

50% of Forest Investment Risks Can Be Reduced Through Early Intervention, Xilva Report Reveals

New insights highlight the importance of comprehensive due diligence for the \$133B nature-based solutions market

Zurich, Switzerland Nov 19, 2024 ([Issuewire.com](https://www.issuewire.com)) - [Xilva](#), a leader in due diligence for forest and nature-based solutions (NbS), has released an impactful report, *"Navigating Risks & Realizing Opportunities in Forest & Nature-Based Investments"*, which highlights critical gaps in how investors and project developers look at NbS complexities. The report shows that focusing solely on carbon credits does not fully capture the true scope and potential returns of forest investments, underscoring the importance of a broader approach to risk assessment.

Nearly **90% of forest projects** lack essential documentation, creating investment risks that can undermine project success. Xilva's 360-degree due diligence not only identifies these risks but shows that early intervention can **mitigate up to 50%** of them, helping investors make informed, confident decisions.

"Investors need to consider multiple risk factors beyond just carbon credits. For fund managers, carbon credit buyers, donors, corporate as well as impact investors, a comprehensive, structured assessment of a project's performance is an essential step to minimize risks and maximize the assurance of making informed decisions," said Jamie Lawrence, co-founder and Head of Forest at Xilva. *"Our framework not only helps identify these risks but also transforms them into workable solutions."*

Xilva's report, based on assessments of 288 projects across countries like Brazil, India, Kenya, and the United States, categorizes risks using its proprietary Xilva GRADE framework. The framework identifies mitigatable risks, potential red flags, and critical no-go factors, including ethical concerns such as indigenous rights, which emerged in 16% of cases. For instance, during a review of a [100,000-hectare project](#) in a degraded tropical forest, Xilva found that unrecognized migrant communities were excluded from initial consultations, risking social conflict and carbon credit delivery. Social and financial stress tests by Xilva produced a strategy for the project's backers to enhance social license and thereby ensure security and stability.

The report underscores **five critical areas** for improvement: carbon modeling, land rights, community engagement, financial planning, and governance. These were flagged in over **70% of the projects** reviewed. *"This report outlines recurring challenges and also provides a roadmap for project developers,"* added Sarah Scott, Founder and Executive Director of The Kilimanjaro Project (Kijani Pamoja). *"With effective due diligence, and a deeper understanding of project risks and mitigation strategies, more trust can be built between investors and project developers allowing a more robust pipeline of high-quality NbS projects and investment opportunities to be developed and scaled globally."*

To see a copy of the report, contact xilva.news@xilva.global.

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