

**High Level South-South Policy Exchange
Uganda- Costa Rica
“Transformation to a Green Economy”**



Ricardo Ulate. GLOBAL POLICY AND GOVERNMENT AFFAIRS

San José, Costa Rica

April 2, 2019



THE GLOBAL POLICY AND GOVERNMENT AFFAIRS: WHAT WE DO

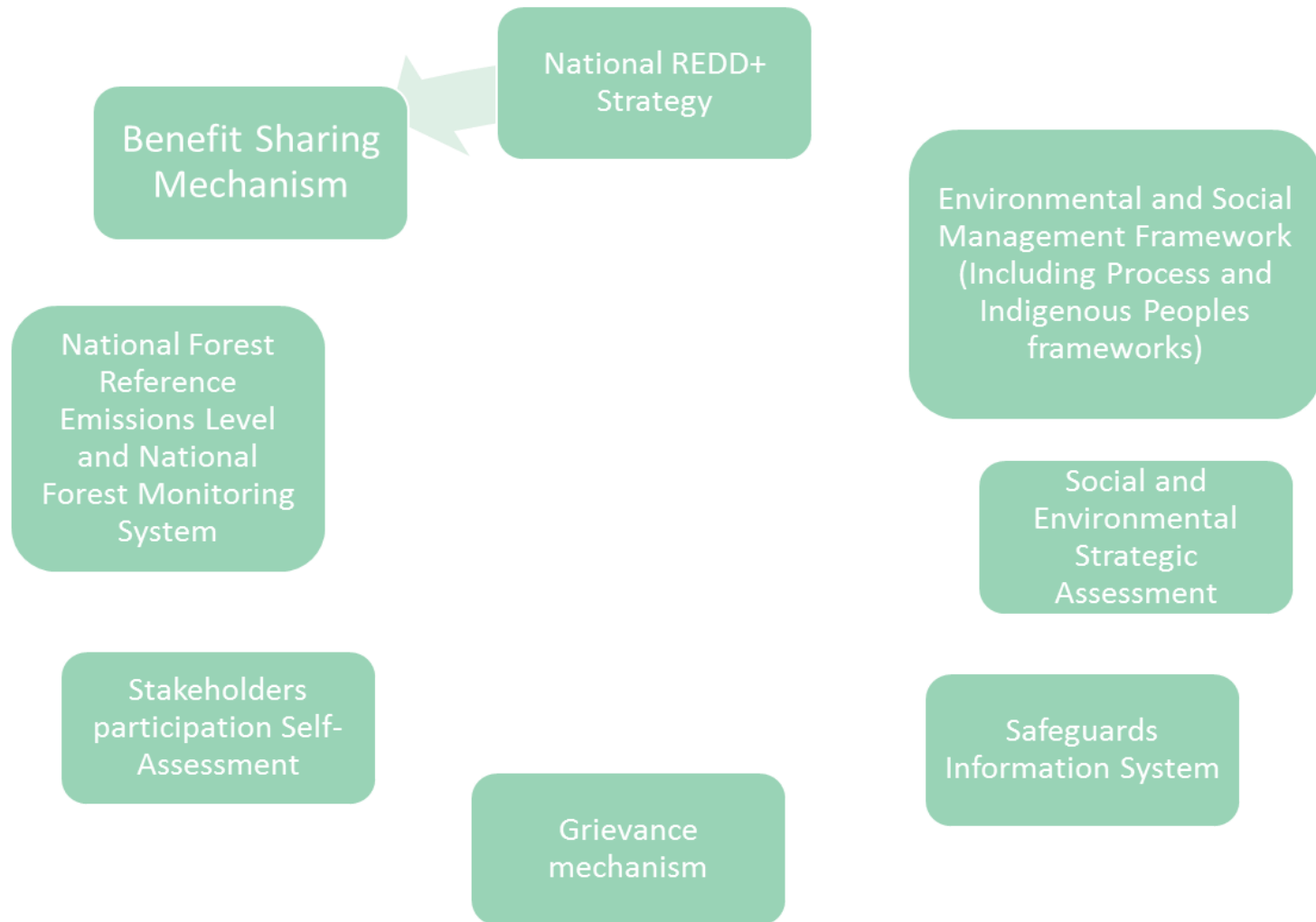
- Rules and incentives to protect nature and fight climate change.
- We focus on policies that can have the greatest impact at either global or national scale. (Bottom-up and top down approaches)
- **Shifting** from just the global UN context (Climate, Bio, SDGs) to also national level policy (Carbon tax and pricing, NDCs, SDG/climate implementation) and some new areas globally such as high seas and blue carbon.
- The policy process can be slow, in particular at the global level.



UNFCCC WARSAW FRAMEWORK FOR REDD+

- **Warsaw Framework for REDD+ adopted by 195+ countries in 2013**
- **Addressing environmental integrity**
- **Four elements of Warsaw Framework to help bring REDD+ to scale:**
 - National REDD+ Strategy or Action Plan
 - National Forest Monitoring System
 - Safeguard Information System
 - Forest Reference Emission Level/Forest Reference Level
- **Results-based**
- **Subnational programs operating on an interim basis**
- **“Nesting”?**
 - Not formally defined, but at minimum:
 - Adapting project baselines to match country FREL/FRLs for the years covered
 - Reflecting emission reductions in national accounting under UNFCCC rules
 - Recognized and approved by national government

ELEMENTS OF THE R-PACKAGE: FCPF METHODOLOGICAL FRAMEWORK (FCPF)





REDD+ AND NATIONALLY DETERMINED CONTRIBUTIONS

- Art. 5 of Paris Agreement recognizes the important role of forest in global climate action. Art. 6 includes market and non-market approaches to enhance action
- Nationally determined contributions (NDC) are prepared –and updated each 5 years- by each country to communicate planned climate action (mitigation and adaptation) goals under the PA
- Under UNFCCC process, countries are defining rules and guidance for implementation of the Paris Agreement:
 - Additional NDC guidance
 - Transferring emission reductions: what about CDM credits?
 - ITMOS and cooperative approaches: In and Out NDCs discussion
- Other emerging/related market initiatives (ICAO, IMO, etc.) and the role of GCF/GEF/AF

KEY FOREST RELATED INSTRUMENTS/ROCESSES

- The global forest agenda is not new. FAO has a longstanding history and since Rio 1992 several efforts have been developed in order to support sustainable forests management (Rio Principles, IPF/IFF process, and UNFF)
- However ***the key financial mechanisms for Forest are currently reflected in several UNFCCC decisions*** and ongoing discussions, CDM, REDD+, GCF, ICAO/CORSIA initiative, bilateral programs – Norway, Germany, UK, Japan and many others- etc., in the context of climate action (mitigation and adaptation) and discussions, including the potential creation of a carbon market to facilitate financing flows at the scale required to meet the agreed climate global goals. **UNFF, the CBD, the UNCDD as well as the HLPF/UNGA/SDGs are also involved in the forest policy process.**

KEY FOREST RELATED INSTRUMENTS/ROCESSES

- The global forest agenda is not new. FAO has a longstanding history and since Based on the Kyoto experience, the Paris Agreement establishes a market-based mechanism (under Article 6) to support countries achieve their targets and help raise their ambition. Although ***the new “rules, modalities and procedures”*** for implementing the new market mechanism are still being negotiated, the opportunities for rebuilding the global carbon markets as an additional tool for low-cost climate mitigation are significant.
- **BUT FOREST FINANCING IS NOT YET SUFFICIENT TO ENSURE ITS CONSERVATION AND MEANINGFUL CONTRIBUTION TO CLIMATE ACTION AND SUSTAINABLE DEVELOPMENT AND ENHANCED MECHANISMS ARE NEEDED IN PARTICULAR FOR NATURAL FORESTS CONSERVATION**

- What is the CR government currently planning for financing for REDD +.

- PES: Conservation and restoration, commercial plantations, agroforestry systems, crediting schemes, enhanced monitoring
- Protected Areas System integrity maintenance and strengthening (26% of territory + marine)
- Illegal logging and industrial control strategies
- Continued participation of all relevant stakeholders
- Forests fires prevention strategies
- Strong institutional governance structure (Conservation Areas at regional and local levels)
- Identifying a wide array of funding sources (public and private)

Challenges for REDD+ implementation

- Land tenure issues (Private, Indigenous, PA's and other public lands, land-tenure regimes (particularly complex in Uganda) that goes beyond just a forest agenda. Sense of ownership is a pillar for people to care for forests conservation
- Transfer of titles for ER (land-rights approach). Less developing countries should make the case to not been subject to transfer credits and apply them for its NDC
- Criteria for defining the levels of compensation for REDD+ activities according to national circumstances (different by category)
- In Uganda is critical to generate firewood in the short term to address a key driver of deforestation (other solutions will probably require long-term investments)
- Complexity of the preparation of technical document's and civil society participation processes

Challenges for REDD+ implementation

- Need to develop a “ political” reading of safeguards prior to deploy an open process to develop safeguards information system
- Political clarity on the legal nature of carbon rights (ER) and further MRV, including potential transfer of titles to third parties and develop a regulations if lacking
- Awareness on the speed of approval and review processes and frameworks
- Linkages among policies and drivers of deforestation and degradation
- Addressing non-carbon benefits: valuation and reporting
- Ensuring long-lasting institutional (technical and operational) capacities

Challenges for accessing climate finance

- UNFCCC methodological and socio-environmental requirements (CDM, REDD+ and Art. 6 of the Paris Agreement)
- Lack of information and/or knowledge on how to include forest conservation and SFM in the development of reference levels (including fair valuation of forests and related ES) and the issue of “additionality”
- Uncertainty on the future of carbon markets in the context of the PA and the extent to which forest activities are to be included.
- Bilateral and other pilot initiatives (GCF, CF, ICAO, CALI-REDD+, etc.) are including similar requirements so as to ensure environmental integrity and avoid double-counting but imposing additional burden to countries
- FCPF and UN-REDD+ Readiness processes have been very long and highly demanding of national capacities in several areas (information quality and availability, methodologies to define RL, approaches to MRV, transfer of credits, “nesting”, price and accreditation periods)
- Lack of political willingness to recognize early efforts on REDD+
- Lack of clarity on the inclusion of the forest sector in the NDCs and its role in achieving planned ER goals

Opportunities to support REDD+ under the Paris Agreement

- The inclusion of REDD+ in **emerging carbon markets** (such as ICAO) and as eligible activities for transfers under the Paris Agreement can lead to increased investments in REDD+ activities and more forests conserved globally. For example, if REDD+ credits are eligible under ICAO's CORSIA and are used by airlines to meet 30% of projected demand over 15 year at \$5 per tonne of CO₂e, international aviation could generate up to **\$5 billion of investments in REDD+** over this period.
- 77% of countries' NDCs contain references to forests and/or REDD+, demonstrating the strong global signal for investing in and implementing REDD+. **If all of these countries fulfill their NDCs it will result in a significant increase in forest conservation.**

Opportunities to support REDD+ under the Paris Agreement

- **Carbon taxes** are another approach to enhance the transition to green economies and can help countries to meet their commitments under the Paris Agreement; including providing incentives for investing in REDD+. (In Colombia)
- Conservation International is working on a project to establish a “Tropical Carbon Tax” in one to two countries with a revenue model linked to forest and mangrove conservation.
- Approximately half of all current NDCs demonstrate interest in fulfilling a portion of their emissions reduction targets through market-based approaches . This will further increase demand for REDD+ and more countries are likely to engage in this practice as NDCs become increasingly ambitious.

Thank you

rulate@conservation.org

