

Current Progress and Future Plan of REDD+ under the Joint Crediting Mechanism
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**Current Status and Future Plan
of the REDD+ under the JCM**

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February 7, 2018

Although my topic for today is ‘Current Progress and Future Plan of REDD+ under the Joint Crediting Mechanism’, as I was developing my presentation, I had trouble moving ahead with this topic. The contents I will be talking about will tend to focus more on activities at the international level. Let me explain why I had difficulty creating a presentation on the assigned topic. JCM itself is a Japanese mechanism and initiative that we have promoted over the years, but at present the environment around JCM including its guidelines need to be considered from various perspectives. I have been thinking about the perspectives from which we should look at JCM. Until now, the focus was on implementing JCM projects in light of the international guidelines and policies. That was our stance, but now looking at the direction of debate of REDD+, we need to understand the gaps and challenges in the international framework and use JCM as a tool to contribute. We want to establish a methodology that will help our projects fill the gaps. My presentation is about the topic at hand, but the actual contents will also include the broader picture.

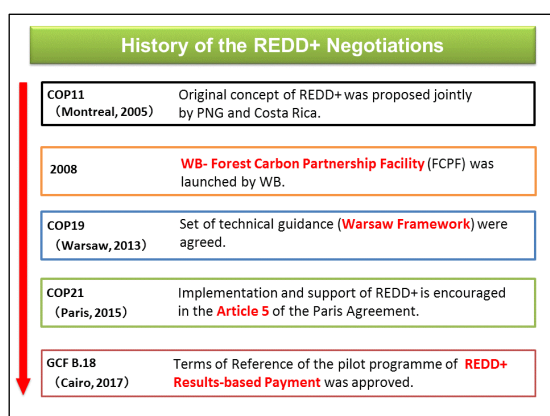
Outline of the Presentation

- ☐ History of the REDD+ Negotiations
- ☐ Progress of the REDD+ Implementation
- ☐ Basic Concept of the REDD+ RBPs Programmes
- ☐ Global Architecture of the REDD+ programmes/ Funds
- ☐ Key Principles and Current Status of the JCM-REDD+

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Here is the outline of my presentation. I would like to talk about the history of international negotiations on REDD+. I would like to talk about the progress and implementation of REDD+. Also, I would like to talk about the basic concepts of REDD+ and especially the results-based payments program. Furthermore, I would like to think about the overall global structure of the REDD+ programs and funds. Finally, I would like to talk about how the Forestry Agency intends to promote the JCM projects.

History of REDD+ Negotiations

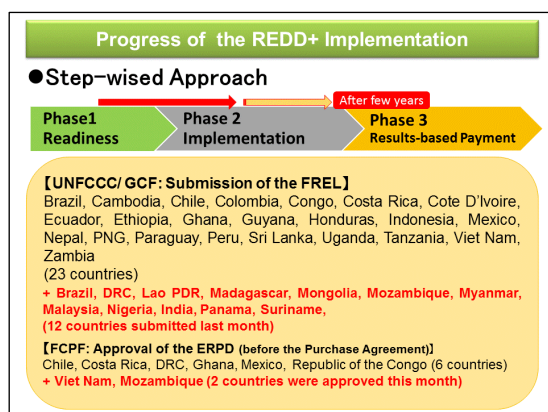


Let us first look at the history of negotiations. I think many of you are familiar with this. In 2005, the concept of REDD+ was first proposed, and in 2015, REDD+ was concretely supported in the Paris Agreement. In October of 2017, not the UNFCCC, but the GCF terms of reference (TOR) for result-based payments was approved, a very important milestone. The point that I want to emphasize here is that this overall sequence of events, which is good to keep in mind when other kinds of negotiations are underway. After the Paris Agreement was finalized, there has been a lot of negotiation on the rules for implementation. REDD+ is based on the Warsaw Framework the and Cancun Agreement¹. Guidelines for REDD+ have already been established, and REDD+ support has been clearly written in article five. We are moving on to the implementation stage now, which is very important.

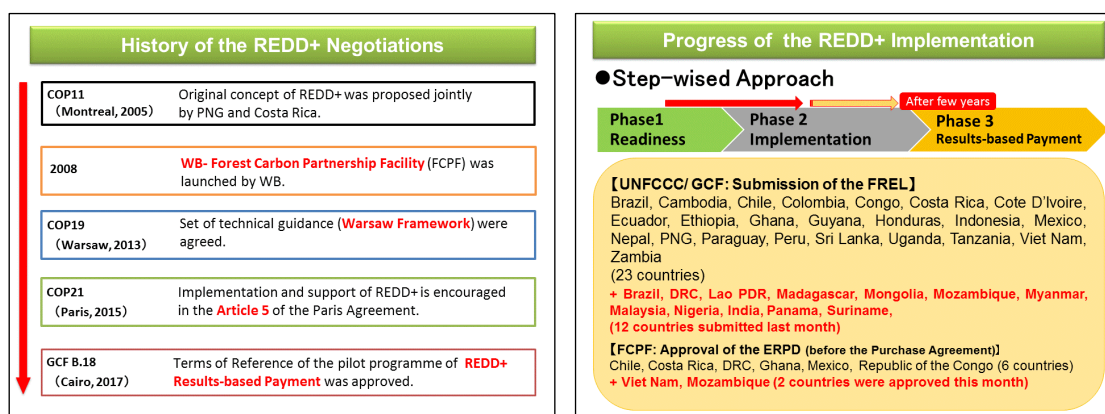
What I would like to say is that the REDD+ negotiations were carried out in a very strategic manner. It has been two years or so since I have been involved in this process, but my predecessors have been following the REDD+ concept for more than 10 years. They were developing it and have gotten it included in the Paris Agreement. At the most recent COP, there was a side event where the UNFCCC secretariat said REDD+ people are tough negotiators. We are in charge of REDD+, so it is hard to understand on our own what kind of people we are. However, seen through the eyes of others, we seem to be viewed as tough negotiators. That left an impression on me. Being a tough negotiator means not only that you assert your opinions strongly and are good at negotiation, but it also means that you consider the mid- to long-term perspective in order to make REDD+ more effective. Therefore, the REDD+ negotiations went quite well, and those involved in it were generally considered to be tough negotiators.

¹ http://unfccc.int/meetings/cancun_nov_2010/items/6005.php

Status of REDD+ Progress



Next, I would like to cover some other basics about REDD+. REDD+ is not the sort of thing you can decide today and start tomorrow. It requires a step-wise approach with three phases starting from readiness, moving to implementation, and then to results-based payments. As was explained in session one today, the most important point is the establishment of a baseline at the readiness stage. The situation is that, so far, 23 countries have released their forest reference emission levels. Some have started by making sub-national FRELs. An additional 12 countries have come out with their FRELs more recently, so the number of countries is increasing.

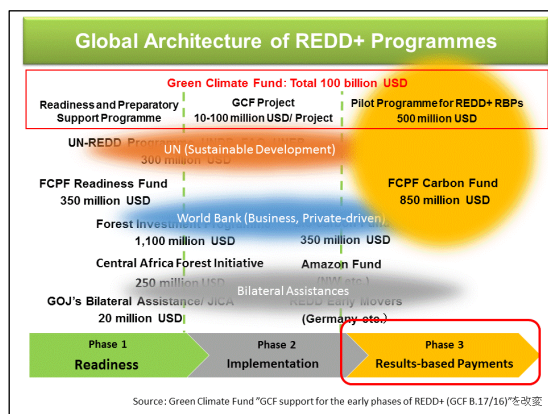


Let me next explain about the framework. It started with the FPCF in 2008.

The World Bank's REDD+ program was the FCPF Carbon Fund and was a program for results-based payments. These initiatives are moving ahead quite quickly. The final step is to get a purchase agreement, but we are just one step away from establishing one, and there are six countries involved. There was a meeting in Paris for the FCPF Carbon Fund earlier this month, and two more countries' plans were approved there. There is some overlap, but you see that there are many countries who have established

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baselines and are about to move into the implementation phase. After implementation, a few years from now we will be seeing some countries actually getting results-based payments.



The global REDD+ programs are in the situation that I explained here. Let me talk about some of the main ones. Under the UN framework, there is the UN REDD program, there is FCPF run by the World Bank, which is a readiness fund, and there is the results-based payment program for FCPF. There is also the FIP Forest Investment Program² (FIP). There is also the Bio-carbon Fund³, which covers the landscapes including agriculture.

The FCPF Carbon Fund would be a phase three initiative. In Central Africa, there are efforts underway. As Suzuki-san explained for the DR, Norway has established an initiative there. There is also the Amazon Fund⁴ in Brazil. There is also an Early Movers⁵ program for results-based payment led by Germany. GCF has recently started full-fledged support as well. These are the different funds at an international level that support REDD+. Japan has been mainly focusing on bilateral assistance via JICA. As Suzuki-san said previously, up to now, JICA has supported preparatory activities. In the overall structure of support for REDD+, Japan needs to make its bilateral assistance as effective as possible by positioning it properly. That is my basic thought. UN assistance, World Bank, and bilateral assistance are a major part of the overall structure, but what is most noteworthy is the results-based payment program that is going encompass everything.

² <http://projects.worldbank.org/P162789?lang=en>

³ <https://wbcarbonfinance.org/Router.cfm?Page=BioCF&ItemID=9708&FID=9708>

⁴ http://www.amazonfund.gov.br/FundoAmazonia/fam/site_en

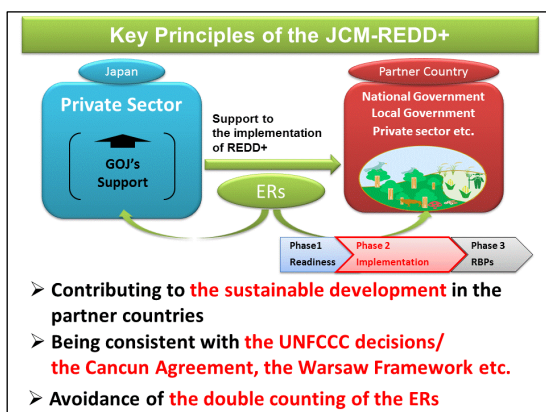
⁵ <https://www.giz.de/en/worldwide/33356.html>

Basic Concepts of RBPs Programmes		
Programmes/ Elements	GCF REDD+ RBPs Pilot Programme	WB-FCPF Carbon Fund
Operation Period	2018-2022	-2025
Total Budget (USD)	500 Million	Approx. 850 Million
Unit Price	5 USD/ ton	Around 5 USD/ ton
Eligible Period	2014-2018	-
Scale (Mainly)	National	Sub-national
Title of ERs	No International Transfer (To be utilized for the NDCs of REDD+ countries)	International transfer will be an option (Technical and legal matters are still under consideration)

Let me try to summarize results-based payments (RBP). Basically, there are two programs for RBPs. One is the GCF. The total funding is about ¥1 trillion. ¥150 billion has been expended by Japanese government. We are the second largest donor only after the United States. GCF has the RBP pilot program, and there is also FCPF Carbon Fund. There are some conceptual differences, but the major difference is the scale. GCF focuses on the national level, while the World Bank's FCPF looks basically at the sub-national level to achieve RBPs.

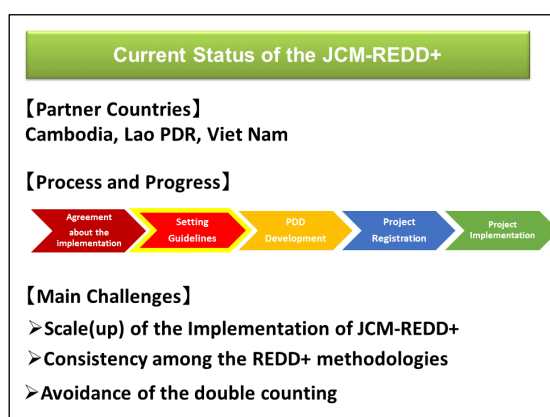
As for how emission reduction (ER) REDD+ credits will be handled, the GCF does not allow international transfers, but World Bank's FCPF is considering an option to allow international transfers of ERs. The GCF does not include an option of international transfer, but they do not look at the international transfers negatively. I was involved in the discussion on the decision not to include an option for international transfers. They just wanted to move quickly. To try to do that, they had to simplify the total mechanism. In addition, article six of UNFCCC is now being negotiated, so they did not want to emphasize that. Due to these facts, GCF decided not to include an option of international transfer. A lot of people tend to misunderstand the reasons why GCF decided not to include international transfers, but the GCF's intentions in doing so are not what most people think.

The Main Principles and Current Status of JCM-REDD+



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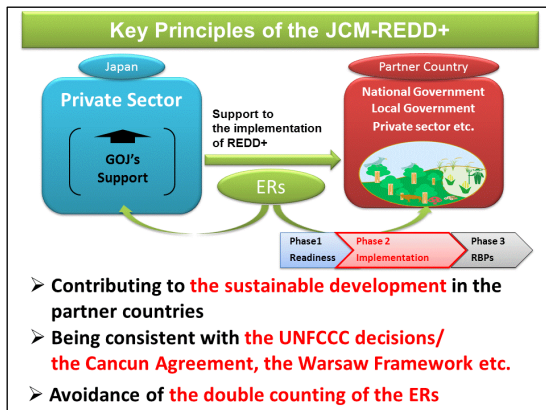
As part of JCM efforts, players in the Japanese private sector are receiving Japanese government support to be involved with REDD+ activities in developing countries through nationally determined contributions (NDC), and results will be shared. That is the total picture, but in phase two, assistance will be given to receive payment in phase three. That is the concept of JCM. The Forestry Agency is also involved with this framework in order to promote JCM-REDD+. You might think this is common sense, but I want to emphasize three points. First is that sustainable development in recipient countries is something that we need to contribute to. Second, we need to follow international agreements. Third, results that are derived from implementation need to be managed transparently. For example, results from Vietnam should be utilized to try to help them achieve reduction targets. These results could at the same time be used to achieve Japan's reduction targets, so we need to avoid double counting.



Moving on to the current status, there are three partner countries, Cambodia, Lao PDR, and Vietnam, and the Forestry Agency is focusing on these three countries.

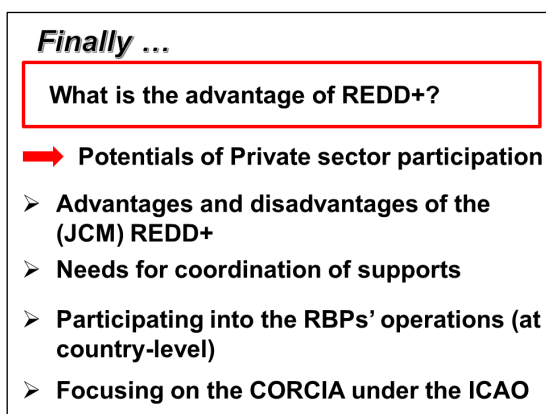
For JCM-REDD+, after forming a bilateral agreement about the implementation, they would set the guidelines together, the project design would be completed, the project registered, and then implemented. The Forestry Agency of Japan especially needs to emphasize the full development of technical guidelines. In these three countries, we are utilizing the framework of JCM to implement REDD+. We have completed the agreements with these countries, and we invited experts to set guidelines. That is the current status. February is the end of this fiscal year, so as soon as possible in the next fiscal year we would like to come to an agreement on the guidelines. Then there will be multiple projects.

As for the current challenges that we face today, the first is the challenge of scale. I mean various things when I say 'scale'. First scale of JCM itself needs to be expanded, and at the national level, you have GCF's RBPs, then there are the World Bank's FCPF sub-national RBPs, and also the size of JCM-REDD needs to be adjusted. The second issue of scale has to do with compliance. Currently there are various REDD+ methodologies such as GCF, FCPF, and the Warsaw Framework. Naturally, JCM is trying to come up with a guideline. We have to make sure that all of these are aligned together, and consistency must be ensured. Third, as I mentioned earlier, we have to avoid double counting.



I listed the three challenges that we face today. In order to promote JCM-REDD+, I emphasized some key principles earlier. I can see these challenges are nearly the same of what we want to achieve as listed in those key principles.

What Are the Benefits of REDD+?



Finally, this basically concludes the JCM-REDD+ issue, but I want to expand my viewpoint. When you explore approaches to JCM, you might wonder what advantage of REDD+ is in the first place. I have built my whole career in this sector of sustainable forest management and forest conservation. From these perspectives, when I look at REDD+, what are some of the clear advantages that I can find? It is a forest sector initiative, but participation of the private sector will be the key. There is great potential in inviting private players. That is one advantage, so I would like to discuss the potential of REDD+ from that specific viewpoint. This is relevant to this today's event. Think of some of the challenges that you might face and you would understand the advantages and disadvantages. For the advantages, there are co-benefits, and these are cost-effective initiatives, and I hope that everyone would come to understand this and then proceed with their efforts.

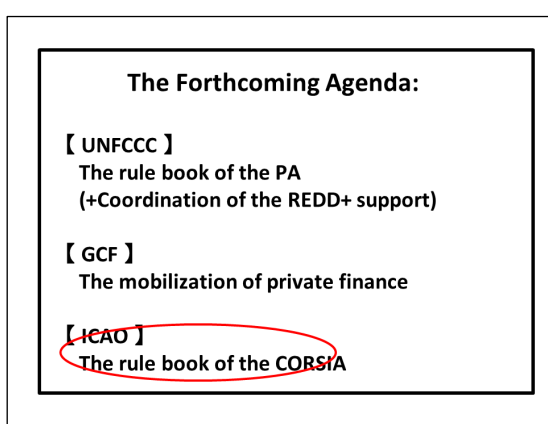
As I said in the first place, there is sufficient international funding available. It is now necessary to distribute assistance equitably. This is critical. There are discussions at the UNFCCC level, awareness

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and awareness is increasing with regards to the importance of the multiplicity of programs at the national level. Also, for results-based payments, how is the private sector going to participate in REDD+? How can we invite them to participate? Results-based payments will hold the key to make that happen.

Lastly, the International Civil Aviation Organization⁶ (ICAO) has started a market-based mechanism initiative, Carbon Offsetting and Reduction Scheme for International Aviation⁷ (CORSIA). This is outside the Paris Agreement or UNFCCC. It is a voluntary effort to reduce emissions based on the market, so international transfers of credits will be promoted.

The Agenda Going Forward



As for the agenda going forward, UNFCCC is going to write the rule book. The GCF, although it is not well-known, does not see participation of the private sector negatively, so they would like to mobilize private financing. ICAO will also be writing its rule book.

ICAO'S CORSIA

For example, I would like to take a look at the latest with regard to GCF REDD+ credits. For the very first time, GCF's REDD+ project funds are being transferred. If you read through the press release, at the very end you come across an important sentence. One of the most recent studies indicates it has the potential to reduce global emissions by 20% to 30% by 2030, according to my understanding. I just want to emphasize that it has a great potential to retain the emission reduction in developing countries' urban sectors including REDD+.

At a recent FCPF's Carbon Fund event there was a presentation reporting on ICAO's initiative.

ICAO is now trying to take climate action.

⁶ <https://www.icao.int/Pages/default.aspx>

⁷ https://www.icao.int/environmental-protection/Pages/A39_CORSIA_FAQ2.aspx

ICAO started CORSIA, which the very first market-based mechanism in the industrial sector. This is a large-scale reduction in emissions that is going to be offset.

The FCPF Carbon Fund views this initiative positively. They are trying to provide credits that will be accepted by CORSIA as well.

FCPF credits will be a potential source of airline emission reductions, so it was reported that FCPF's credits will be increasingly in demand in the future. This is very important.

In Montreal on this day a workshop is taking place considering whether REDD+ credits including FCPF credits can be used by the airline industry to offset emissions.

Thank you for your attention!

Lastly, this is some additional information. I would like to conclude my presentation.