

## **Emissions Reductions in Subtropical Forests**

### **ER PIN submitted by the Secretary of the Environment and Sustainable Development – Argentina to the Carbon Fund of the Forest Carbon Partnership Facility**

#### **Executive Summary**

Argentina proposes to reduce expected emissions of 65.5 MTCO<sub>2e</sub> (15.5 MTCO<sub>2e</sub>/yr) from the northern provinces of Chaco and Misiones by 42% during 2018 – 2022. Of the 27.4 MTCO<sub>2e</sub> of reductions generated, 17.5 MTCO<sub>2e</sub> (64%) will be offered to the FCPF Carbon Fund.

The target provinces, the Chaco forest formation in Chaco province and the high biodiversity and highly threatened Atlantic forests in Misiones province, are two of the six highest priority provinces and the two highest priority eco-regions of the emerging national REDD+ Strategy. Misiones also has one of the country's highest carbon densities. Both were selected as candidate provinces for the ER Program as a result of a World Bank study of critical areas with large amounts of forest, high deforestation rates, and a high proportion of poor and marginalized forest dwellers; they also share a common sub-national development agenda. The target areas are also complementary and balance the risks of achieving the emission reduction goals (Chaco is characterized by a high degree of uncertainty, while in Misiones a real possibility exists to achieve zero net deforestation) and as well as the different levels of environmentally related institutional development (high in Misiones and low in Chaco). Results from these provinces are expected to have extended impacts to other provinces in northern Argentina, in the case of Chaco, and to Brazil and Paraguay in the case of Misiones.

The Program's interventions are aimed at the principal drivers of deforestation in the jurisdictions: the expansion of commodity-based agriculture (soybeans and livestock) in Chaco province and the expansion of shifting agriculture driven by cross-border as well as internal migration of landless peasants in Misiones. Together the provinces represent most of the principal drivers of deforestation in the country.

Emissions reductions will be achieved by interventions organized under three strategic pillars: 1) economic incentives/disincentives in order to promote sustainable land use and reduce deforestation; 2) improved land governance and use based on Forest Law 26.331, Article 8 of the General Law of the Environment, the Community Sustainable Livelihoods Program, the Green Municipalities Program, and a potential alliance with organizations for the sustainable production of soybeans and other commodities; and 3) improved control of forestry activities. Although all interventions may be applicable to both target provinces, interventions in Chaco province will emphasize reducing deforestation and forest degradation due to soybean and livestock expansion, whereas interventions in Misiones province will focus on promoting and improving the sustainability of forest and agricultural production systems. Due to the importance of soybeans and livestock as a driver of deforestation and forest degradation in Chaco, the interventions there will mainly focus on land use planning and enforcement and the formation of alliances with sustainable soybean or livestock producers, with a secondary emphasis on sustainable forest management. Due to the relatively underdeveloped environmental and forestry institutionality in the Chaco, these measures must necessarily be accompanied by institutional strengthening, which creates an opportunity to transfer experiences and lessons learned from Misiones to Chaco. In Misiones, there will be a comparatively greater emphasis than in Chaco province on the use of incentives at multiple levels to promote forest conservation, and the strengthening of the sustainable production capacities of agricultural and forestry producers.

The cornerstone of this strategy is Forest Law 26.331 (Law of Minimum Budgets for the Environmental Protection of Native Forests, 2007), since it provides a framework for controlling deforestation, promoting land use planning and zoning, implementing sustainable forest management, and

strengthening collaboration between the national and provincial forest administrations. This law also establishes a Forest Fund to compensate the jurisdictions that conserve forests and their environmental services. Creation of the Forest Fund in Argentina has set an important international standard linking regular annual financing for sustainable forest management to international agricultural exports, but Fund performance must improve to ensure continued and expanded support at national and sub-national levels, which is an important objective of the ER-PIN.

Besides reducing deforestation and forest degradation and associated GHG emissions, the interventions will also produce substantial non-carbon benefits: the maintenance of biodiversity and ecosystem services; reduction of erosion and floods, improved quality of life of local inhabitants, especially indigenous peoples, and improved forest and environmental governance.

The Program has strong governmental and cross-sectorial commitment, especially cooperation between the Ministry of Agriculture, Livestock and Fisheries and the Secretary of the Environment and Sustainable Development (SAyDS), and will build upon existing environmental and forestry legislation. Investments by the national and provincial governments are conservatively estimated to be on the order of \$10 million annually. The Program will be developed and implemented under the leadership of the SAyDS and the provincial governments will be responsible for implementation; at both levels formal mechanisms exist for stakeholder participation and consultation. Financial projections are positive during the life of the Program and long-term financial sustainability appears to be feasible.

A number of principal tasks in the completion of Readiness and the Program preparation phase are pending.

- Reference level: Adjust and refine the reference level based on feedback from the UNFCCC and the incorporation of recent data; incorporate projections based on external conditions.
- MRV: Define protocol for monitoring forest degradation and establish GHG Inventory Unit for the LULUCF sector.
- Safeguards: Establish preliminary guidelines for the establishment of SIS, an expert group on safeguards, pilot Grievance Mechanism, preliminary guidelines for the ESMF, and assessment of land tenure and resource rights.
- National REDD+ Strategy: Finalize technical studies and financial evaluation and establish strategic options, a pilot financial mechanism for benefit distribution, and a national registry and information platform.

In summary, the Program has various characteristics that would add value to the FCPF Carbon Fund and REDD+ implementation in general. In Misiones province, the tradition of the provincial government as an environmental leader, the ambitious objectives laid out, and the buy-in into forest conservation by the local population, creates a strong possibility to reduce deforestation of a highly threatened and high biodiversity region to zero and create a paradigm for REDD+ implementation for all South America. Given its geographical location, Misiones also presents the opportunity to establishment a tri-national South-South program focused on the Atlantic forests. The Chaco province, on the other hand, has high learning value for combatting one of the drivers of deforestation that is generating worldwide concern – the expansion of commodity crops for export. Differences between Misiones and Chaco related to the trajectory and drivers of deforestation, institutional arrangements, capacities, and support for forest conservation provide additional opportunities for learning related to the implementation of REDD+ under a federal system of government. Finally, the Program and the large scale of the jurisdictions involved, similar to the size of small countries, represents the most important REDD+ initiative in the country and serves as an example of the marshalling of cross-sectoral involvement, financial commitment, and the early involvement of key actors, including the private sector.