## The REDD Research and Development Center of the Forestry and Forest Products Research Institute
## 2019 International Seminar:
## "REDD-plus Start-up Year 2020: Roadmap to Result-based and Transferable Outcomes for Sustainable Development"

An international seminar hosted by the Forestry and Forest Products Research Institute (FFPRI) (organizer: the REDD Research and Development Center) and co-hosted by the International Tropical Timber Organization (ITTO), the Japan International Cooperation Agency (JICA), and the REDD+ Platform, was held on January 21, 2020, in Ito Hall at the University of Tokyo. This year, which happened to be the final year of the Forestry Agency Sponsored Project, the "Project to support private-sector activities promoting REDD+," we focused on the outcomes of the research and development carried out under this project by presenting useful guidelines and tools for reliable implementation of and assistance with programs. We also actively discussed the opportunities created by REDD-plus to assist with and implement programs in developing countries, including their private sectors, which make use of the Joint Crediting Mechanism (JCM) promoted by Japan.

### Opening Session

In the opening remarks by the organizer, FFPRI Director General Dr. Sawada Haruo provided an overview of the roles that the FFPRI has played for about ten years to promote REDD-plus. He spoke of his hope that the initiatives up to this point, including this seminar, would contribute to the improvement of forest conservation and social welfare around the world and measures on climate change.

Delivering the opening speech as a co-host, Dr. Gerhard Dieterle (Director General of ITTO) said that although timber use and timber-based energy supply had so far been seen as causes of climate change, this perspective had changed. We now recognize that it is possible to create win-win situations for development and economic growth through timber use and for climate change initiatives. He finished his speech by noting that ITTO is committed to addressing climate change through cooperation and collaboration with civil society, local communities, indigenous people, and the private sector.

Mr. Hongo Koji (Director General of the Forestry Agency) spoke on behalf of the guests and stated that Japan would like to contribute to the achievement of the Paris Agreement targets through effective use and appropriate management of domestic forest resources, long-term use of timber, and international initiatives on climate change supported by REDD-plus.

Finally, Dr. Inoue Yasuko (Senior Researcher of FFPRI) explained the objectives of the seminar. She began by expressing concerns about the causal relationship between large-scale wildfires, such as those in Australia, and climate change. She then explained that the objectives of the seminar were to share information about technological, policy, and funding statuses, including those on monitoring techniques and safeguarding initiatives, and to invite experts around the world to discuss challenges to the further promotion of private-sector participation in REDD-plus, including the use of private funding through market mechanisms based on the decisions made in the Framework Convention on Climate Change.

## Keynote speech 1

## Overview and prospect of REDD-plus and 10 years of experience of the UN-REDD Programme

### Dr. Malgorzata Buszko-Briggs (Food and Agriculture Organization (FAO)/UN-REDD)

FAO has supported REDD-plus in 64 countries in the last ten years, in order to face and solve technical challenges in various countries. Our goal is to halve emissions by 2030 and to reach net zero emissions by 2050. REDD+, like the Sustainable Development Goals (SDGs), is considered to be making a substantial contribution in achieving these targets.

However, the forest area loss in 2018 was the fourth-highest loss in the last 20 years. Although the implementation of REDD-plus still faces various challenges related to politics, industry, and international negotiation, its technological aspect has made much progress, with some countries starting a transition to results-based payment (RBP) based on the outcome of Phase 3. Forty countries have developed national forest monitoring systems (NFMSs), and 45 countries have submitted their reference levels to the United Nations Framework Convention on Climate Change (UNFCCC). We now need: 1) additional capacity development; 2) technologies and tools; 3) new funding sources, and; 4) factors that can trigger

transformative impacts of REDD-plus.

Regarding capacity development, FAO has assisted in the development of NFMS in 16 countries since 2015. As for technologies and tools, we can point to the advancement in remote sensing technologies for forest monitoring. FAO, with the assistance of other organizations including JICA and Japan Aerospace Exploration Agency (JAXA), has developed Open Foris and the system for earth observation data access, processing and analysis for land monitoring (SEPAL), forest-monitoring tools that can be used on smartphones. In terms of new funding sources, REDD-plus currently receives only two percent of the Green Climate Fund (GCF). While Phase 1 targeted public funding sources and Phase 3 will focus on RBPs, private-sector funding and carbon finance are critical for Phase 2; it is expected that the GCF will play an important role in this phase. FAO is working with the Center for International Forestry Research (CIFOR) to analyze transformative impacts of REDD-plus. We believe that land tenure will be the central challenge to implementing REDD-plus swiftly and appropriately at scale.

## Keynote speech 2
## REDD-plus for Results-based-payment and supporting Sustainable Development in Myanmar

**Dr. Nyi Nyi Kyaw**
**(Forest Department, Ministry of Natural Resources and Environmental Conservation, Myanmar)**

In Myanmar, the deforestation rate remains high, with a loss of 400,000 ha every year due to conversions of land into agricultural land and other land types that are used unsustainably. The use of biomass as an energy source is also causing forest degradation. The percentage of forest cover was 58 percent in 1995. According to Forest Resource Assessment (FRA) 2015, it has fallen to 42 percent.

Against this backdrop, Myanmar submitted a forest reference level for the first time in January 2018 to make progress in the preparation phase, which is a requirement for REDD-plus's RBPs. The draft of the National REDD-plus Strategy is expected to be completed shortly, and it is planned for the NFMS to begin a new national forest inventory in 2020. We have also worked with the United Nations (UN) to implement a plan to create the Safeguards Information System.

Under the Nationally Determined Contribution (NDC), REDD-plus uses ecosystem services to contribute to

climate change mitigation and adaptation. REDD-plus sets out to contribute to the development of a vibrant and sustainable economy, particularly rural development. Furthermore, the contribution of REDD-plus to the SDGs has resulted in measures addressing poverty and a reduction in hunger in rural areas that live on forest products, and the formulation of the Sustainable Development Plan.

Policy support is essential when addressing deforestation and forest degradation in rural areas. REDD-plus helped to make progress in this matter, providing the means to resolve conflicts and empowering women and indigenous people. However, Myanmar will continue to need capacity-building efforts and international support in technologies. Myanmar is scheduled to launch RBP in the full implementation phase targeting deforestation on a national scale by 2020.

**Keynote speech: Q/A session**

Dr. Buszko-Briggs stated that we should focus on the notion that the implementation of REDD-plus would generate numerous benefits from forests, rather than on the idea that REDD-plus would quickly produce credits with little investment. Regarding new funding sources, he responded that ITTO is working with partners including the UN to explore various opportunities for funding sources beyond the RBP-centered GCF, and is considering co-financing as one of the options.

Dr. Nyi Nyi Kyaw stated that Myanmar has abundant forest resources (as attested by examples such as typhoon damage mitigated by mangroves) with 70 percent of the population being dependent on forests. In this context, the national government must make local people more aware of the importance of forests and realize sustainable forest management. He also stated that Myanmar had developed strategies and action plans to achieve Net Zero Deforestation by 2030, and was developing policies to encourage afforestation by the private sector. Regarding mitigation and implementation, the entire Ministry of Natural Resources and Environmental Conservation and the Forest Department under it are working closely together to implement policies. Finally, he answered that in order to improve the level of education about forests among government employees and local communities, the country had developed college curriculums on climate change and prepared a study abroad program in which master's degrees can be earned.

## Session 1:
## REDD-plus tools, guidelines and technologies

### "What is the point of forest carbon monitoring in REDD-plus?"
### Dr. Sato Tamotsu (FFPRI)

Understanding wider areas through forest carbon monitoring can be accomplished by combining ground observation data with satellite data. Monitoring methods must be low-cost, but without sacrificing measurement accuracy. FFPRI has been developing various research manuals.

The benefits provided by forests in ecosystem services include not only carbon fixation but also other benefits, including biodiversity conservation. Forest stands with a high diversity of tree species tend to fix a greater amount of carbon.

In recent years, among developing countries, there has been a rise in the number of countries in which greenhouse gas (GHG) emissions are caused to a greater extent by forest degradation than by deforestation. Each additional disturbance caused by fire—the primary cause of forest degradation—changes the composition of species, makes it more difficult to recover, and reduces carbon stock.

For the future, it is important to evaluate species diversity. We should create long-term monitoring systems by developing measurement criteria and training personnel, while securing cooperation from experts and residents.

### "Role of REDD-plus for Nationally Determined Contributions and ways to incorporate to National Inventory Report"
### Dr. Sandro Federici (Intergovernmental Panel on Climate Change: IPCC)

I would like us to consider the challenges in incorporating REDD-plus and the Paris Agreement in National Inventory Reports. Forests are sinks, and serve as carbon stocks. Mitigation measures can reduce emissions from forests, reduce $CO_2$ in the atmosphere, and expand carbon stocks. For these things to happen, it is essential to reduce harvesting, prevent disturbances, reduce harvesting losses, and extend the useful lifetime of harvested wood products.

However, we report the GHG flux for each category, not the stock, to the National Inventory Report. Although REDD-plus is included in 55 of 197 National Inventory Reports, the reporting methods lack consistency. Three questions must be examined. Question1: Should REDD-plus activities be stratified in the National Inventory Report?

Question 2: How should we treat the REDD-plus activities a country implements when forests are included in the country's NDC? Question 3: What if the only REDD-plus activities are mitigation measures of the NDC?

### Session 1: Q/A session

Regarding the relationship between the diversity of tree species and the amount of carbon fixation, Dr. Sato answered that although analysis of native broadleaf forests would indicate a greater amount of carbon fixation, it is important to create forests according to the purpose of forest management. When asked what must be done to implement research-level forest degradation emissions evaluations at the national scale, he answered that it is essential to collect data after clarifying the definition of forest degradation. He hoped the collaboration between Myanmar and FFPRI would be productive.

When asked about the calculation for years such as 2019, when widely publicized major wildfires took place, Dr. Federici responded that the IPCC publishes a method to statistically distinguish between natural disturbances and disturbances caused by humans. He explained that this method could clarify the extent of impact by identifying certain fires as outliers, based on historical patterns.

## Session 2:
## REDD-plus voluntary cooperative approaches and result-based finances

### "Evaluating the performance of REDD-plus projects at the national level"

### Dr. Ehara Makoto (FFPRI)

It is important for REDD-plus vendors to have the performance of their projects properly evaluated at the national level. Here, we can define "proper evaluation" as one in which accuracy (the avoidance of double counting) and legitimacy (evaluation of the contribution level) are guaranteed.

The results of our study indicate that there are four components in a proper evaluation: 1) guaranteeing the integrity of the methodology; 2) providing input on project impact beyond emissions reduction to the implementing country's government; 3) developing a method to distribute benefits among projects, and; 4) securing human resources and cooperation with JICA and other institutions.

We propose two strategies to meet these four requirements.

First, we should develop a method to allocate the country's reference level to projects in advance. However, we must

decide by what amount we should determine allocation proportions. Some methods can cause significant gaps between the reference level anticipated by vendors and the actual level.

Second, we believe that proper evaluation can be facilitated by conducting it by referencing the cookbook that explains which items REDD-plus vendors should address.

**"JICA's cooperation on REDD-plus"**
**Mr. Morita Takahiro (JICA)**

JICA's goal is to implement projects to achieve the safety of people and sustainable growth and, as a consequence of these efforts, to gain the trust of the international community toward Japan. In the areas of the natural environment, including our cooperation in areas related to REDD-plus, JICA has established the following three strategic issues. 1) Coordination between the preservation of the natural environment and human activities, especially the contribution to mitigation measures under the Framework Convention on Climate Change. 2) In the spirit of the United Nations Convention to Combat Desertification (UNCCD), improvement of the livelihoods of the local people in developing countries who live in harsh conditions through the use of natural resources. 3) In concert with the United Nations Convention on Biological Diversity (UNCBD), the preservation of biological diversity through the management of protected areas and other strategies.

Regarding REDD-plus, JICA conducts activities in various places using the following three principles. 1) Implementation of assistance in a manner that promotes the autonomy of developing countries and accommodates the reality of each country. 2) Maximum use of Japan's expertise and technologies, such as the application of remote sensing technology in cooperation with JAXA. 3) Emphasis on global-level partnerships in the face of limited resources.

**"Implementation of Article 6 of the Paris Agreement and the Joint Crediting Mechanism (JCM)"**
**Ms. Uga Maiko (Ministry of the Environment)**

To achieve the 2°C target of the Paris Agreement from COP21, we need efforts that incorporate all kinds of stakeholders, including the introduction of market mechanisms. Issues concerning Article 6, Paragraphs 2 and 4, are particularly important.

Regarding Article 6, Paragraph 2, which pertains to the market mechanism

each country is to implement individually, the rules to prevent double counting of mitigation outcomes became a particularly important point of discussion in COP25. Carbon offsetting for the International Civil Aviation Organization (ICAO), which is gathering attention as an application of carbon credits, and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) would also be subject to these rules. In addition, the need to provide funding for the adaptation in developing countries was discussed. Regarding Article 6, Paragraph 4, the main point of the debate was the transferability of the credits issued in the Clean Development Mechanism (CDM) projects under the Kyoto Protocol.

Although COP25 could not, unfortunately, resolve all of the important agenda items related to Article 6, we can evaluate it positively as it has clarified the paths toward the upcoming COP26.

**"Association for Research and Integral Development (AIDER's) experience: REDD-plus project in Shipibo Conibo and Cacataibo native communities in the Ucayali region, Peru"**

**Ms. Sylvia Mayta (AIDER)**

I would like to showcase a REDD-plus project implemented in an indigenous village. Targeting seven villages located in 120,000 ha of forests in the Department of Ucayali, Peru, the project has four tenets: the proper use of land, capacity building for forest management, financial and market linkages, and technical assistance. It is implemented in accordance with the Verified Carbon Standard (VCS) and the Community and Biodiversity Standards (CCB Standards) and aims to reduce $CO_2$ at a rate of 550,000 tons/year for ten years, improve the livelihoods of people, and protect wild fauna and flora.

In 2018, tripartite cooperation began with the United States Agency for International Development (USAID) and Althelia Funds, a financial assistance initiative headquartered in Luxembourg. The goal is for the local people themselves to practice sustainable management through sustainable businesses, contributing to the reduction in GHG emissions. The project period is five years, with AIDER serving as the implementation partner and USAID and Althelia Funds providing the money. Expected outcomes include better management of 120,000 ha of forests, improved conditions in 520 ha of forests, improved livelihoods of 350 indigenous families, respect for traditional techniques, and the creation of

sustainable businesses. The funding aspect of the project is unique. In addition to having USAID as the donor, Althelia Funds can earn a profit of 20 percent through carbon credits. Challenges include the adoption of business culture in indigenous communities, measures against land invasions, and scaling-up of businesses.

**Session 2: Q/A session**

Responding to a question asking whether it is possible to use REDD-plus credits toward offsetting in CORSIA, Ms. Uga stated that it is too early to say, but she is paying close attention to the outcomes of the review by the Technical Advisory Body. She also mentioned that entry from other industries would have to wait until the details of Article 6 of the Paris Agreement are determined.

To a question concerning the application of VCS credits, Ms. Mayta explained that they are paid to the investors as compensation for their investment in the project.

To a question concerning the methodology of JCM in REDD-plus and its coexistence with other mechanisms, Dr. Ehara responded that the methodology is project-based, and described methods of coexistence that can avoid double counting.

Regarding the participation of the private sector in the future, Mr. Morita referred to the example of mangrove preservation presented by Dr. Nyi Nyi Kyaw and showed an approach to explore business opportunities that combine mitigation and adaptation. He also said that JICA is making efforts to prevent forest degradation by considering value chains, and touched on the need for sharing best practices.

Regarding business models that would lead to forest protection, Ms. Mayta described a case in which a direct sales mechanism for cocoa and crafts was developed by having business experts participate.

## Panel discussion

### Introductory presentation

### "JCM REDD+ in Cambodia"

**Dr. Uraguchi Aya (Conservation International (CI) Japan)**

The presentation introduced a REDD-plus project using JCM implemented by Mitsui & Co., Ltd., Conservation International (CI), and the Cambodian government. Activities are built on: 1) a good relationship with the host country; 2) strong interest among stakeholders, and; 3) CI's past experience in the area. To agree on the components of the

methodology, the Cambodian side has been exchanging ideas with JICA experts, UN personnel in Cambodia, and non-governmental organizations (NGOs), and the Japanese side has been assisted by the national government and research institutions. In addition, the project also received the consultation of the United Nations Development Programme (UNDP) concerning nesting. For the business to work, measures to prevent deforestation are becoming essential. The project is also attempting to achieve transparency and speed through frequent communication.

Necessary conditions for the business model to work include coordination with relevant domestic parties, implementation of various activities to prevent deforestation, reduction of risks through information sharing, flexibility in the budget, and the existence of demand for credits.

Promoting large-scale participation by private companies necessitates a sufficient amount of discussion with potential partners. The government on its part would have to create the demand for credits and risk reduction schemes and provide assistance on the methodology.

## Discussion

### "What to do to enhance private sector participation to REDD-plus including by market approaches?"

**Moderator: Mr. Hashiramoto Osamu (ITTO)**

- **Dr. Malgorzata Buszko-Briggs (FAO/UN-REDD)**
- **Dr. Nyi Nyi Kyaw (Ministry of Natural Resources and Environmental Conservation, Myanmar)**
- **Dr. Sato Tamotsu (FFPRI)**
- **Dr. Sandro Federici (IPCC)**
- **Dr. Ehara Makoto (FFPRI)**
- **Ms. Uga Maiko (Ministry of the Environment)**
- **Ms. Sylvia Mayta (AIDER)**
- **Dr. Uraguchi Aya (CI Japan)**

**① What are the expectations of local communities and investors to the REDD-plus projects?**

Dr. Uraguchi said that the companies that invest in projects expect the mechanisms, market, and the amount of reduction under REDD-plus to be predictable, and that its projects are "good projects" from the perspective of the SDGs. However, she pointed out that because stopping a community from engaging in forest-destroying activities would mean changing its way of life, we must recognize that this would take a

considerable amount of time.

Ms. Mayta stated that, based on the experience of implementing a REDD-plus project in Peru's indigenous villages, communities are expecting to improve their livelihoods while preserving forests, and investors are expecting not only to receive emission reduction credits but also to profit from those credits.

**② What is needed to promote private sector support to REDD-plus including through market- based approaches or international transfer of mitigation outcomes, such as a project which applies Joint Crediting Mechanism (JCM)?**

Dr. Nyi Nyi Kyaw stated that to promote sustainable forest management, the national government had responded to deforestation in Myanmar by actively loaning public lands to the private sector, starting in 2006. As part of this effort, he said, plantations were being developed through foreign investors motivated by the corporate social responsibility (CSR) and credits, and the government is actively making efforts to maintain and increase forest areas, with a goal of net zero forest deforestation. He also stated that to promote JCM and REDD-plus, we must introduce market mechanisms and implement technology transfer, in addition to understanding the changes in land use.

Ms. Uga stated that the national government perceives that rule-making is important, and intends to use its experience on JCM to work on international negotiation on Article 6 of the Paris Agreement concerning the market-based approach and international transfers of mitigation measures. She also pointed out that it is necessary to establish consistency in the relationship between the RBP in REDD-plus by GCF and JCM credits. Furthermore, she said that the development of credit markets is essential to achieve the goal agreed in the Paris Agreement, and advocated private finance in addition to government purchases.

Dr. Ehara stated that it is important for REDD-plus to preserve environmental integrity first and then contribute substantively to climate change mitigation. In particular, we must allocate appropriate reference levels and outcomes corresponding to the deforestation risk unique to each region. In addition, he mentioned that since the private sector is expecting REDD-plus to offer CSR-type elements and credits, one potential scenario is to start with CSR at first, then offer credits later on.

③ **In order to promote private participation in REDD-plus implementation which are regarded as credible activities, what kind of supports in technical aspects are needed for REDD-plus countries and for private sectors which support REDD-plus projects?**

Dr. Federici stated that the IPCC had published guidelines for the creation of national GHG inventories, and they can be used to calculate the amount of emission reduction for REDD-plus. He also said that the amount of national emissions (stock) and the reduction outcomes of REDD-plus should be integrated at the national level in the future, as they are comparable or interchangeable with each other. He mentioned that this would require us to establish credibility (establishment of the baseline, linkages, persistence, nesting, and prevention of double counting).

Mr. Morita pointed out that since conditions vary in REDD-plus countries, the process to meet the universal requirements of UNFCCC would require flexible measures according to needs. He also stated that it is important to find a balance between the quality of credits and the cost, and that we had to assist companies in monitoring technologies and developing policy commitments and foundations to support this effort.

Dr. Sato suggested that by inviting local people to participate in REDD-plus monitoring, they would come to understand the importance of forests, leading to forest preservation. To do this, we need techniques to teach them monitoring technologies in a comprehensible manner. He also stated that forests have multiple functions. By showing a landscape design in which biodiversity protection zones and timber production zones are appropriately placed, he said that communities must think and discuss for themselves.

**Q/A session**

Mr. Hashiramoto, the moderator, gave his view that amidst the interest in CSR, the SDGs, and environment, social and governance (ESG) investment shown by companies, REDD-plus projects must consider not only emission reduction but also biodiversity and the improvement of local people's livelihoods. He especially encouraged participants from private corporations to ask questions.

A Japanese private oil exploration company said that it is following the example of other international companies in the same industry, to consider offsetting emissions in the order of one million tons per year in forest sectors,

including REDD-plus. The company said that it would like to hear suggestions as to whether it should purchase credits or participate in the project. Responding to this question, Dr. Uraguchi pointed out that very few projects had been developed in the last few years. She said that we had to create additional projects as the demand for forest credits is expected to increase and this would take a considerable amount of time. She also suggested creating portfolios in multiple projects.

Another Japanese company said that it has implemented forest preservation projects for about ten years, for social contribution and CSR purposes. The company stated that if it can effectively use REDD-plus to demonstrate its achievement externally, it might participate in REDD-plus, after assessing the risks.

A former employee of a Japanese company requested that in addition to developing countries, developed countries should be evaluated, especially the mitigation effect as a result of afforestation implemented in Japan after World War II. Dr. Federici responded to this by stating that they are all properly evaluated in UNFCCC's national GHG inventories.

### Wrap-up session

Dr. Buszko-Briggs wrapped up the session by stating that companies investing in REDD-plus must make long-term commitments, including the improvement of local people's livelihoods, after estimating and addressing risks. He also said that we must support the participation of the private sector in REDD-plus through the creation of mechanisms built on our experience of JCM. He identified the establishment of a baseline and integration with the national GHG inventory and international systems as the issues we should address in the future, to establish the credibility of REDD-plus.

### Closing session

Dr. Hirata Yasumasa (Director of the REDD Research and Development Center, FFPRI) once again explained the significance of the seminar's title, "Start-up Year." He then summarized the seminar by stating that it generated valuable hints for ways to integrate "mitigation," a global challenge, and "adaptation," a local challenge. He concluded by thanking the speakers, presenters, and the audience in the hall.