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# Info sheet on Costa Rica pre-2022 credits

June 2022

## Pre-2022 credits available from Costa Rica

Costa Rica is currently preparing its TREES Registration Document, on its way to issuing jurisdictional REDD+ credits for 2017 through ART. The validation and verification process could be completed by the first quarter of 2023. Costa Rica estimates that the following number of credits will become available:

Supplier jurisdiction: Costa Rica   Issuing standard: TREES 2.0				
Crediting year	Emissions Reductions available (tCO2e)	Removals available (tCO2e)	Pathways available (1-3)	Year of issuance (estimated)
2017	292,654*	771,005*	1-2**	Q1 2023

*\*Volumes of emissions reductions and removals available are net of sovereign allocations. Sovereign allocations might change depending on buyer demand.*

*\*\*To be confirmed: Pathway 2 is currently under an interpretation review by Costa Rica authorities and may possibly include the ability to make a corporate claim of carbon neutrality. In addition, Costa Rica authorities are also considering whether they might open Pathway 3 for 2017 credits though this may imply a price premium.*

Interested companies are invited to reach out to Emergent to discuss the possibility of transacting these credits.

## Costa Rica – a pioneer in forest preservation and restoration

- Costa Rica’s rate of deforestation was one of the world’s highest in the 1990s. Since then, ambitious conservation efforts led by the government and Indigenous peoples have made it the first tropical nation to have halted and reversed deforestation.
- It was the first country in the world to access large-scale, performance-based payments for forest conservation and land regeneration, securing more than \$114 million in REDD+ finance from the World Bank and Green Climate Fund.
- Today, Costa Rica’s 3.1 million hectares of forest cover over half the country and are home to over 500,000 species of wildlife.
- Despite the country’s commitment to environmental protection, habitat loss and illegal poaching continue to endanger the country’s jaguars, great green macaws, squirrel monkeys and giant anteaters, making the further provision of conservation finance crucial.
- The country has ambitious plans to continue to protect and restore forests in support of its NDCs, including increasing forest cover to 60% of the country’s area by 2030.

### **An opportunity to support high-integrity carbon credits**

- Costa Rica has the opportunity to generate a substantial volume of high-integrity jurisdictional REDD+ reductions and removals credits through ART/TREES, a new crediting mechanism for unlocking tropical forest protection at national or subnational scale.
- These credits will be for the vintage 2017, an earlier vintage than those available via LEAF (the LEAF crediting period is 2022-2026).
- Supporting Costa Rica's high-integrity forest protection credits presents an opportunity to demonstrate climate leadership by taking part in what may become one of the world's first transactions of ART/TREES credits.

### **How has Costa Rica generated these credits?**

Costa Rica has generated the emissions reductions and removals credits via programs focused on preventing deforestation, forest degradation and forest carbon enhancement. The impact of strong public policy over the past 20 years, has enabled Costa Rica to successfully prevent the conversion of forests to other land uses. Specific activities and initiatives include:

- Strengthening of the Protected Areas System to guarantee the conservation of critical biodiversity.
- Enhancement of the Payment for Environmental Services (PES) program as a policy instrument to guarantee forest conservation and the increase of carbon stocks (C) through forest conservation, natural regeneration and reforestation.
- New PES modalities for Indigenous territories to encourage and reward traditional forest management.
- Design of more flexible financing mechanisms that work in areas with special land tenure regimes or where land tenure is unclear.

### **How might the proceeds from these transactions be used?**

Costa Rica has stated that the proceeds from the transactions might be distributed among the public and private entities responsible for generating the emissions reductions, in proportion to their contributions. These entities might include:

- The National System of Conservation Areas (SINAC).
- FONAFIFO - Payment for Environmental Services (PES) participants and the Biodiversity Fund
- The Sustainable Biodiversity Fund, a financing mechanism that provides funding for long-term, sustainable and inclusive biodiversity conservation on private land.
- Private landowners including individuals, legal entities and Forest Owners Organizations.
- Indigenous peoples - communal or collective land not in any other environmental services recognition program or emission reductions project.