# Fiji's National **REDD+** Program

Inaugural National Carbon Market Strategy Roadmap Consultation Workshop

> 1<sup>st</sup> May 2023 Ministry of Forestry

Part 1: Fiji's REDD+ Journey

- Fiji's natural resources (forest + land) contribute significantly to the economy.
- Over years of development and use of the natural resources, there has been a noted increase in the rate of:
  - Deforestation (conversion of forest land to other land uses, e.g. agriculture, infrastructure & settlement);
  - Forest Degradation (harvesting for timber, fires (natural & induced));
  - Loss of soil (siltation and landslips) and nutrients;
  - Earth surface warming due to human induced emission of greenhouse gases into the atmosphere.
- Global Warming has led to:
  - Sea-level rise: Over 800 communities threatened and may require resettlement;
  - Natural disasters: more frequent and more severe affecting economic development
  - Forestry and land use change accounts for almost 20% (5.6 GtCO<sub>2</sub>e/yr) of global emission (*ipcc 2007*)
- In a "cyclic situation"

- Ministry of Forestry has, for a very long time, attempted to address these issues:
  - Protected key forest areas of importance since the early 1940s (Reserves gene pools & ecosystem services);
  - Establishment of plantation forests since early 1960s (Pine & Mahogany) to reduce the pressure on natural forests and, in the event, established 2 companies (FPL & FHCL);
  - Introduced the Sustainable Forest Management (SFM) concept in 1990s reduced log volume removal from natural forests, i.e. "NAKAVU Pilot Site" and replicated in the "DRAWA site"
  - Ministry's national Tree-Planting program in 2012 (1 million), 2017 (4 million), 2019 (30 million)
- Challenge for SFM: "alternative & sustainable income source"
  - Log revenue: One Off payment but not sustainable
  - Log revenue: Remains an attractive/lucrative income source for forest owners
- Fiji's national **REDD+** program, through the:
  - Emission Reduction Program (ER-Program) objectives of "change theory" towards best husbandry practices (land + forest) resources and "above business as usual (BAU)", creating resilient communities to withstand challenges of climate change;
  - Emission Reduction Payment Agreement (ERPA) rewards above BAU performance through carbon results-based payments & offers an alternative sustainable income source.

#### "We can now definitively say, it pays to cut emissions, not trees" (FPCF 2022 Annual Report)

Fiji's national REDD+ program:



- Reducing Emissions from Deforestation and Forest Degradation (+) through sustainable management of natural forests, conservation and enhancement/establishment of forest carbon stocks
- Fiji's ER-Program:



- Title "Reducing Emission and Enhancing Livelihoods & Building Climate Resilient Fiji's Emission Communities"
  - Designed to meet the Market Requirements of the Carbon Fund of the Forest Carbon Partnership Facility (FCPF) – Carbon Methodological Framework (<u>https://www.forestcarbonpartnership.org/carbon-fund-methodological-framework</u>);
    - The Methodological Framework is a set of 37 criteria and related indicators (C&I), associated with five major aspects of Emission Reductions Programs: level of ambition, carbon accounting, safeguards, sustainable program design and implementation, and ER Program transactions.
  - Under the United Nations Framework Convention on Climate Change (UNFCCC) and Intergovernmental Panel on Climate Change ( ipcc Guidelines)
    - 3 Levels of Approach (Tier 1 3, Tier 3 being the most accurate approach)
    - Fiji is at Tier 2 (default figures) and moving towards Tier 3 (country specific figures)



# REDD+ Readiness

Part 2: Preparing for Carbon Trade

70. Encourages developing country Parties to contribute to mitigation actions in the **forest sector** by undertaking the following activities, as deemed appropriate by each Party and in accordance with their respective capabilities and national circumstances:

- (a) Reducing emissions from deforestation;
- (b) Reducing emissions from forest degradation;
- (c) Conservation of forest carbon stocks;
- (d) Sustainable management of forests;
- (e) Enhancement of forest carbon stocks;



**R**educing **E**mission from **D**eforestation and Forest **D**egradation (+) through sustainable management of natural forests and enhancement/establishment of forest carbon stock



Report & Decision of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010

71. Requests developing country Parties aiming to undertake the activities referred to in paragraph 70 above, in the context of the provision of adequate and predictable support, including financial resources and technical and technological support to developing country Parties, in accordance with **national circumstances and respective capabilities**, to develop the following elements:

# (a) A national strategy or action plan;

- (b) A national forest reference emission level and/or **forest reference level** or, if appropriate, as an interim measure, subnational forest reference emission levels and/or forest reference levels, in accordance with national circumstances, and with provisions contained in decision 4/CP.15, and with any further elaboration of those provisions adopted by the Conference of the Parties;
- (c) A robust and transparent national forest monitoring system for the monitoring and reporting of the activities referred to in paragraph 70 above, with, if appropriate, subnational monitoring and reporting as an interim measure,7 in accordance with national circumstances, and with the provisions contained in decision 4/CP.15, and with any further elaboration of those provisions agreed by the Conference of the Parties;
- (d) A system for providing information on how the safeguards referred to in appendix I to this decision are being addressed and respected throughout the implementation of the activities referred to in paragraph 70 above, while respecting the country's sovereignty;



#### Forest Carbon Partnership Facility Readiness Fund Dashboard June 1st 2022

The Forest Carbon Partnership Facility (FCPF) is a global partnership of governments, businesses, civil society, and Indigenous People focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable manageme of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as REDD+).

#### **Readiness Fund Milestones Timeline**



#### Fiji's REDD+ Journey to Readiness



# The concept of REDD



Time

Source: Nalin Srivastava IPCC National Greenhouse Gas Inventories Program Expert Consultation on National Forest Monitoring and Assessment (NFMA): Meeting Evolving Needs, 26-28 November Rome

#### National Forest Reference Level (FRL)





Forest Reference Emission Level	Technically Corrected FRL Emission / Removal ( tCO2e yr <sup>-1</sup> )	Original FRL Emission / Removal ( tCO2e yr <sup>-1</sup> )	National (FRL)
Deforestation	394,121	2,696,831	$= 1,482,709 \text{ tCO}_{2}e$
Forest Degradation	498,028	310,442	
Enhancement of Carbon Stocks*	590,560	-1,370,469	
Net FRL	1,482,709	1,636,804	

А.	Emission Reductions during the Reporting period (tCO <sub>2</sub> -e)	1,041,961	
в.	If applicable, number of Emission Reductions from reducing forest degradation that have been estimated using proxy-based estimation approaches (use zero if not applicable)	320,034	
c.	Number of Emission Reductions estimated using measurement approaches (A-B)	721,927	
D.	Conservativeness Factor to reflect the level of uncertainty from non-proxy based approaches associated with the estimation of ERs during the Crediting Period	4%	
E.	Calculate (0.15 * B) + (C * D)	76,882	_
F.	Emission Reductions after uncertainty set- aside (A – E)	965,079	
G.	Number of ERs for which the ability to transfer Title to ERs is still unclear or contested at the time of transfer of ERs	0	
н.	ERs sold, assigned or otherwise used by any other entity for sale, public relations, compliance or any other purpose including ERs that have been set-aside to meet Reversal management requirements under other GHG accounting schemes	0	_
ι.	Potential ERs that can be transferred to the Carbon Fund before reversal risk set-aside (F – G – H))	965,079	
J.	Total reversal risk set-aside percentage applied to the ER program	16%	
к.	Quantity of ERs to allocated to the Reversal Buffer and the Pooled Reversal Buffer (multiply I and J)	154,412	-
ι.	Number of FCPF <u>ERs_(I</u> – L).	810,667	

Potential (not validated) ERs = 810,667 tCO<sub>2</sub>e

# Emission Reduction Payment Agreement

Part 3: Carbon Trade

What is the Emission Reduction Payment Agreement (ERPA)?



**A CARBON TRADE AGREEMENT** 

**BETWEEN THE** 

# FOREST CARBON PARTNERSHIP FACILITY – CARBON FUND (WORLD BANK)





AND

THE GOVERNMENT OF FIJI

as a result of the ER-Program





#### WHO IS THE FCPF? REDD+ COUNTRY PARTICIPANTS ..... 0 de. . Belize Bhutan Bolivia Burkina Cambodia Argenting Faso T -\_ Congo, Dem. Rep. of Comercon Central African Chile Colombia Congo, Republic Rep. of . 5.12 Ethiopia Dominican Costa Rica Côte d'Noire El Salvador Republic 0 >\* Gabon Ghiana Guyana Hondures Indonesia Guatemaia -. -Кепца Lap People's Liberia Madagascar Mexico Mazambigue Dem. Rep. -B C Pakistan Papua New Nepal Nicaragua Nigeria Penama Guinea . / Sudan Suriname Tanzania Thalland Paraguau Peru •== \* $\rightarrow$ and Shares Togo Uganda Uruguoy Vanuatu Vietnom



The Forest Carbon Partnership Facility (FCPF) is a global partnership of governments, businesses, civil society, and Indigenous Peoples focused on REDD+ (*reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks*) in developing countries, activities commonly referred to as REDD+.

The FCPF works with 47 developing countries across Africa, Asia, and Latin America and the Caribbean, along with 17 donors that have made contributions and commitments totaling \$1.3 billion.

The FCPF supports REDD+ efforts through its Readiness and Carbon Funds.

# **FCPF BY THE NUMBERS**

15 47 These 15 agreements have unlocked up to \$721 million in results-based payments for forestrelated emission reductions. Emission reductions **Countries in** Countries in from FCPF Carbon Fund programs are expected to total 145 million tons of carbon dioxide by **Readiness Fund** Readiness and 2025—equivalent to taking nearly 32 million cars Carbon Fund off the road for a year. Countries in Readiness Fund Countries in Readiness and Carbon Funds

### Forest Carbon Partnership Facility Carbon Fund Dashboard June 1st 2022

The Forest Carbon Partnership Facility (FCPF) is a global partnership of governments, businesses, civil society, and Indigenous Peoples focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as REDD+).

#### Carbon Fund Milestones Timeline



\* Three countries - Mexico, Nicaragua, and Peru are not proceeding to ERPA signature.

#### Fiji's ERPA: Signed on 8<sup>th</sup> July 2020 by CF-FCPF

#### Signed on 28<sup>th</sup> January 2022 by Fiji Government



# What is the Emission Reduction Payment Agreement (ERPA)?



Fiji (Government & All citizens), for 5-years (2019 – 2024), will implement the ER-Program and establish / enhance forest carbon stocks to reduce/remove 2.5 million tCO<sub>2</sub>e of greenhouse gases from the atmosphere



Forest Carbon Partnership Facility – Carbon Fund of the World Bank Will pay Fiji **"carbon result-base payments"** of USD 5/ton totaling USD 12.5 million ~ FJD 26 million

# Verification Period: -

	Reporting Period	Minimum Reporting Period Amount of Contract ERs to be generated in this Reporting Period and subsequently transferred to the Trustee of Tranche A of the Fund	Cumulative Amount of Contract ERs which must be generated by the end of this Reporting Period and subsequently transferred to the Trustee of Tranche A of the Fund			
1	[July 11, 2019] - December 31, 2020	Tranche A Pro Rata Share of 300,000 ERs (approx. 15,000 ERs)	Tranche A Pro Rata Share of 300,000 ERs (approx. 15,000 ERs)			
2	January 1, 2021 – December 31, 2022	Tranche A Pro Rata Share of 1,000,000 ERs (approx. 50,000 ERs)	Tranche A Pro Rata Share of 1,300,000 ERs (approx. 65,000 ERs)			
3	January 1, 2023 – December 31, 2024	Tranche A Pro Rata Share of 1,200,000 ERs (approx. 60,000 ERs)	Tranche A Pro Rata Share of 2,500,000 ERs (approx. 125,000 ERs)			

# ERPA Contract Volume and Call Option Volume

April 10th, 2023

	Emission Reductions Payment Agreement						Emission Reduction Delivery					Tranche A		Tranche B				
Country	Total Contract Volume (tCO2e)	Contract Value (\$ million)	#	RP Start (date)	RP End (date)	RP Volume (tCO2e)	ER per Reporting Period (tCO2e)	RP Contract ERs (tCO2e)	Verification Status	Additional ERs (tCO2e)	Excess ERs (tCO2e)	Maximum Call Option Volume	Share (\$)	Exercise Price (\$)	Share (\$)	Exercise Price (\$)		
Chile	5,200,000		1	1-Jan-18	4-Dec-19	1,500,000												
Chile		26,000,000	2	5-Dec-19	31-Dec-21	2,500,000						2,000,000	1,000,000	negotiable	1,000,000	negotiable		
Chile			3	1-Jan-22	31-Dec-23	1,200,000												
Costa Rica			1	1-Jan-18	31-Dec-19	3,400,000	4,679,817	4,679,817	Completed			5,000,000	268,112	negotiable	4,731,888	negotiable		
Costa Rica	12,000,000	60,000,000	2	1-Jan-20	31-Dec-21	3,400,000												
Costa Rica			3	1-Jan-22	31-Dec-24	5,200,000												
Cote d'Ivoire			1	30-Oct-20	31-Dec-21	1,000,000						not specified	pro-rata share	\$ 6	pro-rata share	negotiable		
Cote d'Ivoire	10,000,000	50,000,000	2	1-Jan-22	31-Dec-23	5,000,000												
Cote d'Ivoire			3	1-Jan-24	31-Dec-24	4,000,000												
DR Congo			1	1-Jan-19	31-Dec-20	900,000	5,572,533	2,500,000	Ongoing	3,072,533		5,000,000	268,112	\$5	4,731,888	\$ 5		
DR Congo	11,000,000	55,000,000	2	1-Jan-21	31-Dec-22	1,750,000												
DR Congo			3	1-Jan-23	31-Dec-24	8,350,000						1,000,000	1,000,000	\$6	n/a	n/a		
DR		25,000,000	1	1	1	1-Mar-21	31-Dec-21	400,000	1,278,592	1,278,592	Ongoing				are rate			
DR	5,000,000		2	1-Jan-22	31-Dec-23	1,700,000						not specified	pro-rata share	negotiable	pro-rata share	negotiable		
DR			3	1-Jan-24	31-Dec-24	2,900,000												
Fiji				1	11-Jul-19	31-Dec-20	300,000	810,666	810,666	Ongoing			1,000,000	53,622	2 \$ 5	946,378	3 Ś 5	
Fiji	2,500,000	12,500,000	2	1-Jan-21	31-Dec-22	1,000,000						2,000,000	55,022	÷ -	5-10,570	ý ý		
Fiji			3	1-Jan-23	31-Dec-24	1,200,000						All beyond 1m	pro-rata share	\$6	pro-rata share	negotiable		
Ghana			1	11-Jun-19	31-Dec-19	300,000	972,456	972,456	Completed			1,000,000	53,622	\$ 5	946,378	\$ 5		
Ghana	10,000,000	50,000,000	2	1-Jan-20	31-Dec-21	2,700,000	3,510,652	3,510,652	Ongoing				53,022	\$ 5	940,378	\$ 2		
Ghana	10,000,000	50,000,000	3	1-Jan-22	31-Dec-23	4,500,000						All beyond 1m	pro-rata share	negotiable	pro-rata share	negotiable		
Ghana			4	1-Jan-24	31-Dec-24	2,500,000						All beyond 1m						
Guatemala			1	1-Jan-20	31-Dec-20	367,500	6,665,571	2,040,569	Ongoing		4,625,002							
Guatemala	10,500,000	52,500,000	2	1-Jan-21	31-Dec-22	1,732,500						not specified	pro-rata share	\$6	pro-rata share	negotiable		
Guatemala			3	1-Jan-23	31-Dec-24	8,400,000												
Indonesia	22,000,000		1	18-Jun-19	31-Dec-20	5,000,000	30,850,798	22,000,000	Ongoing	8,850,798		20,000,000	1,072,448	negotiable	18,927,552	negotiable		
Indonesia		110,000,000	2	1-Jan-21	31-Dec-22	8,000,000												
Indonesia			3	1-Jan-23	31-Dec-24	9,000,000												
Lao PDR	8 400 000	42 000 000	1	1-Jan-19	31-Dec-21	3,400,000	3,423,679	3,423,679	Ongoing			2,600,000	0 139,418	\$ 6	5 2,460,582	negotiable		
Lao PDR	8,400,000	42,000,000	42,000,000 <b>2</b>	1-Jan-22	31-Dec-24	5,000,000												

January 31st, 2023

### Forest Carbon Partnership Facility **Carbon Fund Post ERPA-Signing Dashboard**

The Forest Carbon Partnership Facility (FCPF) is a global partnership of governments, businesses, civil society, and Indigenous Peoples focused on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as REDD+).

All countries in the Carbon Fund have signed Emissions Reductions Payment Agreements (ERPAs), which are a type of contract that provides payments to governments, communities, or individuals once REDD+ activities have achieved GHG reductions. The post-ERPA signing dashboard shows the progress of the Carbon Fund countries after ERPA signing.



#### **Post ERPA-Signing Milestones Timeline**

# Who & How can one participate?





The ER-Program Accounting Area covers Viti Levu, Vanua Levu (including Taveuni) Accounting Area – is the Assessment Area, which means all communities, individuals within the area

### For the purpose of the ERPA:

Targeting 20 districts, 177 villages with a target area of

37,282 Ha Reasoning:

- Vulnerable & marginalized communities
   With Low economic opportunities
- Known areas of deforestation (agriculture, fires), degradation (logging)
  Hot Spots of forest key biodiversity

# How do I participate?

• Must have a Land Title Lease from TLTB, Lands or Freehold

#### Acquire License (MOF)

Check List of required & supporting Documentation (Forest Management Plan) Consultation & Awareness Raising Planning & Land Preparation Implementation & maintenance of forest carbon stock

•Obtain Trade Certificate (CCIDC) Verification of forest carbon stock Issuance of Carbon Sequestration Property Right Certificate



## How will it be achieved?

Through partnerships with communities, business & organizations to implement the 5 REP + activities

Establish / strengthen **governance** structures & alignment of **legislative framework** at provincial, district & community level

Implement a mechanism for the equitable sharing & distribution of the carbon result-base payments (Benefit Sharing Plan – 5% Buffer, 10% PMU, 5% (Provincial Office) & 80% Pay-Out)

**Safeguard** Assessment: to protect the rights and safeguard the welfare and aspirations of the Indigenous & forest dwelling communities

### **Awareness, Education & Training:**

To reach all households in Fiji through the various platforms (Faith-Base, Women, Youth, Schools, Yaubula Management Support Teams, Forest Care Groups and Land Care Groups)

To openly publicize results



# How will it be implemented?



Forest Protection for Conserving Biodiversity & protecting important ecosystems

Sustainable Management of Natural Forest – reduced volume extraction

 $= 9,500 \text{ Ha} = 1.441 \text{m tCO}_2 \text{e}$ 

= 8,500 Ha = 94,941 tCO<sub>2</sub>e

Community Tree Planting to reforest and rehabilitate degraded land, water systems and important ecosystems

<sup>1</sup> = 8,000 Ha = 105,627 tCO<sub>2</sub>e

= 7,532 Ha = 601,727 tCO<sub>2</sub>e

- Over and Above Business As Usual

Fiji Pine Ltd., Fiji Hardwood Corp

Climate Smart Agriculture (Agroforestry) & Alternative

Industrial Plantations

Ltd

Livelihood ventures (NTFP)

- Improve soil fertility, Food Security

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 $= 3,750 \text{ Ha} = 270,369 \text{ tCO}_2 \text{e}$ 

 $ERPA = 37,282 Ha = 2.5 m tCO_2 e$ 

# Who are the Beneficiaries (Benefit Sharing Plan)?

The proposed distribution of the Carbon Results-Based Payment is that; of the gross total i.e., USD 12.5 million:

- 5% or USD 625,000 is retained as a "Buffer Fund"; the fund will be retained by the Ministry of Finance and only used to finance the rehabilitation of forest carbon stocks that have been affected by natural disasters. In the event that there are no natural disasters (damages to the forest carbon stock), the fund will be distributed to the beneficiaries (d and e below) at the end of the program;
- 10% or USD 1.25 million is allocated to the Ministry of Forestry for the management and emission monitoring functions; a Management and Emission Monitoring Unit (MEMU) is being formed to manage the daily implementation of the national emission program;
- 5% or USD 625,000 is allocated to support the coordinating role of the Provincial Offices (Ministry of iTaukei Affairs)
- 80% or USD 10,000,000 is paid to the beneficiaries of the national emission program; this allotment is comparable to the 80% distribution under the Fair Share of Minerals Royalties Act (2018).
- Approved by Cabinet 25<sup>th</sup> April 2023

# Partnerships & Institutional Arrangements



**United Nations** Framework Convention on Climate Change



Governmentled National Program

**Climate Change International Corporation Division Ministry of Foreign Affairs** Minister: Prime Minister Hon. S.L. Rabuka

**Ministry of Fisheries** 

Minister: Hon. Kalaveti Vodo

& Forests

Executing ERPA (Carbon Trade)





#### Government

Ministry of Agriculture, iTaukei Affairs, Rural & Maritime, Environment, TLTB, Lands, SG Office, **Titles Office & other Line Ministries** 

**Indigenous & Communities** Viti Levu, Vanua Levu & Taveuni

**Private/Public Companies** Fiji Pine Group of Companies Fiji Hardwood Corporation Limited Sawmills & Harvesting Companies

CSO / NGO / Academia / Schools Faith-Based USP, FNU Women (Soqosoqo Vakamarama) Conservation International (Fiji) Nature Fiji Maregeti-Viti Live & Learn



Implement, Monitor, **Report & Validate** Results