

Submission by Chile on behalf of the Independent Association of Latin America and the Caribbean about the Fifth Global Dialogue and Investment-focused Event of the Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme.

April, 2025

The *Independent Association of Latin America and the Caribbean* (AILAC) is honoured to present its views on behalf of its member states. This submission outlines our suggested approach for the Fifth Global Dialogue and Investment-focused Event of the Sharm el-Sheikh Mitigation Ambition and Implementation Work Programme.

Summary

For AILAC, forests are a cornerstone of near term mitigation under the MWP, yet they represent only one component of the broader AFOLU sphere. The Dialogue must confront the economic drivers—agriculture, livestock, bioenergy crops and mining—that fuel deforestation and degradation.

AILAC recommends structuring the Fifth Global Dialogue and its investment segment around four subtopics:

1. Ecosystem Based Approaches & Landscape Restoration
2. Indigenous Peoples & Local Communities, High Integrity Finance & Safeguards
3. Monitoring, Measurement & Transparency
4. Cross Sectoral Drivers of Forest Loss

AILAC stands ready to share tested incentive schemes, jurisdictional REDD+ models, high resolution monitoring systems and blended finance pilots—together with the challenges encountered—to inform a results oriented, forest sector Dialogue.

Introduction

AILAC expresses its sincere appreciation and trust to the Co-Chairs, Ms Angela Churie Kallhauge (Sweden) and Mr Gao Xiang (China), for their commitment and guidance. As the sole track within the Convention dedicated to mitigation, the MWP mandate is to urgently scale up mitigation ambition and implementation during this critical decade. AILAC stands ready to continue collaborating with, and providing support to, the Co-Chairs and all Parties.

Notwithstanding this shared commitment, AILAC must reiterate its concern that the Programme has yet to deliver results commensurate with its mandate. The latest scientific assessments confirm that the global mitigation gap continues to widen; tangible outcomes from the MWP capable of narrowing this gap are critically insufficient.

In its submission earlier this year, AILAC underscored the urgency of deliberating pathways to transition away from fossil fuels in energy systems, in a just, orderly and equitable manner, mindful that fossil fuels account for roughly 80 per cent of global CO₂ emissions. It is regrettable that this topic has once again been overlooked from the Dialogue's agenda. Recognising its sensitivity, we emphasise that these Dialogues are intended as constructive platforms, not punitive processes.

Fifth Dialogue on the forest sector

AILAC has advocated discussion of nature-based mitigation through the conservation, protection and restoration of ecosystems. We welcome the decision to focus on the forest sector as an initial step. Forests, however, constitute one element of the broader biosphere. We believe forests must not be viewed solely through their carbon-sequestration potential. The IPCC Sixth Assessment Report and IPBES global assessments highlight their irreplaceable ecosystem services, their role as biodiversity reservoirs, and their contribution to resilience against climate impacts. A holistic perspective on forests—and on all ecosystems—is therefore vital.

AILAC wants to highlight that, branding future Dialogues under the "AFOLU" umbrella must not be conflated with an exclusive focus on forests. We also want to highlight that addressing drivers of forest-related emissions, such as large-scale agricultural expansion, energy-crop cultivation and mining, is crucial for this Dialogue. Consistent with the Paris Agreement and the findings of the first Global Stocktake, these inter-linked drivers must be addressed directly in the fifth Global Dialogue if the global community is to halt and reverse deforestation by 2030.

AILAC remains committed to working collaboratively and constructively with all Parties and the Co-Chairs to ensure that the Fifth Global Dialogue and investment-focused event produce concrete, ambitious and science-aligned outcomes that advance global mitigation action during this critical decade.

Suggested topics for the dialogue

1. Ecosystem-Based Approaches and Landscape Restoration

Healthy, intact and connected ecosystems boost both mitigation and adaptation goals. Protecting and restoring forests delivers large-scale carbon stocks and sinks, buffers communities against climate impacts and safeguards biodiversity. This subtopic could address conservation and restoration of forests, landscape-scale restoration of degraded forests to revive ecological functions and strengthen ecological connectivity as well as the systematic integration of nature-based solutions into national mitigation and adaptation strategies, including NDCs and long-term strategies.

2. IPLCs participation, High-Integrity Finance and Safeguards

Indigenous Peoples and local communities (IPLCs) manage a substantial share of the world's remaining forests. Ensuring their rights, participation and equitable benefit-sharing—while mobilising finance with the highest environmental and social integrity—is critical to durable mitigation outcomes. This subtopic could address the central role of IPLCs as custodians of forest ecosystems and holders of traditional knowledge for sustainable management; robust social and environmental safeguards that guarantee equitable participation, uphold rights and ensure fair benefit-sharing; opportunities and challenges of REDD+, carbon-market instruments and other finance vehicles to channel resources for forest conservation and restoration; and mechanisms that secure environmental and social integrity—transparency, accountability and capacity-building for local stakeholders—across all finance and market approaches.

3. Monitoring, Measurement and Transparency

Credible mitigation action depends on timely, accurate and accessible information. Advances in earth observation and digital technologies enable near-real-time tracking of forest change and facilitate open data flows among Parties, non-Party stakeholders and the wider public. This subtopic could address the application of remote sensing, GIS and other digital tools to detect deforestation, forest degradation and land-cover change; strengthening national MRV systems to enhance transparency, track progress toward climate commitments and inform adaptive management; and development of open-data platforms that improve stakeholder access, bolster accountability and foster trust in reported results.

4. Cross-Sectoral Drivers of Forest Loss

Addressing deforestation and degradation requires confronting the economic drivers behind it. Dialogue must include a discussion on these drivers, since they are essential to design coherent policies that align climate and sustainable-development objectives. This subtopic should address large-scale agriculture expansion: land-use change for commodity crops and associated deforestation pressures; livestock expansion: pasture conversion, overgrazing and consequent forest degradation; energy-crop cultivation: impacts of biofuel feedstock production on forest and peatland ecosystems; and mining for the energy transition: pressures from critical-mineral

extraction on vulnerable forest landscapes, including infrastructure development and associated land-use change.

Forest-sector mitigation experiences, best practices and actionable solutions across AILAC

AILAC would like to highlight four strategic approaches, among many others, that have been consistently part of national efforts to raise ambition in the land-use, land-use-change and forestry sector. First, embedding agro-forestry and silvo-pastoral systems in rural-development programmes, recognising their dual value for carbon sequestration and diversified livelihoods. Second, large-scale forest- and landscape-restoration initiatives are being designed to couple ecological goals—corridor connectivity, peatland hydrological recovery—with productive land uses, thereby maximising mitigation, adaptation and socio-economic benefits. Third, countries are modernising monitoring, reporting and verification (MRV) frameworks through high-resolution satellite imagery, drone transects and community-based ground-truthing, allowing emission estimates to reach IPCC Tier 2 and, in some cases, Tier 3 standards. Finally, innovative finance—jurisdictional REDD+ schemes, performance-based payments for ecosystem services, rotating funds and blended-finance instruments—is being paired with robust social-environmental safeguards to ensure that benefits flow equitably to Indigenous Peoples and local communities (IPLCs).

Country specific experiences:

Guatemala

Guatemala has more than two decades of experience with the *Programa de Incentivos para Pequeños Poseedores de Tierras de Vocación Forestal o Agroforestal* (PINPEP) and the *Programa de Incentivos Forestales* (PROBOSQUE). These schemes finance agro-forestry, silvo-pastoral practices and large-scale reforestation, together placing over 150 000 ha of degraded land under sustainable management. Both programmes now integrate advanced MRV—satellite change detection, drone surveys and GIS analytics—and have piloted a real-time alert mechanism that channels illegal-logging reports directly to enforcement authorities. Guatemala is currently a REDD+ pilot country with positive results, largely due to these national efforts. However, it is necessary to evaluate other financing options and opportunities through carbon markets or through new results-based payment programs that allow fair compensation (payment) for environmental services. Guatemala is advancing a forest recovery strategy with a dual focus on adaptation and mitigation.

Peru

Peru has pioneered a jurisdictional REDD+ architecture that aligns Indigenous governance structures with the ART-TREES standard and national climate commitments. Landscape-scale restoration prioritises shade-grown coffee and cacao, sustainable silvo-pastoral dairying and the rehabilitation of biological corridors linking protected areas. Participatory monitoring combines community-operated drones, remote-sensing applications and social-environmental safeguard

verification, while dedicated finance windows—rotating funds, performance-based disbursements and ecosystem-service payments—ensure direct capital flows to local organisations.

Panama

Panama operates a low-cost, high-resolution land-cover surveillance system that conducts a biennial geospatial census across 33 435 sampling points. The resulting dataset supports change-detection algorithms that flag deforestation and degradation “hot-spots” for rapid intervention and guides spatial planning decisions, including the prioritisation of restoration zones and enforcement resources.

Colombia

Colombia has adopted a National Forest-Restoration Monitoring Protocol (IDEAM, 2023) that standardises remote-sensing methods across multiple forest formations and feeds a public restoration dashboard. The country has also spatially disaggregated its Forest Reference Emission Level, calculated maximum mitigation potential for private REDD+ projects, and issued implementation plans for the *Biocarbono* and *Visión Amazonía* programmes, thereby harmonising national inventories with voluntary-market initiatives. In parallel, Colombia is updating greenhouse-gas accounting rules and finalising a comprehensive REDD+ safeguard regulation package—covering communication, outreach, and compliance monitoring—to guarantee environmental integrity and social equity across all forest-sector interventions.

Costa Rica

Costa Rica operates one of the world’s longest-running national Payment for Environmental Services (PES) programmes, channelling public funds to small and medium landholders in exchange for forest carbon, water, biodiversity and scenic values. Since 1997 the scheme has formalised 21 600 contracts, invested more than USD 700 million and placed some 1.5 million ha under conservation or restoration, helping raise national forest cover to 57.1 %. Implementation is entrusted to the National Forest Financing Fund (FONAFIFO), a public trust within the Ministry of Environment and Energy whose board uniquely includes the Vice-Minister of Agriculture—guaranteeing policy coherence between forest and rural-development agendas. Building on this foundation, Costa Rica created a Biodiversity Endowment Fund in 2015 that now secures long-term payments for owners of high-priority forest ecosystems across 10 000 ha. In 2024 the Government also launched a pioneering ecosystem-services scheme for sustainable mangrove mollusc harvesting in the Gulf of Nicoya: 157 harvesters, predominantly women, grouped in six community associations are receiving quarterly payments over a one-year pilot that will inform nationwide regulation in 2025. Across all mechanisms, the principal bottlenecks are ensuring predictable multi-year finance and upgrading digital tools to improve administrative efficiency and monitoring accuracy.

Main challenges and barriers across AILAC.

AILAC Parties continue to confront a core set of pressures that undermine the full mitigation potential of their forests. Chief among them is the persistence of deforestation and forest degradation, fuelled by an expanding agricultural and livestock frontier, illegal logging networks, recurrent and often intentional fire, urban encroachment and, increasingly, extractive activities linked to the global energy transition. These land-use pressures unfold in a context of accelerating climate stress: rising temperatures, altered rainfall patterns and lengthening dry seasons are heightening the frequency of drought-induced wildfires, pest outbreaks and disease incidence, thereby eroding forest resilience and increasing the risk of irreversible ecosystem shifts.

Underlying the biophysical threat is a governance gap that affects every Party. While many countries in the region have adopted modern climate and forestry legislation, day-to-day enforcement remains uneven, inter-institutional coordination is frequently weak and local compliance is hindered by limited technical and financial resources. Ensuring that existing norms translate into on-the-ground action therefore requires stronger cross-ministerial collaboration, stable budget allocations and the systematic integration of forest objectives into national adaptation and mitigation planning.

Secure tenure and meaningful participation of Indigenous Peoples and local communities (IPLCs) are indispensable yet still inconsistently applied across the region. Unresolved land-title claims limit access to finance, slow restoration and REDD+ implementation and weaken accountability for forest loss. At the same time, economic alternatives that could decouple rural incomes from deforestation—such as agro-forestry, silvo-pastoral systems and community-based forest enterprises—remain under-capitalised and undersupported.

Financing and technology present further cross-cutting constraints. Though several Parties have secured jurisdictional REDD+ payments, results-based climate finance and blended-finance pledges, long-term domestic co-financing is seldom guaranteed, and sub-national actors often struggle to satisfy the due-diligence, safeguard and MRV requirements attached to international funding. Capacity gaps in remote-sensing analysis, emission-factor development, scenario modelling and project preparation persist, particularly at the sub-national and community levels, slowing the uptake of high-integrity mitigation actions.

Several challenges are acute in some Parties yet hold lessons for the wider group. In areas affected by organised crime or lingering armed-conflict dynamics, implementing field activities and engaging local stakeholders can be hazardous. Where decentralised governance prevails, weak horizontal and vertical coordination complicates the delivery of integrated forest strategies that cut across environmental, agricultural and economic portfolios. Finally, AILAC countries are grappling with the technical and legal intricacies of nesting project-level emission reductions within national greenhouse-gas inventories and Forest Reference Emission Levels—a prerequisite for transparent, Paris-aligned accounting.

Collectively, these shared and context-specific challenges point to a clear route forward for AILAC: enforce existing legislation; resolve tenure and strengthen IPLC rights; scale blended-finance instruments that reward deforestation-free production; expand MRV capacity to the community level; and mainstream climate-resilient, livelihood-diversified land-use systems throughout national development planning.