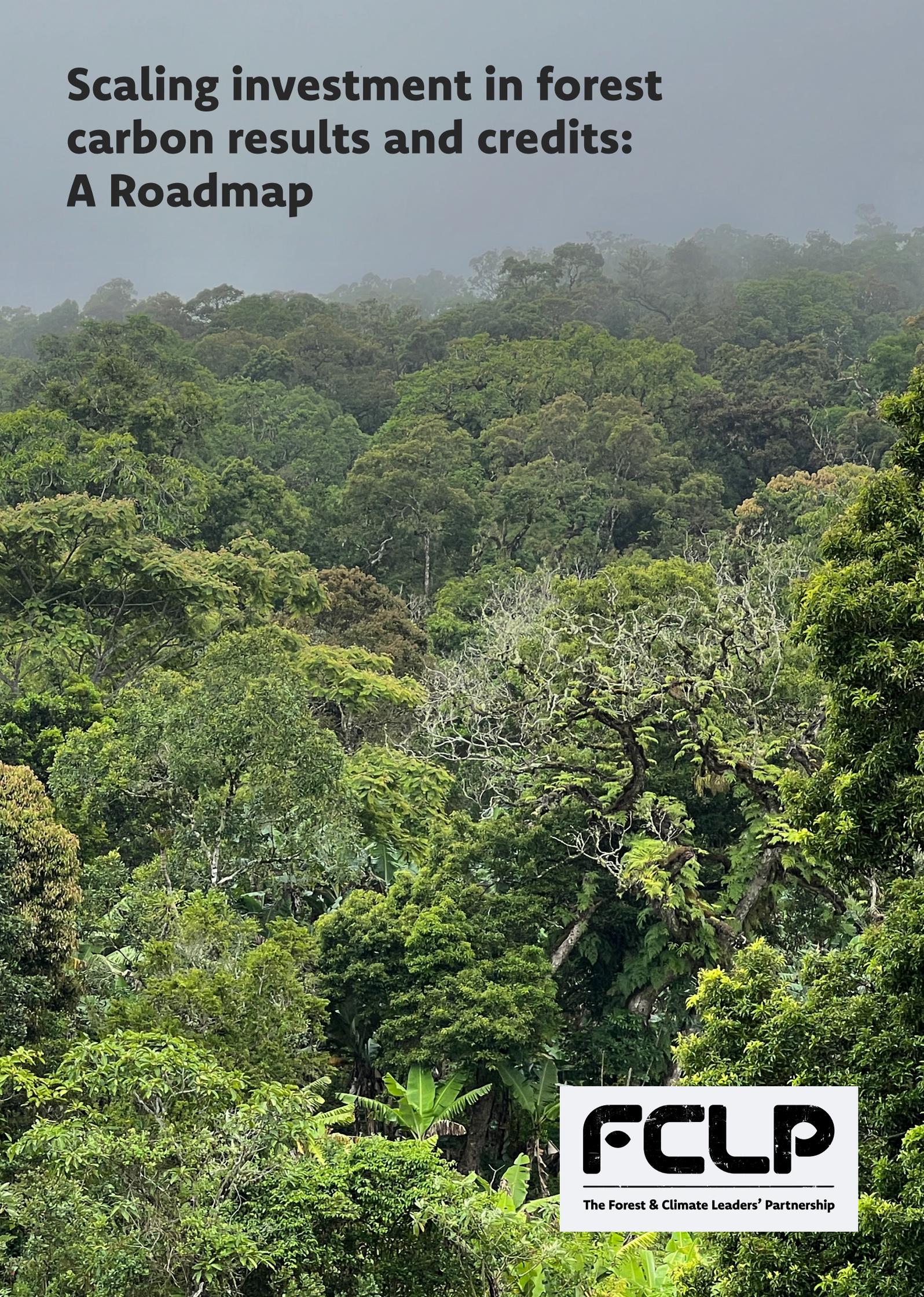


Scaling investment in forest carbon results and credits: A Roadmap

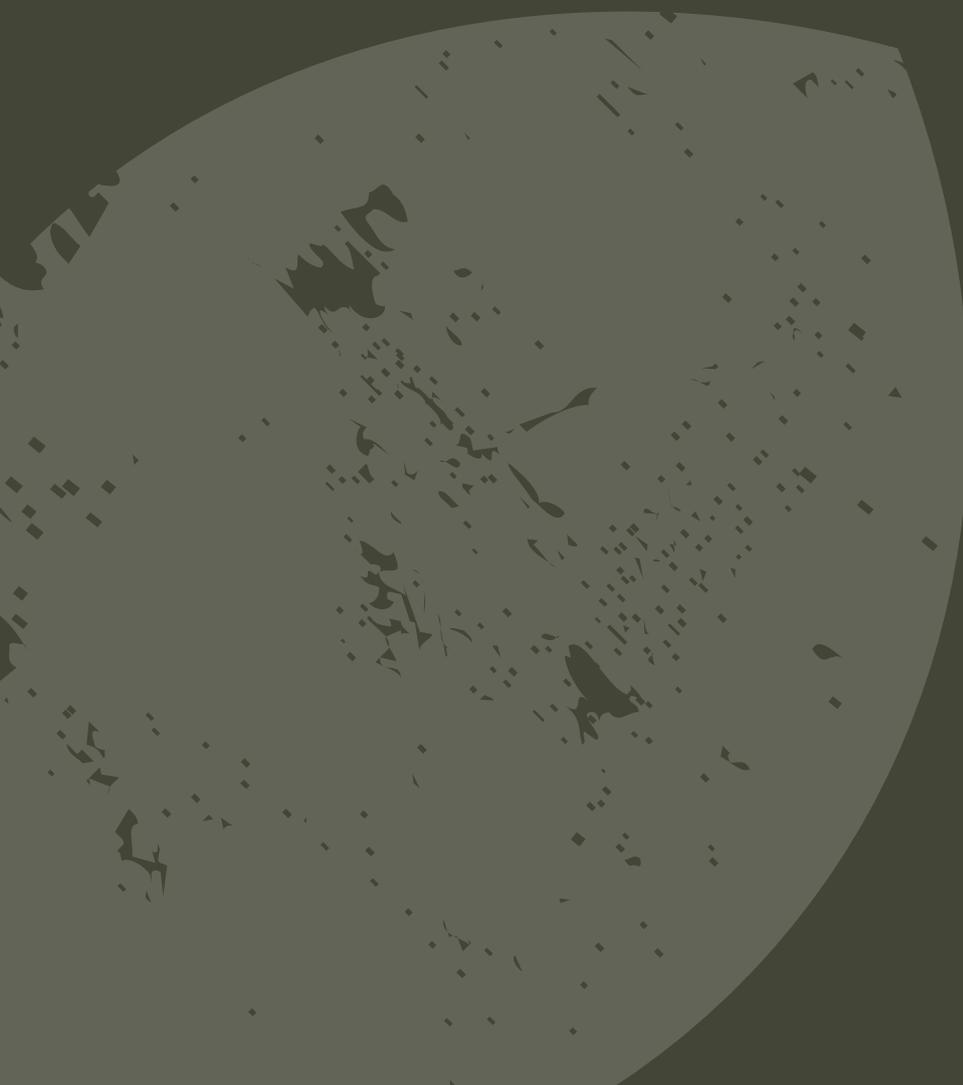


FCLP

The Forest & Climate Leaders' Partnership

In the context of the Paris Agreement and the Glasgow Leaders' Declaration on Forests and Land Use (GLD), and under the auspices of the Forest & Climate Leaders' Partnership (FCLP):

As a coalition of governments working through the FCLP, 15 countries have developed the following Roadmap. This Roadmap identifies seven priority themes for strengthening and scaling investment in forest carbon results and credits. FCLP member countries may engage on each of these elements to varying degrees as appropriate to their respective national priorities.



Preamble:

- The evidence is clear that there is no pathway to achieve the Paris Agreement’s global temperature and adaptation goals without halting and reversing forest loss.¹ Forest protection and restoration is also critical to deliver the commitments of the Kunming–Montreal Global Biodiversity Framework and the Sustainable Development Goals.
- At the 26th Conference of the Parties (COP26), over 140 States endorsed the GLD, committing to work collectively to halt and reverse forest loss and land degradation by 2030. The FCLP was created to deliver ambition from high-level political leadership to meet the commitments set out at COP26 in the GLD.
- Scaling payments for the climate and environmental services that forests provide is essential to bridge the gap in forest finance. Results-based payments (RBP) and carbon markets are important vehicles for channelling investment to forest-based mitigation, which can also deliver additional benefits related to adaptation and sustainable economic and social development in forest communities and countries.
- Since 2007, governments have negotiated guidance under the United Nations Framework Convention on Climate Change (UNFCCC) for measuring and incentivising forest sector emissions reductions and removals in developing countries, known as REDD+. The REDD+ framework provides that results-based actions may be eligible for market-based approaches developed by the Conference of the Parties (COP) and may be subject to additional modalities for verification.²
- In the 2015 Paris Agreement, Parties established a framework for facilitating international cooperation under Article 6, including through carbon markets, which is in the process of being fully operationalised.
- Since this time, additional progress has been made in establishing standards for jurisdictional (national or subnational level) REDD+ for those countries who choose to use these standards, and their associated independent certification, as part of the overall evolution of their national REDD+ implementation.
- Despite progress on establishing the international framework, investments in forest-based mitigation, including through RBP and carbon markets, are not yet delivering sufficient resources towards the goal of halting and reversing forest loss.
- High-integrity forest RBP and carbon markets can facilitate greater action and ambition.
- In order to improve and scale high-integrity forest carbon investments in line with international and national policy frameworks and objectives, some key challenges on both supply and demand must urgently be addressed.

1 Roe, S., Streck, C., Obersteiner, M. et al. 2019. Contribution of the land sector to a 1.5 °C world. *Nature Climate Change* 9, 817–828

2 COP Decision 14/CP.19, Paragraph 15

- Investment in forest-based mitigation, including through RBP and forest carbon credits in carbon markets, is being discussed in many other on-going processes, initiatives, and institutions. But, as governments, we recognise that it is in our mutual interest to work together—and in partnership with Indigenous Peoples and local communities (IPLCs), civil society, international financial institutions, the private sector, and other stakeholders—to overcome obstacles and provide direction to make the best use of pertinent carbon results and credit vehicles.
- We aim for this work to build on and be complementary to existing initiatives and processes to avoid duplication.
- Finally, it is paramount that any work on forest carbon results and credits should not duplicate or undermine current negotiations in the UN climate change regime, including on the operationalisation of Article 6 of the Paris Agreement.

Members of the FCLP Working Group on Forest Carbon Markets intend to work together to identify and support the implementation of solutions which:

1. **Increase RBP** to countries that are delivering on their REDD+ objectives as set out in their national REDD+ strategy, nationally determined contributions (NDC) implementation plans or equivalent.
2. **Elicit demand signals** that buyers are willing to appropriately value and invest in forest carbon results and credits including by:
 - a. Accelerating and scaling investment in and generation of forest carbon results and credits by 2025 including *inter alia* through RBP and international compliance and voluntary carbon markets.
 - b. Recognising the differences between REDD+ supply at the national and subnational³ levels in line with the Warsaw Framework for REDD+ (as well as relevant jurisdictional standards) and standalone forest carbon projects, and the importance of encouraging site-scale forest activities to be nested at the soonest opportunity to align accounting, safeguards and incentives at all levels.
 - c. Properly valuing and investing in the generation of permanent, additional, and real forest carbon results for credits that are nested within national baselines.
 - d. Signalling to voluntary carbon markets the importance of investment in near-term, high-integrity emission reductions from forest mitigation, in addition to future removals, while assuring demand side integrity, to meet climate goals, particularly between now and 2030.

³ Throughout the document, references to national or subnational REDD+ programmes are inclusive of nested approaches.

3. Scale the supply of high-quality and high-integrity forest carbon results and credits, including by:

- a. Recognising that demand can drive supply (i.e., increased demand for credits, and an increased price of those credits, can drive quality).
- b. Increasing transparency and reducing transaction costs and barriers to entry for generating and transacting forest carbon results and credits by identifying opportunities to streamline reporting, application processes and other requirements for participation across different market-based programs, in line with relevant UNFCCC and Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) decisions and IPCC Good Practice Guidance.
- c. Promoting national and subnational REDD+ efforts in line with the Warsaw Framework to ensure quality, integrity, policy alignment and a fair distribution of benefits to IPLCs and other stakeholders.

4. Facilitate broader inclusion of representatives of IPLCs as partners in national REDD+ processes and market-based approaches, including by:

- a. Promoting effective participation of recognised IPLC representatives in domestic and international policy development and design of forest RBP and carbon markets on equal terms throughout the full lifecycle of mitigation activities.
- b. Supporting efforts to build IPLC capacity and technical expertise to make informed, independent decisions.
- c. Supporting opportunities for IPLCs to directly access forest carbon investments.
- d. Working with IPLC representatives to support mainstreaming and accelerating the delivery of the Cancun Safeguards as they relate to RBP and carbon markets.
- e. Promoting transparency related to the progress and impacts of country implementation of the Cancun Safeguards and sharing lessons.
- f. Sharing information on existing models and successful practices for the equitable distribution of benefits to support arrangements that are fair, accountable, just, and effective to meaningfully reflect and value IPLCs' role in forest management.
- g. Supporting buyers in identifying the appropriate entities with which to engage for high-integrity forest carbon investments.
- h. Recognising the ongoing work under the FCLP's "Platform to support Indigenous Peoples and Local Communities on Forest Climate Action" and engaging entities representing IPLCs as part of an FCLP-convened community of practice.

5. Work in partnership with all interested countries to facilitate knowledge and experience sharing across a wide community related to the advancement of forest RBP and carbon markets, including by:

- a. Pursuing communities of practice, building on the work of the Forest Carbon Partnership Facility, to enable ongoing dialogue among and between forest countries, demand-side countries, and non-state actors to enhance trust, communication and the sharing of experience and lessons learned to advance RBP and carbon markets, as well as meet country needs.
- b. Promoting pathways to enhance government and local stakeholder participation in voluntary market guidance development. This means encouraging these international initiatives to develop guidance that place voluntary markets within the broader context of national NDC accounting and related processes, where relevant. This also means working to ensure that forest countries and their needs and priorities are well represented and considered in the further development and implementation of guidance on carbon markets and results-based investments.

6. Help connect FCLP members to technical assistance and capacity building resources to support the generation of and investment in high-quality forest carbon results and credits, including by:

- a. Supporting countries in making considered choices about the scope and level of their participation in forest carbon markets and other financing mechanisms, balancing the benefits of investment with the implications of what is transferred, and supporting them to undertake the economic, environmental, and other assessments necessary to determine whether to integrate use of markets with their domestic mitigation strategies.
- b. Recognising that readiness needs of forest countries are continually evolving and committing to working with forest countries to help ensure REDD+ and carbon market capacity building offerings adapt to reflect these changing needs.
- c. Recognising that countries are at different stages in their forest mitigation implementation efforts, encouraging support to help forest countries access different forms of results-based finance and carbon markets, in line with their national objectives and circumstances, including support to meet the relevant requirements to move from RBP to forest carbon markets, if appropriate.
- d. Supporting the alignment of forest-based mitigation efforts at all scales through the establishment of jurisdictional and nested REDD+ programs (e.g., by providing specialised support and sharing of lessons learned in developing REDD+ nesting approaches).
- e. Recognising that capacity building and buyer education may be needed to enable buyers to engage in and ensure the successful delivery of high-integrity transactions.
- f. Encouraging RBP and carbon market readiness initiatives to include engagement with and capacity building for both public and private buyers.

7. Recognise the value that forests provide for the full climate and ecosystem services, along with adaptation and sustainable development benefits, including by:

- a. Promoting consideration of prices for forest carbon results and credits that reflect the critical environmental and social benefits delivered.
- b. Exploring opportunities to broaden the range of payments for the additional services provided by forests, such as long-term sequestration, cooling, biodiversity, habitat creation and intactness, ecosystem services (e.g., regulation of freshwater availability and cycles), as well as medicinal, biochemical, and genetic resources.
- c. Acknowledging the need to mobilise existing instruments and new tools to value and invest in standing forests.
- d. Considering the different avenues to help ensure long-term incentives for reducing and ultimately halting deforestation by promoting a sustained, long-term flow of finance for the full range of climate and ecosystem services forests provide.

Supporting countries:⁴

- Commonwealth of Australia
- Republic of Colombia
- Republic of Costa Rica
- Democratic Republic of the Congo
- Republic of Ghana
- Republic of Guyana
- Republic of France
- Republic of Fiji
- Republic of Kenya
- Republic of Nigeria
- Kingdom of Norway
- Republic of Pakistan
- Republic of Peru
- Republic of Singapore
- United Kingdom of Great Britain and Northern Ireland

⁴ This statement will remain open for further support.

