STANDING COMMITTEE ON FINANCE (SCF)
FOREST FINANCE FORUM

FOREST FINANCE IN CLIMATE STRATEGIES AND POLICIES

Dr. Paul Oquist Kelley
Member SCF
Adviser GCF
Minister-Private Secretary for National Policies
Presidency of the Republic
Republic of Nicaragua

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STRATEGIES AND POLICIES

- Forest finance is one of the three largest drivers of mitigation, together with renewable energy and energy efficiency.
- Forest finance is the most accessible form of finance for adaptation.
- Forest finance can also make the greatest difference in reducing losses and damages by increasing the resiliency of ecosystems.
- In sum, forest finance and renewable energy finance can form the backbone for financing climate strategies and policies in a way that is not a sacrifice for countries, but rather an accelerator of their development.

A DRIVER OF MITIGATION

The IPCC Fifth Assessment (AR5) holds that:

We have a carbon budget of 1000 gigatons above the preindustrial level to hold the Earth's temperature at 2°C, and we have already consumed half of that by 2011. Instead of 55 gigatons in 2030 we would need 40 gigatonns by 2030 and for 1.5°C would need to reduce to around 34 gigatons, 21 gigatons less than the 55 that the +3 degree Paris Agreement INDCs add up to.

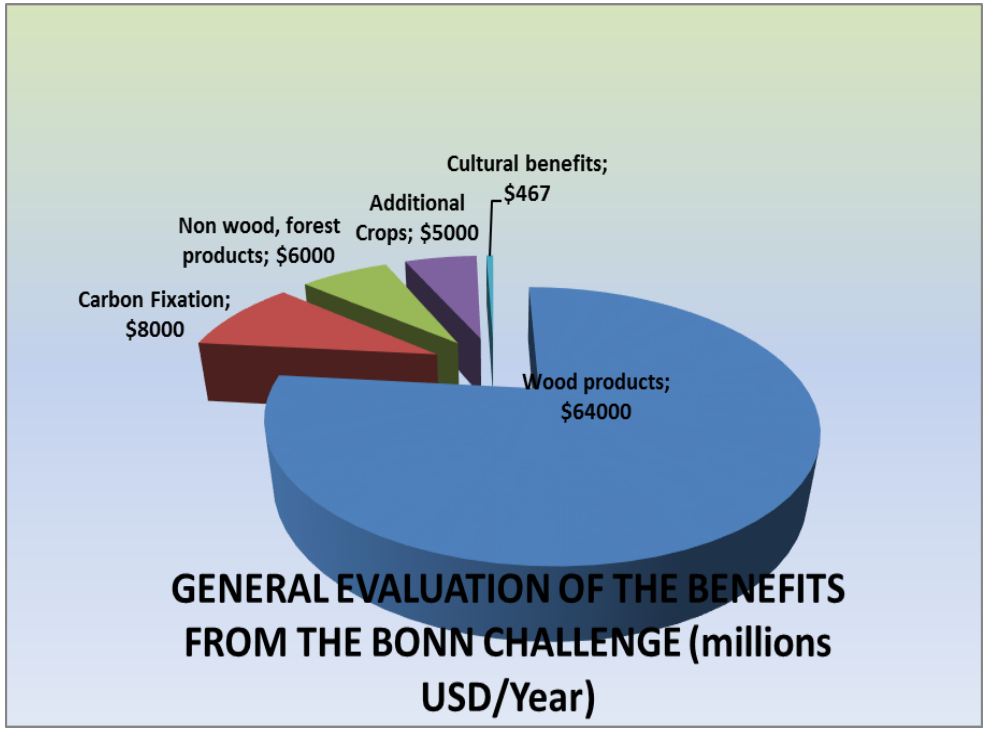
To accomplish this will require the combination of renewable energy, fuel efficiency, conserving our existing primary and secondary forests and massive reforestation, especially of degraded lands.

MOST ACCESSIBLE FORM OF ADAPTATION FINANCE

There is political support and finance for action now in reforesting degraded lands. Programs that can facilitate projects include:

- *Bonn Challenge,* 2011-2020, 150 million hectares, USD$36 billion per year.
- *The New York Declaration on Forests*, 2014-2030, 350 million hectares, USD$49 billion per year.
- *SDG 15.3 on Neutrality and Land Degradation,* 2015-2030, 2 billion hectares, USD$318 billion/year.
- *Forest Carbon Partnership,* 2009-2017, 1 million hectares, US$829 million

According to the International Union for Conservation of Nature (IUCN) the US$36 billion that the Bonn Challenge restoration requires each year can generate US$84 billion in profits from forest and the annual budget estimated as necessary for the restoration of forests, as per the graph below.



Although substantial sums are flowing to climate change and forestry, there is concern that the amounts channeled by the financial mechanism are relatively small. In this regard, the Forum on Forests of the United Nations (UNFF) estimates that the funds required for sustainable forest management at the global level is between USD$70 billion and USD$160 billion per year.

REDUCTION OF LOSSES AND DAMAGES THROUGH MORE RESILIENT ECOSYSTEMS

- Through planting water in all upper water basins, the soil is fixed by the roots, habitat is reestablished, and biodiversity returns to the forest. The resilience of the natural ecosystems increases, and this is the best form of adaptation to climate change. The image is a reforested mountain with streams and water falls, teeming with life with farmers in the valley below undertaking agroforestry and silvo-pastoral activities.

- In Central America we know well the danger of the barren hill side, not only because of our expanding semi-arid zone but also because of Hurricane Mitch in 1998 which took over 20,000 people killed and missing; 3,800 in Nicaragua due to the collapse of a side of the Casitas Volcano.

STRATEGIES AND POLICIES FOR CLIMATE FINANCE

Reducing oil imports through renewable energy and creating inexpensive energy for national development, as well as a forestry industry in all its dimensions for energy, construction, household goods, fiber, and exports, can contribute to national sustainable development as well as to the international effort to achieve a 1.5°C world.

Nicaragua follows an integrated, holistic reforestation policy that contemplates all of the forms of reforestation:

In many developing countries firewood is the principal source of non-electrical energy. In Nicaragua, for example, hydrocarbons represent 32% of the energy on a given day and firewood 48%. The solution is inexpensive **energy plantations.**

Natural regeneration of forests and ecosystems is the best form of reforestation. The usual way of doing this is creating reserve areas and protecting better those that already exist.

Construction, the furniture industry, and other industries that use wood as their prime input also increase pressure on the natural forests. The solution is **industrial plantations.**

In many areas of the world soils with a vocation for forestry are being used for agriculture and animal husbandry. The solution is **agroforestry and silvo-pastoral activities.**

STRATEGIES AND POLICIES FOR CLIMATE FINANCE

Fine species can be an excellent export product, especially with regard to tropical hardwoods such as teak and the Dalbergia family of rosewood or ñambar or cocobolo, granadillo, as well as species such as mahogany and laurel, among others. The solution is **export plantarions.**

Agricultural frontiers can be stopped by combining support for subsistence agriculture in the short-run, with genetic material and technical assistance that provide families and possibly cooperatives with tropical cash crops such as cocoa, rubber, bamboo, robusta coffee, cashews that will provide good income but in 3 to 5 years.

Finally, genetic material and technical assistance may be given for reforestation, including valuable tropical hardwoods, which in 20 years if planted year by year can produce a strong income.

Community forestry is an excellent way to increase forest security, reduce forest fires, and reduce costs for forestry production, while creating these schemes have been particularly effective in indigenous areas.

THE ROLE OF FORESTS

- The important role that forests play in the health of ecosystems is universally recognized, conservation of biodiversity and co-benefits in climate change adaptation; it is also an important factor for the eradication of poverty, power generation, water, food security, biodiversity and resilience of ecosystems.
- Forests contribute to the diet and nutrition of large vulnerable social sectors. Plants and animals found in forests provide important supplements rich in nutrients for rural households. Often, forest foods are a small but essential part of the diets, which would otherwise be bland and nutritionally poor.

Healthy forests can contribute to dampen extreme weather events which frequency and severity is expected to increase with the rise in global temperature. Forests are also important as carbon sinks, since they absorb atmospheric CO_2 and store it in trees and soil.


THANK YOU