A new climate-based finance initiative for high integrity forests

The High Integrity Forest (HIFOR) Initiative aims to create a new climate and biodiversity asset class to help finance the protection of high integrity tropical forests – i.e. those that are largely undegraded. HIFOR may be thought of as finance for “preventive care” for healthy forests, and is distinct from other forms of forest climate finance, like REDD+, which are designed as “urgent care” funding for forests that are already suffering substantial deforestation and degradation or, at a minimum, are imminently threatened. Both urgent and preventive care are needed.

The climate cooling effects for which high integrity tropical forests are responsible keep the Earth at least 0.5°C cooler than it would be without them. That difference, for example between 1.5 and 2 degrees global warming, has an estimated impact on the global economy in the trillions of dollars. But the value of forests that provide that cooling is currently priced at zero.

The HIFOR Initiative aims to directly correct that market failure by introducing a new asset – the HIFOR unit – that represents a ton of net CO2 absorption in a high integrity forest that is under effective management. The HIFOR unit also embodies:

- A “biophysical cooling” effect (separate from CO2 absorption) that adds an extra 50% to its cooling value;
- High biodiversity value that correlates strongly with the forest integrity metric; and
- Social benefits associated with ensuring that payments for these ecosystem services benefit local communities, including Indigenous Peoples.

Existing climate financing mechanisms for forests, including REDD+, don’t explicitly focus on high integrity forest areas, because the threats to them are too distant to “count” in carbon offset markets. Those markets require interventions to influence net land-use change emissions rather than to maintain the net absorption of CO2, hence they tend to focus on the frontier areas.

Existing climate finance mechanisms don’t incentivize “preventive care” for healthy, high integrity forests.
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Importantly, HIFOR units are not intended as carbon offset credits, which are the units issued by REDD+ projects and programs. In the context of what is referred to as “beyond value chain mitigation,” HIFOR unit purchasers could claim that they are contributing quantitatively to global climate change mitigation, but could not count their claim against a corporate net zero commitment. Some corporations count their purchases of REDD+ credits against their net zero claims, since those credits represent emission reductions that would not have occurred without the project/program interventions. In contrast, HIFOR offtake purchasers would pay for maintaining the ongoing ecosystem service of CO₂ absorption in a high integrity forest, which has no carbon offset market value — hence our focus on creating a new asset class.

WCS has led the development of the HIFOR Initiative and is working with partners on the development of an initial set of HIFOR pilots, as well as the design of a system to enable scaling of this initiative. At UNFCCC CoP-27 in Sharm El-Sheikh, the Forests and Climate Leaders’ Partnership, a “coalition of the willing” of 27 countries and the European Union, identified high integrity forests as one of six action areas for accelerated implementation [see box].

On the margins of CoP-27 WCS and the state of Amazonas, Brazil, signed a Memorandum of Understanding to implement the first HIFOR pilots in the Mamirauá and Amanã Sustainable Development Reserves. During 2023, we will work with the state Environment Secretariat and other partners to:

- Elaborate a technical collaboration agreement for HIFOR implementation;
- Conduct stakeholder consultations with resident communities; and
- Facilitate the development of the first HIFOR offtake purchase agreements.

In the Central Africa region, WCS is responding to a request from the Central Africa Forest Initiative to undertake a regional assessment for HIFOR implementation potential. We have also responded to a request for a HIFOR pilot development concept note from the government of the Republic of Congo.

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