



# Sustainable Investments in Forestry: Networking and Learning



## Parameters in Nature-based Solutions and Carbon Policy

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# Business-based forest carbon conservation and restoration requires multiple business models and multiple financiers



## Zone 2: RESTORATION Forest Zone

- Ecosystem restoration Business
- Timber, bamboo, agroforestry business,
- Carbon credits business (C-sequestration)



## Zone 1: CORE HCV Forest Zone

- NTFP business
- Carbon credits business
- Eco-tourism



## Zone 3: Bufferzone around the forest

- Biomass plantations
- Rubber plantation business
- Agri-business + carbon business



# Barriers for Business models & Private sector engagement



## Unproven Business Models

- Lack of experience with REDD+
- Lack of feasibility assessments and cost-benefit analysis

## Absence of Financial Mechanisms

- Access to finance for IPs & smallholder farmers
- Fiscal incentives for new business models
- Finance mechanisms (e.g. insurance, guarantees)

## Challenging Policy Environment

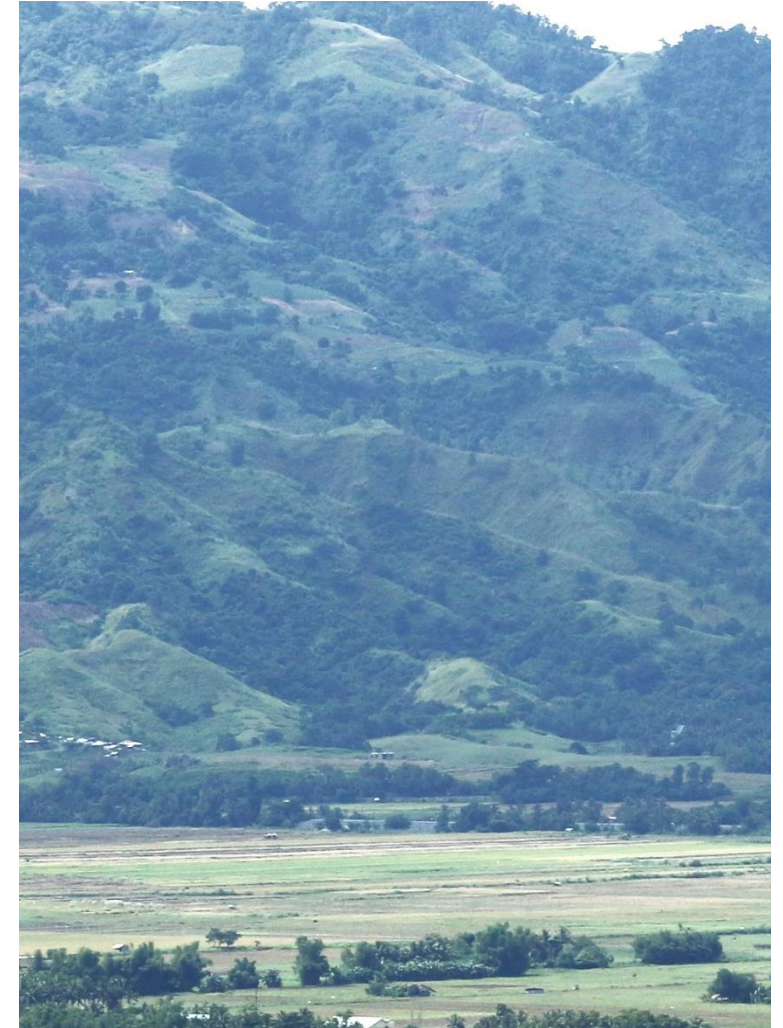
- Lack of national Carbon Pricing and C-Trade Policies
- No business-based conservation/restoration policies
  - Multi-business forest management module
  - Ecosystem restoration concession module
- Lack of synchronized spatial and land-use plans
- Clarity on land tenure and land-use rights

## Operational Challenges

- Governance over multi-jurisdictional landscapes
- Undeveloped trade chains
- Need for specialized MRV system

## Legal challenges and Lack of Institutional Capacity

- Institutional capacity & legality to manage funds
  - Sub-national institutional capacity
  - Local banks, microfinance companies



# Potential solutions: financial mechanisms and investments



## Establish Business Models

- Develop PPP pilot programs for new business models
- Incentivize investment in RnD to develop quality products
- Streamline corporate CSR initiatives to support pilots
- Support to innovative start-ups

## Create New Financial Mechanisms

- Fiscal incentives for private investment
- Guaranteed minimum price for innovative commodities
- Mechanisms to increase creditworthiness of smallholders
  - micro-insurance
  - risk sharing mechanisms like credit default guarantees
  - PES

## Enable Policies

- Harmonize policies in and between sectors
- Establish a national carbon market
- Allow a capped international carbon trade
- Incentivize inclusive - community led - forest restoration

## Streamline Operations

- Strengthen CBFMA
- Geospatial and resource data development & harmonization
- Invest in smallholder commodity processing facilities
- Invest in supply chain infrastructure

## Enhance Legal Structures and Institutional Capacity

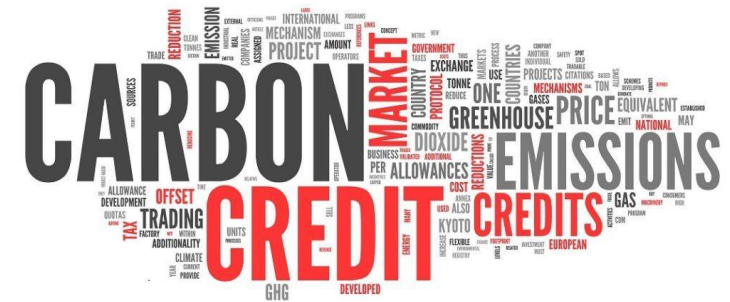
- Transparent institutional governance
- Enable flow of funds to smallholders
  - farmer cooperatives

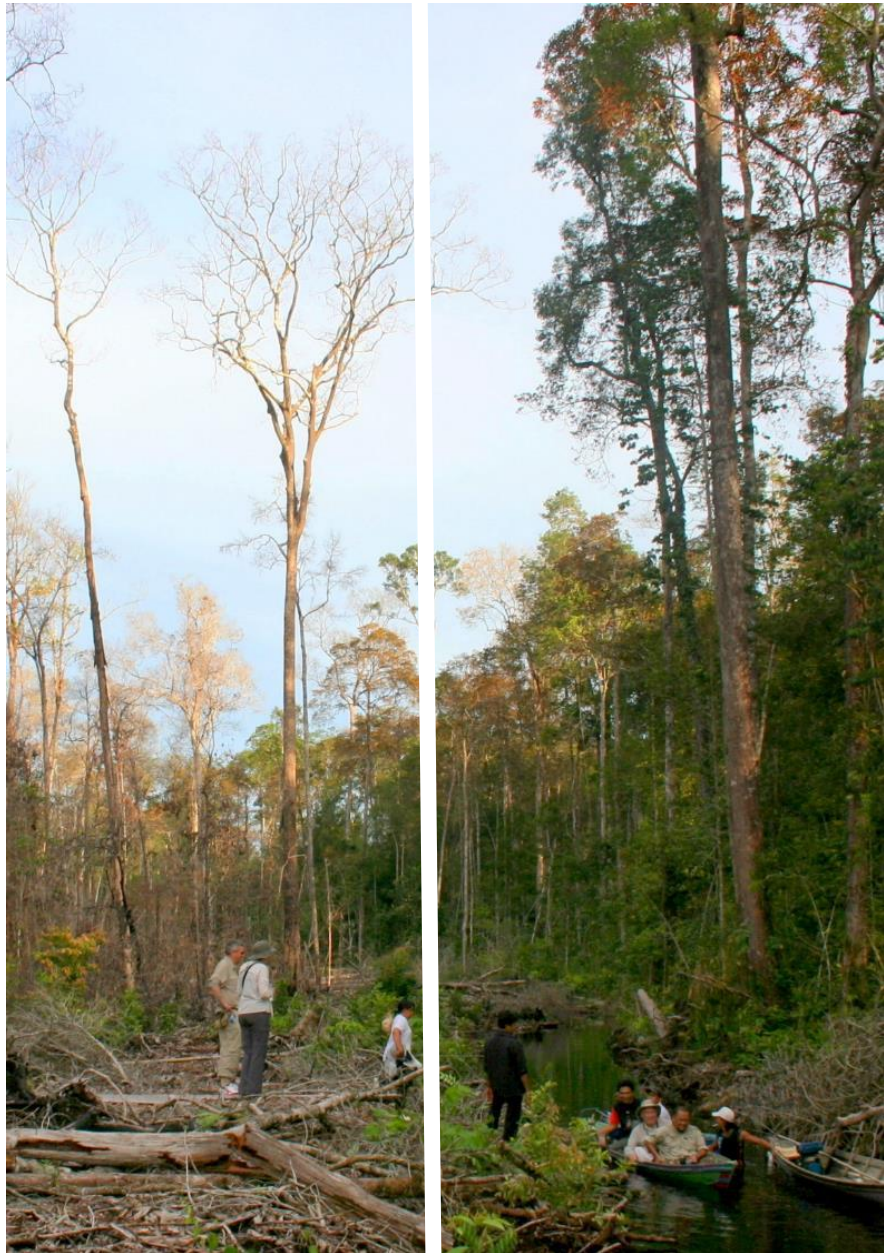




## For consideration:

- Stimulate and support local stakeholder engagement and entrepreneurship
  - Enhance access to funding for local stakeholders and create a standard for benefit-sharing from carbon projects
  - Establish Philippine REDD+ regulatory framework
    - Create policy security for investors
    - Ensure fair and equitable revenue sharing from carbon projects
- Create clarity on land tenure and resource use rights:
    - For IPs and other local communities
    - Establish legal framework for long-term Ecosystem Restoration Concessions
  - Create specialized financing and benefit sharing mechanisms
    - Reforestation Acceleration Financing Facility (RAFF)
    - Standard for REDD+ benefit sharing
    - Guidance on REDD+ Community & Business collaboration
  - Develop Carbon Marketing legislation
    - Provide clarity on who owns the carbon*
      - Jurisdictional approach
        - ✓ Results-based payments
        - ✓ Trade under Art. 6.
      - Project-based approaches
        - ❑ For Voluntary Carbon Market
          - ERCs
          - Fiscal policy
      - Standards for REDD+ benefit sharing





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