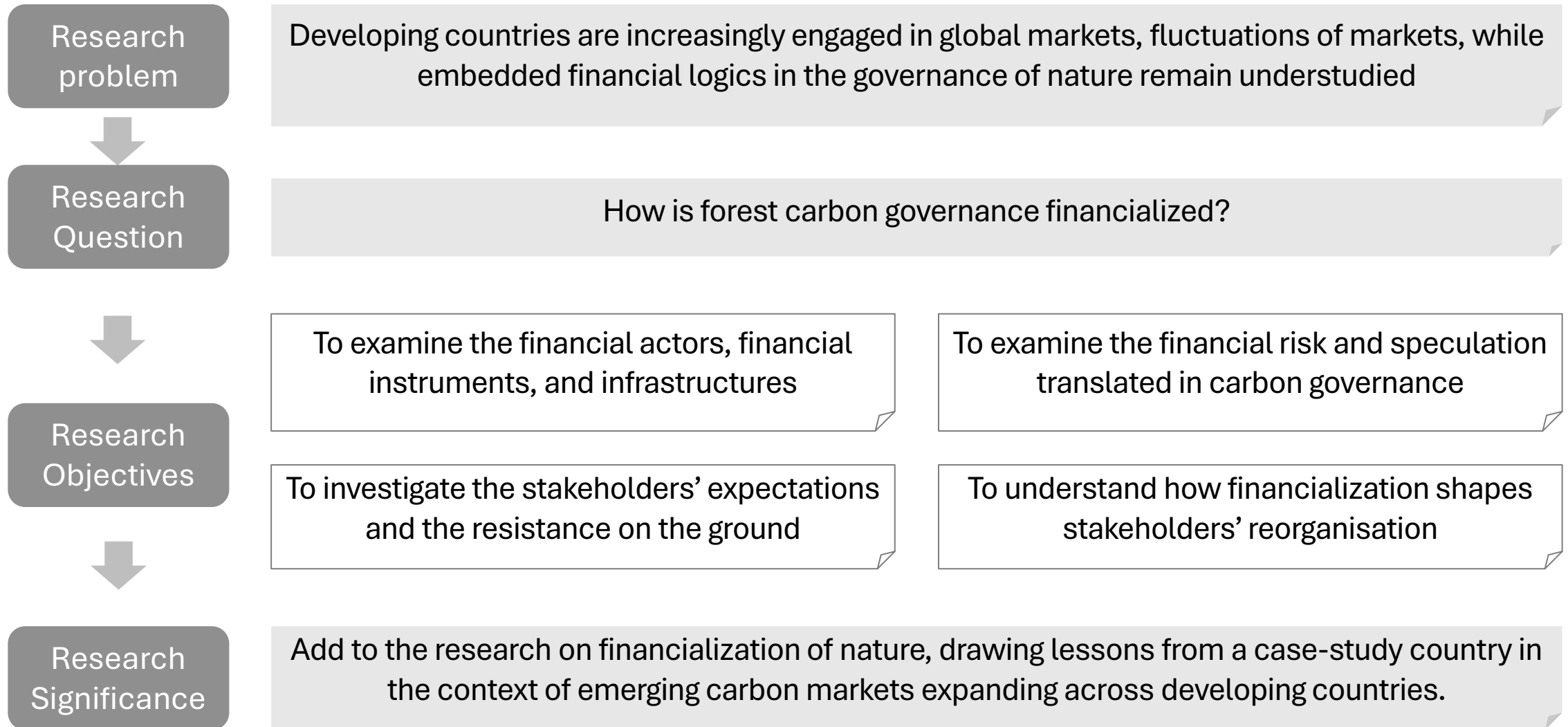


# Research scope & previous research

- Research scope:
  - Southeast Asia relatively understudied with uneven development
  - Laos has increasingly engaged with global markets
  - Analysis situated within broader geopolitical and financial networks
- Previous research:
  - Rethinking the financialization of 'nature', Ouma, S. et. al., 2018
  - Trees made out of fintech: Valuing carbon and accumulating capital in China's Ant Forest, Emma R, 2023
  - The Defense of Nature: Resisting the Financialization of the Earth, Foster, J. B., 2022
  - Iorember et. al.(2023), Destek and Manga (2021): economic analysis

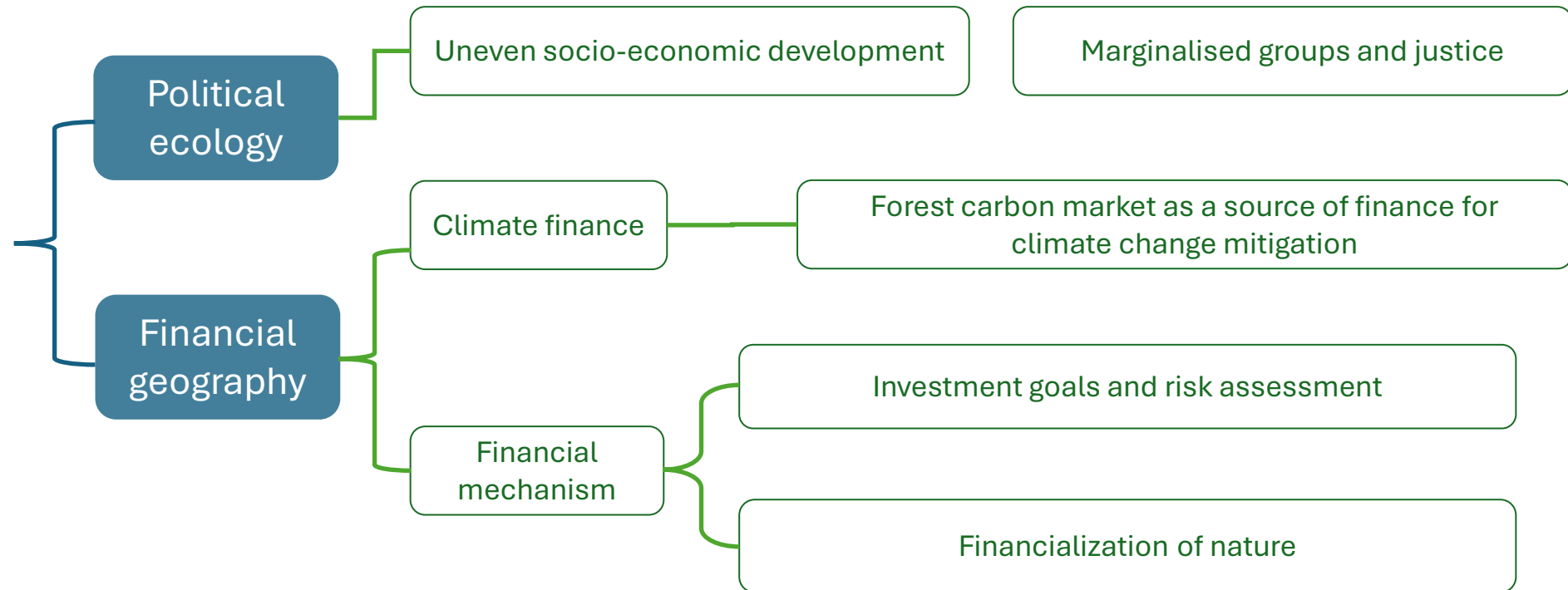


# Research framing

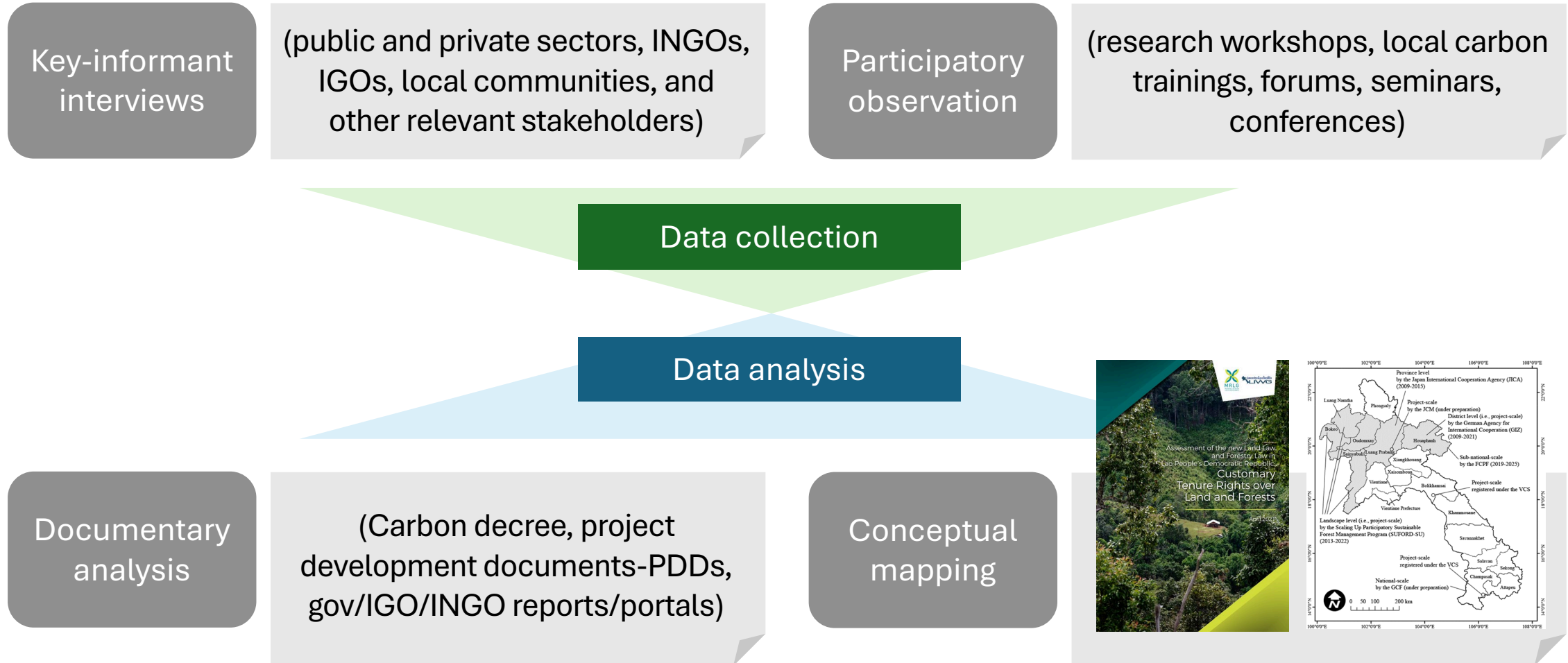


# Conceptual framing

- Political ecology (uneven development, justice)
- Financial geography (climate finance, financialization)

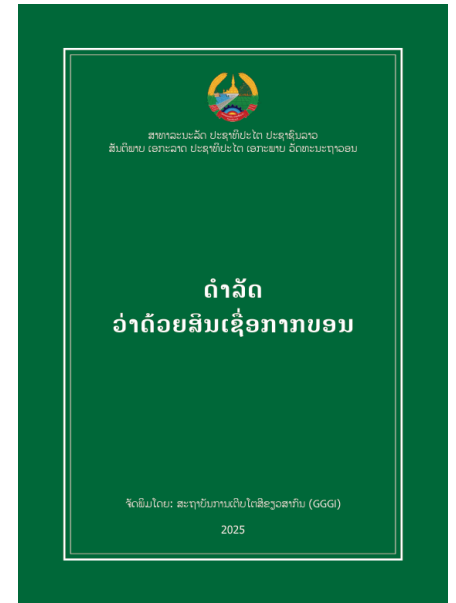


# Data & mixed methods



# Financial actors, instruments, and infrastructures

- A diverse array of international, national, and private actors
- Financial instruments
  - Carbon Credits and Units: REDD+, ARR, Carbon Removal Units (CRUs)
  - Payment Agreements: e.g., Project Development Agreements, MOUs
  - Benefit Sharing Plans (BSP) / schemes
  - Domestic Mechanisms and incentives: PFES, grant, reward systems
- legal and digital infrastructures
  - Legal and Regulatory Frameworks: Forest law, carbon decree
  - Measurement and Monitoring Systems: National Forest Monitoring System
  - Registries and Exchanges (marketplace): standards, certificates
  - Land and Social Safeguards: FPIC (Free, Prior and Informed Consent )
  - Financial Distribution Infrastructure: Fund, committee



# Financial risk and speculation of carbon investment

Transforming physical  
forests into assets



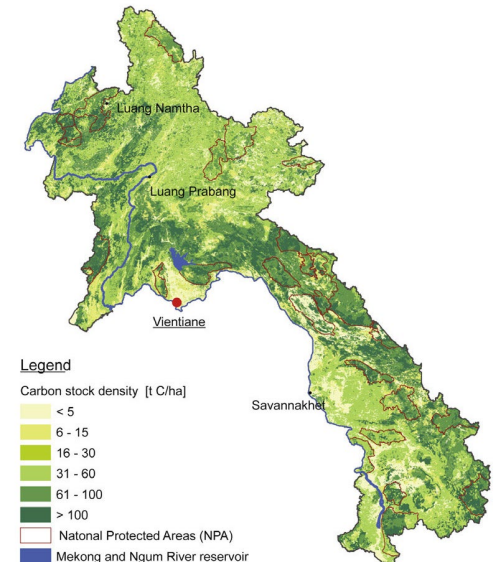
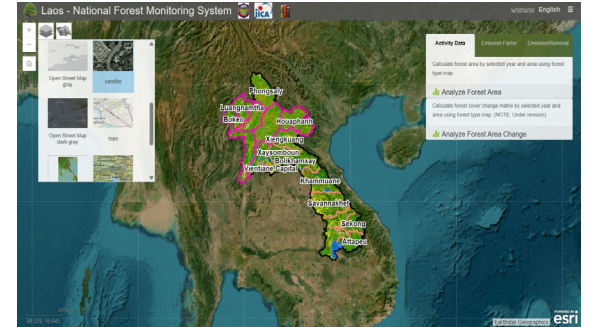
Integrating them into  
profitability models

- Translation into Tradable Assets
  - International frameworks and standards; Investment justification as “cherry on top”
- Financial Risks and Mitigation
  - Permanence, regulatory, ownership, integrity, reputation
- Speculation and Market Positioning:
  - Premium pricing of "high-quality" credits that include co-benefits
- Cost of “Doing business”
  - Financialization interprets social safeguards (FPIC) and monitoring (MRV) not just as ethical requirements but as transaction costs



# Stakeholders' expectations and resistance

- Stakeholder Expectations
  - The Lao Government targets development goals; Private sector developers pursue additional revenue, impact, and reputational investment;
  - International donors and organizations expect "high-integrity" with environmental and social safeguards
- Resistance and Implementation Challenges on the Ground
  - Economic opportunity costs and competition
  - Limited understanding of carbon
  - Land Tenure issues and land use conflicts
  - Data and capacity gaps
- Others like institutional and technical friction



# Stakeholders' reorganisation by financialization

- Reorganization of State and Inter-Ministerial Interactions
  - Merged into the Ministry of Agriculture and Environment (MAE); Legal and fiscal management
- Embedding Financial Logics in Implementation
  - Standardization, Integrity, result-based financing; Financial indicators throughout projects
- Interaction with Investors and the Private Sector
  - International actors play more important roles; Carbon forum facilitates communication between stakeholders
- Reorganizing Local Communities
  - Projects participatory land use planning change boundaries; Conditional incentives change villager behaviours; Contract farming reorganize tenure



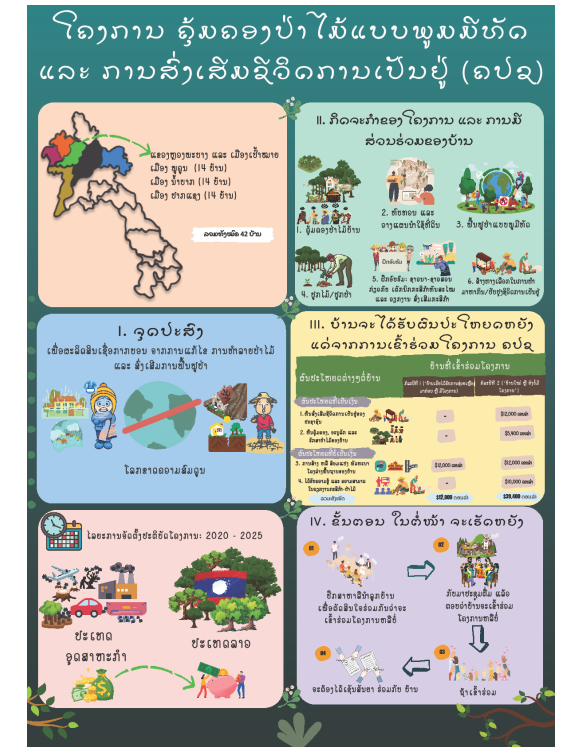
# In broader debates

- Previous research focusing on legal equity
  - The flaws of the financial mechanisms, such as the new carbon pricing and carbon tax platform, and their impacts on local communities
  - Local communities' resistance without participation, consent, and rights
  - Development of financial technologies in forest carbon financialization
  - Economic modelling and economic analysis that examines the relations between economic growth and environmental change
- Trend of jurisdictional REDD+ & private ARR vs. general REDD+
- International finance opportunity for sustainable development
- Focusing on co-benefits and impact investment
- Shifting to high-quality and high integrity products (carbon credits)

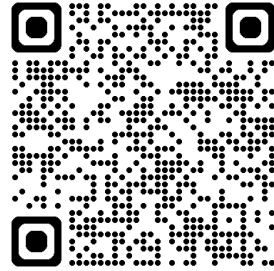


# Conclusion & contribution

- Forest carbon governance in Laos is financialized through
  - Commodification of carbon and the marketplace
  - Transition from grant-based aid to results-based payments
  - Integration of carbon credits into the profitability models of private sector plantations, and the investment viability
  - Potential Payment for Ecosystem Services (PES) in the plan, Fiscal capture and Taxation in the future
- Financial challenges: Competitive disadvantage against cash crops with less cash returns and longer opportunity costs; Economic logic of competition
- Contributions: critical debates on the financialization of nature, drawing lessons from a case-study country for other developing countries passively engaged in global markets.



THANKS FOR YOUR ATTENTION



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