The 12th session of the Expert Mechanism on the Right to Development

Item 5 of the Provisional Agenda
Implementation of the Mandate and Programme of Work –
Consideration of Thematic Studies
Palais des Nations, Room XVI, Geneva

Climate finance: vulnerability and responsibility

Monday 27 October 2025, 15:00–16:00

Transcript of statement by Ms. Katrina Harina Borromeo,
UNEP

Please check against delivery

My name is Katrina, and I work for UNEP's Climate Mitigation Unit and the UNREDD Program based here in Geneva. So, my work focuses on reducing deforestation and forest degradation through results-based finance, including carbon markets. So, my intervention will be linked to that.

So, I want to begin with a story. Last year, I visited Flores, Indonesia, which is an island of mountains, volcanoes, and forests. And there I met a village chief. He told me that 20 years ago when they were facing displacement, they gathered atop a hill. And then they made a vow. They made a vow to protect the forests that protect them. The ritual, he explained to me, forbids people from harming the forest and nature and allows them to live in harmony with nature, so meaning they still collect non timber forest products, they can farm coffee, but they protect forests.

For the community, this vow was born out of vulnerability. They were being displaced, and without forests they will not survive. They will lose their homes. So, they know that they do have the responsibility to protect it.

I recall this story today as we discuss the study on vulnerability and responsibility. The study essentially reminds us that every discussion on finance is essentially really about people, about those communities whose rights to development depend on stable and healthy climate and environment. It also shows that the way finance flows or fails to flow determines whose resilience is built and whose vulnerability is further deepened. We see this clearly in forest finance.

Very recently, UNEP launched the State of Forest Finance Report, which shows that finance is misaligned. It shows that most domestic forest pine lands still come from high income countries, while tropical countries, home to rich carbon and biodiversity, face very high forest protection costs and least support. It is as inefficient as it is unjust. So, from our report and UNREDD's experience, we know that high integrity carbon markets have the potential to bridge this gap.

And Madame Isabel, earlier, you asked under what conditions carbon markets can be a source of revenue. Based on our studies and our experience, we know that when governed well, when there is high integrity, carbon markets don't just trade carbon. They also invest in people. We've seen some examples to this. Jurisdictional REDD+ plus programs from Peru, Brazil, Vietnam are testing benefit sharing schemes that return verified carbon revenues to communities. These examples show that markets can mobilize finance and rewards stewardship, but only if they are grounded in trust and integrity. Without trust, there is no integrity. Without integrity, this will not scale, and we need scale right now.

But at the same time, we know that carbon markets are not the only solution. It's not panacea. They will not alone solve the problems that we have. In fact, carbon markets operate in a wider system that

often rewards the wrong things. The state of finance for forest shows that potentially harmful subsidies still outweigh forest finance many times over. So even as carbon markets expand, clearing forests can remain more profitable than conserving it.

And for many of our countries, this isn't really a simple choice. It can mean choosing between food security or energy security for people versus forest protection. And these are real trade-offs that we need to confront. And that's another point of the study. The point that the study reminds us that there are systemic barriers that we still need to address and deeply explore. And when it comes to designing solutions and addressing the trade-offs, we really need to put people at the centre, their rights at the centre.

We see this in the scrutiny of the forest carbon markets today. I'm sure you've read a lot of articles, mostly in Guardian, where there are concerns about forest carbon markets, poor consultation, weak accounting, among others. And we've seen this before as well. Some years back, some clean cook stoves projects might look good on paper, though some might have failed because they said that there were no real consultations, and benefits have been bypassed. This is an important reminder for us that safeguards are not only a checklist, not a bureaucracy, not paperwork. They matter. They matter because they are part of the culture. They work most when transparency and participation, real participation stops from being conditions to be met to becoming habits of governance, and this is the real shift we need, behavioural change from principles to practice, from compliance to trust.

Across the 60 UNREDD partner countries, we've seen this again and again when there is FPIC, free prior and informed consent, when people's rights are respected, when people have a fair share in benefits, forest stands, and economies rise. But when they are not, projects might likely fail technically, politically, and morally, and finally, carbon pricing also defines responsibility. UNEP's analysis shows that to drive real mitigation; forest carbon must be valued between 30 to 50 USD per tonne of CO2. Yet most of the credit traded today are way below that, some at even five or less than 5 Dollars a tonne. A fair price must reflect that the true cost of conservation, the opportunity cost of long-term stewardship, and the premium for the indigenous peoples and local communities.

Mechanisms like off take agreements, blended finance and public guarantees can help stabilize prices and reduce risks for developing countries. This is how forest carbon markets can mobilize critical finance for mitigation and also for climate adaptation, complementing but not replacing public finance. But finally, I want to stress again that carbon markets are only part of the toolbox solution. We need a portfolio approach, one that matches tools to timelines, manages risks, and multiplies the benefits and high integrity. Forest protection can deliver results now, but policy needs to catch up. Integrity and oversight must be strengthened across all solutions. And governments, investors should reward verified outcomes across the full spectrum of solutions.

In conclusion, carbon markets can help finance the right to development, but they are only one instrument in a broader portfolio. We need stronger private, public finance, fair markets, and community driven investments. When finance flows with integrity, when people are at the core, when rights guide every transaction, carbon markets can deliver more than carbon results. They can deliver justice.

Thank you.

* * * * *