

Panel Discussion: What to do to enhance private sector participation to REDD-plus including by market approaches?

Moderator: Osamu Hashiramoto (ITTO)

Panelists: Malgorzata Buszko-Briggs (FAO/UN-REDD)

Nyi Nyi Kyaw (Forest Department,

Ministry of Natural Resources and Environmental Conservation, Myanmar)

Tamotsu Sato (FFPRI)

Sandro Federici (IPCC)

Makoto Ehara (FFPRI)

Takahiro Morita (JICA)

Maiko Uga (Ministry of the Environment)

Sylvia Mayta (AIDER, Peru)

Aya Uruguchi (Conservation International Japan)

(Hashiramoto) First, I would like to explain the intention of this panel discussion and how we will proceed.

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| <p>Panel Discussion: What to do to enhance private sector participation to REDD-plus including by market approaches? 「REDDプラス支援活動への民間参画を推進するためには何が必要か？」</p> <p>(1) What are the expectations of local communities and investors to the REDD+ projects? 「コミュニティや投資する企業は、REDD+に何を期待しているのでしょうか？」 I would like to request to Ms. Mayta to answer this question, then to Dr. Uruguchi. Firstly, Sylvia, you have a floor. 【ICM】 Dr. Aya Uruguchi (Conservation International Japan) / 満口あや (コンサベーション・インターナショナル・日本支部ディレクター) 【VCS】 Ms. Sylvia Mayta (AIDER, Peru) / シルビア・マイタ (AIDER, ペルー)</p> <p>(2) What are needed to promote private sector support to REDD+ including through market based approaches or international transfer of mitigation outcomes such as those project which applies Joint Crediting Mechanisms (or JCM)? 「民間セクターの支援により、市場アプローチや、緩和成果の国際移転、例えばJCMなども含まれるREDD+を推進するためには何が必要か？」 【REDD+Country】 Dr. Nyi Nyi Kyaw (Director General of Forest Department, Ministry of Natural Resources and Environmental Conservation, Myanmar) / ミャンマー自然資源環境省森林局長 【International Organization】 Dr. Malgorzata Buszko-Briggs, FAO/UN-REDD / プログラムオフィサー Next, Ms. Uga Maiko, Ministry of Environment of Japan, please provide your view? 【Donor government】 Ms. Maiko Uga (Ministry of Environment) / 宇賀まい子 (環境省) At the end, please provide your comment Dr. Ehara, Senior Researcher of FFPRI? 【Research Institute】 Dr. Ehara Makoto (FFPRI) / 江原 誠 (森林総合研究所)</p> | <p>(3) In order to promote private participation in REDD+ implementation which are regarded as credible activities, what kind of supports in technical aspects are needed for REDD+ countries and for private sectors which support REDD+ projects? 「REDD+実施への民間参画を推進し、それを信頼性の高い取り組みとするために、REDD+国や企業に技術的な側面では何が必要か？」 【International Organization】 Dr. Sandro Federici (IPCC) / サンドロ・フェデリチ (IPCC TSUユニット長) How do you think this Mr. Morita, from your experience as JICA? 【Donor agency (JICA)】 Mr. Takahiro Morita (JICA) / 森田隆博 (国際協力機構地球環境部次長) Please provide your comment to this question Dr. Sato, FFPRI. 【Research Institute】 Dr. Sato Tamotsu (FFPRI) / 佐藤保 (森林総研 森林植生領域長)</p> |
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The title and topic of this panel discussion is “What to do to enhance private sector participation to REDD-plus including by market approaches?” We will have an initial presentation relevant to this, after which the speakers of the morning and afternoon sessions will come on stage. We will then raise a number of questions to them and proceed with the panel discussion.

First, I would like to explain the background. REDD+ activities are mainly being run with public financing from funding by large international organizations and bilateral cooperation. However, in order to scale up REDD+ activities, larger and sustainable activities are required. For this, various countries and stakeholders agree that there is a need for more private sector participation. In light of that, we would like to identify and discuss the challenges to get private sector to participate in REDD+, and how to overcome these challenges.

We will begin with an initial presentation from Dr. Aya Uruguchi of Conservation International Japan. Dr. Uruguchi, after studying ecology at the Graduate School of Environmental Earth Science at Hokkaido

Panel Discussion

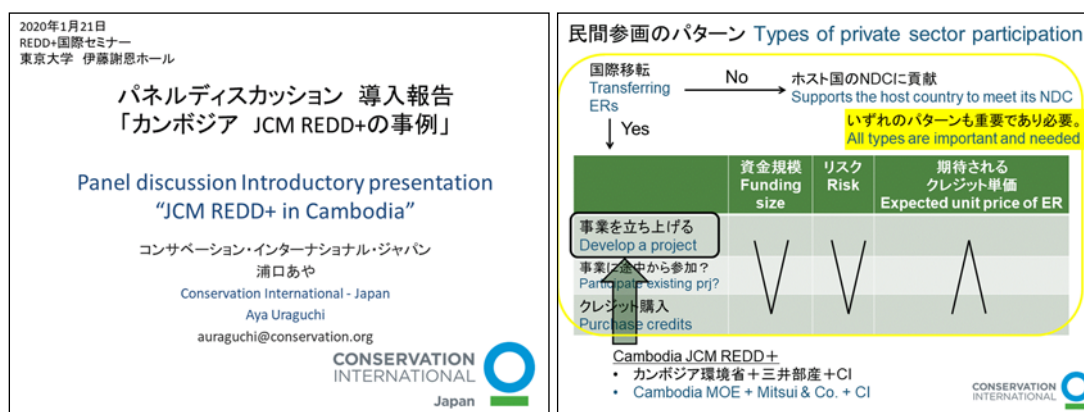
University¹, joined Mitsubishi Research Institute² to support the formation of forest projects using carbon credits in Japan and overseas, and to conduct research on biodiversity, etc. Since 2010, she has in charge of forest-related projects in tropical countries for the sustainable development of nature at Conservation International Japan. The title of her presentation is “JCM REDD+ in Cambodia.”

Introductory Presentation

JCM REDD+ in Cambodia

Aya Uruguchi (Technical Director, Conservation International Japan)

Types of private sector participation



There are various patterns for private sector to be involved in REDD+. With regard to REDD, there is a question of whether there will be a transfer of emission reductions (ERs) across borders. If there is no international transfer, then those ERs would be applied to the NDC of the host country, but if there is an international transfer of ERs, then there are a number of patterns for private sector participation. For instance, they could help to develop a project, or they could purchase their credits from the project. Some entities might want to join an existing project midway.

Each have their own characteristics. If we look at the scale of funds, to launch a project, a large amount of fund is required, but the purchase of credits can be started small, even from a one-ton level. There are various risks in doing a REDD project. The forest has to be protected and the governance mechanisms are still being developed. The risk is larger if you are involved from the initial stage of the project, but inversely, if you are participating in a project late and just buying credits, the price of the ERs will be higher than if you were involved in the project from the beginning. Without stakeholders who launch a project, as well as those who buy them, it will not succeed. Mitsui & Co.³ has been involved in a project with the Ministry of Environment of Cambodia⁴, and with Conservation International to carry out a JCM REDD+ project from initiation. I would like to explain about this project.

¹ <https://www.global.hokudai.ac.jp/>

² <https://www.mri.co.jp/en/>

³ <https://www.mitsui.com/jp/en/index.html>

⁴ <https://www.moe.gov.kh/>

Summary of the business model

ビジネスモデル概要 Summary of the business model

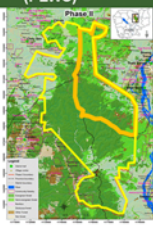
□ Phase 1

- PLWSのStung Treng州内、12万ヘクタール
- Stung Treng part of PLWS, 120,000 ha
- 三井物産 Mitsui
 - 初期投資+社会貢献
 - Initial investment & philanthropic support
 - クレジットをカンボジア政府から取得
 - Acquiring carbon credits from GoC in return
 - クレジット追加取得対価が将来の活動資金に
 - Fee for additional acquisition will be used for future activities.
- カンボジア政府+CI GoC + CI
 - 保護区管理+コミュニティ開発
 - PA management (incl. patrol) & community livelihood development

□ Phase 2

- PLWS全域、43万ヘクタール Entire PLWS, 430,000 ha
- 三井物産 Mitsui
 - クレジットの取得を継続 Cont. acquiring carbon credits
- カンボジア政府+CI GoC + CI
 - 森林管理+コミュニティ開発を継続 Cont. PA mgt and C. livelihood dev.

ブレイ・ロング野生生物保護区
Prey Lang Wildlife Sanctuary (PLWS)



There are not many private sector companies who are investing in REDD+ now. We would like to identify what the keys were for this kind of private sector participation in the hope that it will provide us some hints for further opportunities.

This project is being carried out in the Prey Lang Wildlife Sanctuary in Cambodia. We are currently in Phase 1 and hoping to move on to the bigger Phase 2. In Phase 1, 120,000 hectares in the Stung Treng part of the Prey Lang Wildlife Sanctuary is the target. Mitsui has provided the initial investment and is also providing additional philanthropic support. In return, Mitsui will be obtaining carbon credits from the Cambodian government. They may also acquire additional credits, and fees for that will be used for future conservation activities in Cambodia. The roles of Cambodia government and Conservation International are to promote management and monitoring, and to help with livelihood development for the communities.

In Phase 2 in the future, the target area will be expanded to the entire Prey Lang Wildlife Sanctuary to an area four times the present space, so 430,000 hectares. Also, in Phase 2, Mitsui will acquire carbon credits where the Cambodian government and Conservation International will continue to manage particular areas and help with community livelihoods.

現在の状況 current status (1/2)

□ 全体 Overall

- 2018年3月に契約締結、事業開始
- Agreement signed and implementation started in March 2018

□ 現地での取り組み on the ground activities

- 保護区管理(取り締まり等)を実施中 Implementing PA mgt (incl. patrol)
- 生計向上の取り組みを実施中 Developing community livelihood



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In terms of the current status, in March 2018, an MOU was signed between the three parties.

Panel Discussion

Implementation of protected area management including patrols, as well as livelihood development, is being carried out on the ground.

現在の状況 current status (2/2)

- REDD+関係 REDD+ works
 - JCM REDD+ガイドライン JCM REDD+ guidelines
 - 2018年5月承認(第一号) Approved in May 2018 (1st country)
 - 方法論 Methodology
 - 2019年4月初回提出(その後、8月、10月、11月に再提出)
 - 1st submission in Apr 2019 (resubmitted in Aug, Oct and Nov)
 - 今月中に承認と期待
 - Expecting to be approved by the end of this month
 - PDD
 - 完成まであと一息 Near to finalization
 - Nesting
 - Technical NoteがカンボジアのREDD+ Task Forceより出され、2021年1月にすべてのプロジェクトがネステイングされる計画
 - Technical Note was sent out from REDD+ Task Force, and all projects will be nested in Jan 2021.
 - モニタリング・検証 Monitoring and verification
 - 第一回を2021年初に予定
 - 1st monitoring and verification is planed in early 2021

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Related to REDD, the JCM REDD+ guidelines were adopted in May 2018, with the first edition recognized by Cambodia. We are currently developing a methodology for this project. Our first submission was in April 2019, and we have revised it several times and resubmitted the methodology document. We are hoping that the methodology will be approved, by the latest, next month.

We are also working on a project design document (PDD) for the REDD+ project. It is near completion.

With regard to nesting, which means harmonizing between national, sub-national, jurisdictional, and project levels, there has been a lot of debate on harmonizing the numbers there. The REDD+ Task Force has issued a technical note on nesting, and it has indicated that all existing and future projects will have to be nested from January 2021.

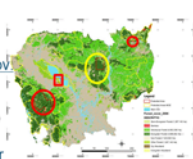
We are planning to do our first monitoring and verification exercise in early 2021.

Background and keys

これまでの経緯・鍵となっている点(①～⑤)
Background and keys

①土台 Foundations

- ホスト国政府との関係 Relationship with the gov.
 - 森林分野のJICA専門家が長く駐在。
 - JICA experts in forestry sector.
 - CIカンボジアは他地域で長年活動。政府とのMOU有り。
 - CI Cambodia has worked in other areas for many years, and has MOU with the gov.
- 現地関係者の強い関心 Strong interest from stakeholders
 - カンボジアの社会・経済に重要な森林。
 - Socially and economically important forest for Cambodia
 - カンボジア政府からCIカンボジアに取り組みの打診。
 - CI Cambodia was asked for potential intervention in PL by the gov.
- 現地の土地勘 knowledge and certain level of experience in PLWS
 - GEC(環境省)のFSを実施。Conducted FS funded by GEC (J-MOE)
 - 別資金で2015年～2年間、小規模なコミュニティ支援。
 - Small scale community support funded by other donor, 2yr from 2015



Let me now explain the background and key success factors. First, foundation. In terms of the foundation of this project, having a good relationship with the host government is important. There is a JICA expert in the forestry sector staying in Cambodia for a long time. Conservation International Cambodia

has also been working in Cambodia for a long time. We have a MOU with the government and also have a good relationship with them. There is also a strong interest from the stakeholders in Cambodia. Forests are very important for the society and economy in Cambodia. In fact, the Cambodian government had asked Conservation International Cambodia to help out with this effort. We were familiar with this region. We got funding from the Global Environment Centre Foundation (GEC) under the Japanese Ministry of Environment, and they did a feasibility study for us. However, we were able to provide community support with funding from another donor from 2015 for two years.

② パートナーシップ構築 Partnership development

- 始まり How it started...
 - 2015年春に三井物産からCIジャパンに連絡。
 - Mitsui contacted CI Japan in the spring of 2015
 - 手探り状態から関係構築。
 - Developing the relationship from scratch.
- 契約締結に向けた調整 Coordination toward signing the agreement
 - 三井物産とCIジャパンが窓口になり、カンボジア政府、CI本部(米国)及びCIカンボジアと調整。
 - Mitsui and CI Japan were direct points to coordination among three parties, i.e. GoC, Mitsui and CI (HQ & Cambodia)
 - カンボジア政府との細かな連絡は、CIカンボジアと三井物産フノンペンがサポート。
 - CI Cambodia and Mitsui Phnom Penh supported detailed coordination with GoC.
 - 参考: 2016年春、カンボジア政府の体制変更により、カウンターパートが森林局から環境省(MOE)に変更。プレイロンは野生保護区に制定。
 - Ref: in 2016, due to change in GoC, CP has changed from FA to MOE. Prey Lang was designated as a wildlife sanctuary.

Second, partnership structure. How the partnership started was in spring of 2015, Mitsui contacted Conservation International Japan. We were starting from scratch to develop a relationship with Mitsui. 2015 was three years before we signed an agreement with Mitsui. In order to establish a contract, we worked hard to develop a relationship. Conservation International Japan and Mitsui served as contact points to coordinate with the government of Cambodia, as well as the Conservation International headquarters. There was a need for in-depth communication with the Cambodian government. Conservation International Cambodia and the Mitsui Phnom Penh office helped to coordinate with the government of Cambodia. There was a change in structure of the Cambodian government in the spring of 2016, and the counterpart for this project changed from the Forestry Agency to the Ministry of Environment. At the same time, the Prey Lang area was designated as a wildlife sanctuary.

③ 方法論 Methodology

- 方法論の内容の調整 Deciding key components in methodology
 - カンボジア側 with Cambodia side
 - MOEと方針を相談の上でCIがドラフト。
 - CI drafted a methodology based on discussion with MoE.
 - CIカンボジア及びJICA専門家がフォロー。
 - CI Cambodia and JICA experts followed up with MoE.
 - MOE常駐の国連職員経由でも意見を吸い上げ。
 - Talked with UN experts in MoE to get their inputs and feedback.
 - REDD+を実施している他NGOとも情報・意見交換。
 - Coordinate with other NGOs doing REDD+ in Cambodia.
 - 日本側 with Japan side
 - 林野庁、環境省、MURC、IGESが内容をチェック。CIジャパンの相談に対応(大変に助かりました)。
 - Japanese FA and MOE, MURC, IGES checked the initial stage draft and responded to CI Japan's questions and clarifications (very helpful).

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Third, methodology. The Ministry of Environment of Cambodia and Conservation International are working together to develop this wildlife sanctuary. Conservation International Cambodia and JICA experts are doing follow-ups in the field. Importantly, there were experts of FAO and UNDP at the Ministry of Environment in Cambodia who we would work with. There are also other NGOs in Cambodia doing REDD+ projects that we coordinated with. We were able to understand the situation in Cambodia and other regions. We were also able to get an idea of the direction for the future as we developed the project. Within Japan, we worked with the Forestry Agency and the Ministry of the Environment of Japan. Also, Mitsubishi UFJ Research and Consulting⁵ (MURC) and the Institute for Global Environmental Strategies⁶ (IGES) checked our initial draft. We are grateful for their timely help.

④ネスティング Nesting


- Recommendationsを作成するためにUNDPがコンサルタントを起用(2019年半ば～)。
- UNDP contracted with a consultant to develop a set of recommendations to MOE (mid 2019-).
- CI及び三井物産もコンサルテーションを受け、数回やりとり。
- CI and Mitsui were consulted by the consultant for several times.
- Technical Noteが昨年末に関係者に発表され、全プロジェクトが2021年1月にネストされることに。
- Technical Note was sent out from REDD+ TF, and all projects are required to be nested in Jan 2021.
- 方法論とPDDの改訂、検証時期などを再検討。
- Started re-planning for revision of the methodology and PDD and for the best verification timing etc.

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Fourth, nesting. As for the development of recommendations, I cannot explain a lot because of time, but for nesting, UNDP hired a consultant to develop recommendations for nesting. Conservation International and Mitsui also got consultation from that expert. Our project will be nested in 2021. We are going to revise our methodology and PDD with the assumption of nesting.

⑤森林減少を止めるための取り組み Activities to reduce defo

- 保護区管理 Protected Area Mgt.
 - 取り締まり: 計画作成、レンジャーの各種研修、予算管理等
 - Law enforcement: planning, trainings for rangers, budget management etc.
 - 連携強化: 中央環境省、州環境局、CIカンボジア間で定例会議開催
 - Strengthening coordination: regular meetings between MoE, PDoE, CI C etc
- コミュニティ生計向上 Livelihood dev.
 - 稲作収量・品質向上 improving rice yield and quality
 - エコツーリズム eco-tourism
 - バットグアノ、はちみつ、樹脂等 bat guano, honey, resin etc
- 別資金による補完 filling gaps with other funding source
 - 保護区管理の基盤強化。Strengthening PA mgt framework
 - 小規模ビジネスの基盤構築 Developing foundation for small business dev.



Fifth, efforts to stop deforestation. The most important thing is to stop deforestation. We are doing

⁵ <https://www.murc.jp/english/>

⁶ <https://www.iges.or.jp/en>

management of the protected areas. We are also trying to improve the livelihood of local communities. Furthermore, we are doing some interesting work with the communities. We are also working to fill gaps with other funding. We are trying to strengthen the management framework for protected areas and also trying to make a foundation for developing small businesses.

⑥ 定期的な報告・コミュニケーション
Regular reporting and communication

- 三井物産 ← CI CI to Mitsui
 - 州環境局作成の取り締まりに関する報告(毎月)
 - Monthly report on law enforcement (SMART) developed by PDoE with support from CI Cambodia
 - 取締り改善用に作成している森林状況報告(乾季は毎月)
 - In dry season, monthly report on deforestation created for improving law enforcement
 - 衛星 (Sentinel) + ドローン + 現地 Satellite data (Sentinel) & drone & ground check
 - 活動・財務報告(6ヶ月に1回) 6-month activity and financial report

(透明性を保ち、溜まる前に問題を共有できるのは重要)
Important for keeping transparency and sharing issues before piling up too high!

- MoE、三井物産、CI MoE, Mitsui, CI
 - 約四半期会合@プノンペン
 - Approx quarterly meeting in Phnom Penh

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Sixth, regular reporting and communication. Between Mitsui and Conservation International, there is a formal monthly exchange of reports on law enforcement. We combine on-ground information with satellite information in a deforestation map that is shared on a monthly basis. We also have a six-month activity and finance report that is shared. Other than that, we utilize e-mail and phone calls. We are trying to maintain transparency so that we can share our problems before they become serious. Conservation International, the Ministry of the Environment, and Mitsui have a quarterly face-to-face meeting in Phnom Penh to confirm progress on the project.

Important things for enabling this model to work

モデルが成立するために必要なこと
Important things for enabling this model work

- ホスト国内での関係者との調整 Close coordination with relevant parties
 - ホスト国政府 the host country gov.
 - 国際機関 international organizations (UNDP, FAO etc)
 - REDD+に関わる他プレイヤー(カンボジアの場合はNGO) other players doing REDD+ (in case of Cambodia, mainly NGO)
- 現地で森林減少を止める(簡単ではない) Reduce deforestation on the ground (not easy at all)
 - 止めたいと真剣に思っている人たち people who seriously want to stop deforestation
 - 直接的なステークホルダー(地元住民、州政府)に近い人たち people who are close to direct stakeholders (local community and local government)
 - 森林保全・管理、生計向上策(例えば稲作)等、必要分野の専門家 experts on forest conservation/mgt and livelihood dev. etc

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In order for such a model to work, there are a number of key factors. We need good coordination with the relevant parties in the host country. Additionally, we also need to work with international organizations working in the host country, as well as NGOs and other players in Cambodia. Second, it is very important to stop deforestation, but that is easier said than done. Not only NGOs, but there are other people who are

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serious about stopping deforestation. We need to work with them. We also need to work with direct stakeholders such as the local community members, as well as local government officials. Furthermore, we need to work with experts in the various relevant fields such as forest management or livelihood development.

モデルが成立するために必要なこと
Important things for enabling this model work

- 高リスクへの対応・準備 preparation for a high-risk business
 - パートナー間での透明性ある情報共有: 高リスクな事業であり、問題は小さいものから大きいものまで多々有り。
 - Transparent information sharing among the parties: REDD+ is a high-risk business, and there are lots of and various issues.
- 予算のフレキシビリティ Flexibility in budget
 - 活動が多岐に渡り、ホスト国の環境はダイナミックでもあり、想定できなかったこと、想定と違うことが出てくる。
 - Wide range of activities. Host country's situation is dynamic. There will be things that weren't expected and that are different from what were expected.
 - 当初予算では不足する場合の追加予算の獲得、予算配分の変更が必要になる場面が多い。
 - Additional funding needs for raise and change of budget usage/breakdown would be not rare.
- クレジット需要 Demand for credits




Third, REDD+ projects have high risk, so sharing of information and transparency among partners is very important. Issues, large and small, are occurring all the time, so we need to share these issues in a timely manner. Fourth, we also need flexibility in budget. Our activities are very diverse, and at the same time, the situation in the host country is dynamic, so things that were not expected often come up. Often the initial funding is inadequate. We need to get additional funding or we might need to change the allocation of the initial budget based on the needs. We need an environment that provides flexibility for that. Fifth, there is a need for real demand for credits generated.

What is needed to promote private sector participation?

REDD+支援活動への民間参画を推進するためには、何が必要か？

- 民間企業 Private companies
 - 小規模な需要・資金・クレジットを購入する
 - Small demand/funding size: purchasing credits
 - 大規模な需要・資金・パートナー候補との対話をしてみる
 - Large demand/funding size: start talking with potential partners
- 政府 GoJ
 - クレジット需要を増やす(JCMを国際航空Offset制度の適格クレジットに申請。目標達成に向けた道筋を明確にする。)
 - Increase demand for credits (apply JCM to CORSIA's Eligible Emission Units. Clarify the path toward meeting NDC)
 - リスクを低減するスキーム Scheme to reduce risk
 - ・ 日本政府等によるJCMクレジットの引き取り? Offtake of JCM credits by GoJ?
 - ・ 他スキームとの互換性 compatibility with other mitigation scheme like VCS
 - 方法論に関するテクニカルな負担を低減 reducing works for methodology dev.
 - ・ サポートは大変にありがたかったです。Thank you for the supports.
 - ・ 第2号からは負担が減るよう工夫。既存方法論の利用促進等。Facilitating existing methodology etc from 2nd country to reduce tech. works.
 - ホスト国政府との関係サポート Support for coordination with host country
 - ・ JICA、大使館 JICA, embassy



Regarding key factors for encouraging private companies to participate in REDD+ projects, private companies, with a small scale of funding, can buy the credits. REDD+ projects will not move ahead unless someone buys the credits. If companies have a larger amount of demand or funding, then private companies could start a dialog with potential project partners. I think that is very important.

There are a number of things that the government of Japan can do. In order to increase the demand for

credits, perhaps we should apply for eligibility under CORSIA's Eligible Emissions Units system. We also need to also identify the path towards meeting the nationally determined contributions using these credits.

We also need some risk reduction schemes. For instance, it might be good idea if the government of Japan could purchase some of the remaining JCM credits that have not been sold. We also need to think about compatibility with other schemes such as VCS.

There is a technical burden to support the methodology. As with the first case, we require a lot of support from the relevant groups, but it would be nice to facilitate the use of existing established methodologies in order to reduce the burden of that in the next edition.

Finally, it would be good for JICA and the Japanese embassy to support coordination with host countries. Discussion

(Hashiramoto) We would like to have all the presenters today to come up on stage, and we would like to start the panel discussion.

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| <p>Panel Discussion: What to do to enhance private sector participation to REDD-plus including by market approaches? 「REDDプラス支援活動への民間参画を推進するためには何が必要か？」</p> <p>(1) What are the expectations of local communities and investors to the REDD+ projects? 「コミュニティや投資する企業は、REDD+に何を期待しているのでしょうか？」 I would like to request to Ms. Mayta to answer this question, then to Dr. Uruguchi. Firstly, Sylvia, you have a floor. 【JCM】 Dr. Aya Uruguchi (Conservation International Japan)/満口あや (コンサベーション・インターナショナル・日本支部ディレクター) 【VCS】 Ms. Sylvia Mayta (AIDER, Peru) /シルビア・マイタ (AIDER,ペルー)</p> <p>(2) What are needed to promote private sector support to REDD+ including through market based approaches or international transfer of mitigation outcomes such as those project which applies Joint Crediting Mechanisms (or JCM)? 「民間セクターの支援により、市場アプローチや、緩和成果の国際移転、例えばJCMなども含まれるREDD+を推進するためには何が必要か？」 【REDD+Country】 Dr. Nyi Nyi Kyaw (Director General of Forest Department, Ministry of Natural Resources and Environmental Conservation, Myanmar) /ニャンマヤー・自然資源環境省森林局長 【International Organization】 Dr. Malgorzata Buszko-Briggs, FAO/UN-REDD/プログラムオフィサー Next, Ms. Uga Maiko, Ministry of Environment of Japan, please provide your view? 【Donor government】 Ms. Maiko Uga (Ministry of Environment)/宇賀まい子 (環境省) At the end, please provide your comment Dr. Ehara, Senior Researcher of FFPRRI? 【Research Institute】 Dr. Ehara Makoto (FFPRRI)/江原 誠 (森林総合研究所)</p> | <p>(3) In order to promote private participation in REDD+ implementation which are regarded as credible activities, what kind of supports in technical aspects are needed for REDD+ countries and for private sectors which support REDD+ projects? 「REDD+実施への民間参画を推進し、それを信頼性の高い取り組みとするために、REDD+国や企業に技術的な側面では何が必要か？」 【International Organization】 Dr. Sandro Federici (IPCC)/サンドロ・フェデリチ (IPCC TSUユニット長) How do you think this Mr. Morita, from your experience as JICA? 【Donor agency (JICA)】 Mr. Takahiro Morita (JICA)/森田隆博 (国際協力機構地球環境部次長) Please provide your comment to this question Dr. Sato, FFPRRI. 【Research Institute】 Dr. Sato Tamotsu (FFPRRI)/佐藤保 (森林総合研究所)</p> |
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For this panel discussion, we have prepared three questions. The first question is “What are the expectations of local communities and investors to the REDD+ projects?” The second question is “What are needed to promote private sector support to REDD+?” The third question is “What kind of technical support is needed to promote private participation in REDD+ implementation?” After hearing comments and opinions from the presenters and experts on these questions, we will open the floor for further comments and questions from the participants here today.

What are the expectations of local communities and investors to the REDD+ projects?

(Hashiramoto) I would like to start with the first question. What are the expectations of local communities and investors to the REDD+ projects? Dr. Uruguchi talked about the efforts of Japanese companies and Cambodia, and Ms. Uga talked about how there are still no international rules for private companies to participate in REDD+. Under this background, with what kind of interest are private companies wanting to participate in REDD+, including CRS and ESG investing? First, I would like to hear Dr. Uruguchi's opinion on this.

(Uruguchi) First, rather than having asked the communities, as an NGO, we look at the expectations of REDD from the communities' perspective. The communities expect REDD to be a change of lifestyle. The

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forests have been destroyed in order to sustain livelihoods. We have to transform that to a less destructive way. It takes a long time to change the way people live, so REDD+ should provide an environment that can allow such long-term change.

As for investors, European and American companies especially expect a very large amount of emissions reduction in REDD+. They feel that REDD+ can provide a good opportunity to achieve SDGs, and they think it is a very good project. The private companies also really expect it to be predictable, especially when it comes in a big scale. The private companies would like to know in advance what kind of results, organization-wise, their investments will give, how the market will be, and also the future outcomes of suppressing deforestation, when they plan to join REDD+.

(Hashiramoto) Sylvia, you provided a similar experience in the field in Peru, inviting private sector investment and cooperation with the local community. What are your views?

(Mayta) I agree with my friend, because local communities are looking to improve their livelihoods, as well as food safety for their families and future. They conserve the forests, once they understand the importance of conserving them for the future. As they are now facing some environmental changes, they understand that with these projects, they can benefit in the long and short-term. They are waiting to improve their livelihoods and generate income for their families.

And for investors, we have experience with some investments. We also know that the price of carbon is changing in the market. They want to show their interest in these activities to reduce the impacts of climate change and they want to receive an income for their investment in the future.

(Hashiramoto) Would you briefly describe the investor's view on the return on investment?

(Mayta) In our case, we give or return to the investors their investment through our carbon credits that we produce in the project. This is the way that we are working. I do not know if they have another mechanism of return on investment.

What are needed to promote private sector support to REDD+?

(Hashiramoto) I would like to move on to the second question. What are needed to promote private sector support to REDD+? It is a little more specific than the previous question. First, I would like to hear Dr. Nyi Nyi Kyaw's opinion on this.

(Kyaw) Before answering the question, I just want to talk a little bit on the private sector investment in forestry in Myanmar. Myanmar has forests, but now some of the forest area is decreasing due to several reasons.

Formally, forests were managed at the government level, but starting from 2006, the Myanmar government changed the policy. Since 2006, the land was leased to private investors and companies who were encouraged to have private forest plantations in Myanmar. This was only for commercial purposes. They wanted to have timber, pulp, paper, and other forest products. Nowadays, there is a lot of interest from foreign investors.

They would also like to have forest plantations in Myanmar.

Actually, they have to have corporate social responsibility activity. That is why they are now willing to have the forest plantations. Some companies are investing in the mining sector. Some investors would also like to have reforestation activities in Myanmar to access carbon credits. From the government perspective, we need to have adequate and accurate detailed information on the land use in Myanmar.

To access carbon credits, we have some experiences in implementing CDM mechanisms. Properly speaking, it is very difficult to even register the CDM project according to UNFCCC. We initiated to have the REDD+ strategy. We then would like to have investments, especially from the private sector. We are now preparing a strategy for private investment in the forest plantation and reforestation measures. We are also thinking of zero net deforestation in Myanmar, with the target of zero net deforestation by 2030.

There are also some forest areas beyond our management. For example, some companies want to have rubber, oil palm, and sugarcane plantations even in forested areas where we are unable to manage because they are under the Ministry of Agriculture, Livestock and Irrigation. That is why we are thinking of information on land use change in Myanmar to provide to the private sector, otherwise they cannot get any carbon credits. This is what missing in Myanmar right now.

Myanmar has also participated in the JCM process. We have an agreement between our Ministry and the Ministry of Environment, but I am not sure if we have a clear mechanism for REDD+, especially for the private sector. This is also a gap for the private sector to participate in the REDD+ strategy.

In the case of Myanmar, all land belongs to the government. We can lease the land to the private sector for a certain period, but REDD+ is a long-term investment. We should also develop an administrative procedure to lease the land for REDD+ activities.

Again, a market mechanism for REDD+ and technology transfer to the private sector are still lacking. The local entrepreneurs have very limited knowledge on REDD+, so we need to raise awareness among the private sector to participate in REDD+. We also need technical information for the private sector and market mechanism to invest in reforestation and afforestation measures for REDD+.

(Hashiramoto) I would like to ask the same question to Ms. Uga. After your presentation, there was a question and you explained what has been done and what were some problems. Could you also provide some additional explanations of market approach, international benefits of mitigation, and JCM?

(Uga) We have been discussing what the Japanese government can do to promote private sector participation. The government should take the lead in making the rules and provide more visibility for the private sector, as well as support the development of markets. We need to do further work on the challenges of Article 6 of the Paris Agreement. We should make use of the knowledge and experience we have gained since 2013 from handling JCM, operating projects, and developing rules to help lead in international negotiations.

In addition, although we have JCM already in operation, in the case of REDD+, there are still bilateral discussions ongoing for the development of the guidelines. Together with that, we should utilize the lessons learned from countries with ongoing projects to find ways to help countries who have not yet started.

In the past, the Ministry of the Environment supported projects in Indonesia and Laos. Although I

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mentioned that Laos is developing their methodology, with the support of JICA, they are in the process of applying for results-based payments of the Global Climate Fund. While Laos is heading in that direction, they already have an ongoing project for JCM. We have discussions underway with the Laos government on how to implement nesting with Laos, and various numbers have been shared.

Their methodology has been developed in Laos. JICA is applying for result-based payment of the Global Climate Fund for that. Laos is heading in that direction. We already have an existing JCM project. We are thinking how to nest that within Laos. Various numbers are being shared and discussion is underway with the Laos government for achieving nesting. Under REDD+, while this may be called a pioneering initiative, we will be facing many new challenges. With the development of various rules along the way, we hope they will become applicable to other countries in the future.

Also, as Dr. Uruguchi mentioned, there is a need for a market. JCM, propounded by Japan, originally started with the goal of reducing 50-100 million tons of emissions by 2030 through government funding, but the Paris Agreement's goal is much higher. Government alone cannot achieve the target. If the use of JCM remains limited to governments, the ultimate goal of the Paris Agreement will fall short. The Paris Agreement will come into effect with this in mind, so governments need to think of how to obtain more private sector funds. We need to seriously buckle down and work on that.

(Hashiramoto) You introduced CORSIA a few moments ago. What is the background for the development of such a mechanism? How does it relate to the discussions on market mechanisms? What is the significance of that activity? From the perspective of other businesses, what is the outlook? If you have any information, could you explain to us?

(Uga) Regarding CORSIA, civil aircrafts are emitting a lot of greenhouse gases by flying between countries, but this is currently not covered in the UNFCCC. In this regard, CORSIA was developed the civil aviation sector to deal with the emissions, which are projected to only increase.

(Hashiramoto) Dr. Ehara, could you respond to this question?

(Ehara) From a research institute perspective, as for what are needed for private sector support, I have three points. First, we need to think about the ultimate goal of REDD+ as achieving the 2°C goal, while protecting the environment. It does not matter how much private sector support is gained for REDD+ or how much we protect the forests, if we do not achieve the global reduction of greenhouse gases, then there is no purpose. We need to continually make sure REDD+ is contributing to the global emissions reduction target. Checking that is important.

The second, we need not only public financing, but also financing from the private sector. We lack a clear mechanism for REDD+ that includes keywords that have come up such as predictability, rulemaking, and JCM. Those are what we need. For that, if we think about having a net-positive impact on the environment, we also need nesting as well. If we do nesting and the private sector also participates, it is important to understand the different socioeconomic backgrounds of each project because each project may have different risks. If

the type of forest varies, then the ease of access may also vary. For example, the backgrounds of plantations and planted forests are different. To properly understand the contributions to mitigation, there needs to be a way to evaluate and prove that there has been a real contribution to mitigation taking into account differing deforestation and forest degradation risks. After the allocation of reference emission levels, they should be allocated again following actual results, but to do so, the rules for allocation should be determined in advance in a way that satisfies everyone. If that is done, I think it will be easier for businesses to participate.

Finally, regarding another research, I have the experience, three years ago, of conducting a questionnaire survey to a section of listed companies asking the question, “What are the challenges for Japanese private companies to participate in REDD+ activities?” We found three different types of Japanese private companies. The first were businesses interested in REDD+ for the credits, or the goal of profits. The second were businesses interested in REDD+ not necessarily for profits, but for CSR reasons. The third was a combination of the two. They were companies interested in REDD+ initially for CSR reasons, and once the uncertainties with the mechanism became clear, would convert to credits for an actual source of profit. Those are the different types of motivations and views on REDD+ that companies have. We have to understand that and effectively incorporate companies into REDD+ and forest conservation activities, whatever their objectives or aims may be.

What kind of technical support is needed to promote private participation in REDD+ implementation?

(Hashiramoto) I would like to move on to the third question. What kind of technical support is needed to promote private participation in REDD+ implementation? This is more of a technical topic. First of all, Dr. Sandro Federici, you have already talked about the methodology of national inventories and reporting, but because this question is very relevant, I would like to hear your view.

(Federici) It might seem like I am sponsoring my work, but it should be taken as supporting the way that REDD+ activity shall be reported using the IPCC guidelines. By doing so, the use of IPCC methodologies for reporting on REDD+ activities make them automatically compatible with and able to be integrated in a national greenhouse gas inventory. These allow having various project activities in the country, integrated all together in a national system. Furthermore, the use of the IPCC guidelines and the integration into greenhouse gas inventories makes the results of REDD+ activities also comparable with other sectors. This allows the fungibility with other sectors which is a fundamental characteristic for offsetting.

The main challenge for such is probably in the definition of the baseline. However, as the baseline is just a historical value, there is no any obstacle since the greenhouse gas inventories are a time series of annual estimates of current emissions and removals as well as of past emissions and removals, the trend in net GHG fluxes does automatically show the result of the REDD+ activities in terms of mitigation, if any.

Unfortunately, there is not much knowledge, especially in the private sector, about the role of national greenhouse gas inventories in the Paris Agreement. Awareness should be built because it would make easier the monitoring and reporting of REDD+ activities and more trustable the results achieved, in the end.

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Indeed, one of the main aspects is the credibility, trusting what each project reports and what the private sector is finally buying. As a national system covers the entire country, integration into a national system addresses permanence, since greenhouse gas inventories are going to be produced very likely till the next century, which is the timeframe according to which permanence should be assessed. Indeed, if we do not win the climate change challenge in this century, we will have other problems than permanence to deal with in the next century. In the end, it addresses permanence, as well as leakages and displaced emissions because everything is reported within a national GHG inventory.

On the other hand, such integration into the national GHG inventory implies that the liability of future reversal, of results achieved, moves from the project to the country, and the country shall be aware of that. On the other hand, the country benefits from the project implementation because of producing revenues, technology development, social development, and other environmental benefits. The country will get all of these benefits, but it will be liable to keep dealing with these activities for the future when the project ends. Finally, the integration within the national GHG inventory addresses also the famous double accounting problem. Since, everything included within the inventory is counted only once; although achieved mitigation can easily then be disaggregated among various projects.

In conclusion, the national inventory report of the national greenhouse gas inventory is a framework that easily addresses all technical challenges for REDD+ reporting. Of course, the integration of REDD+ activities within the national GHG inventory requires a solid agreement between the hosting country and the projects developers.

(Hashiramoto) I think we could understand the need for capacity building in many places.

I would like to ask the same question to Mr. Morita of JICA. In your presentation, you introduced the breadth of JICA's activities. In JICA, there are many REDD+ projects, as well as developments in technical research and capacity building. Based on that experience, I would like to hear your view.

(Takahiro Morita) As Mr. Hashiramoto pointed out, the fact that implementing countries have varying situations needs to be taken into account. Contrarily, as Dr. Federici talked about, UNFCCC imposes universal requirements, and the pathway to reach there has varying degrees of gaps depending on each developing country. Of course, the goals we should achieve are universal, but because implementing countries have various needs, we need to be flexible in our responses. I think that will be the challenge.

On the other hand, on the part of private sector participants, I think Dr. Uraguchi's presentation summed it up quite well. Depending on whether the REDD+ business is being implemented for profit or for credits, the necessary technical level will be completely different. Furthermore, as Dr. Sato of FFPRI said, considering that the private sector participants have varying levels of technical capabilities, high level results can be produced with time and money, but the cost would be extremely high. We need to hit the right balance in between target goals, inputs and effects. I think the support for enterprises and private sector participants will be designed based on that.

On the contrary, if a single company were to have such a big accounting system and monitoring of information, it would be quite costly to the company and carry several risks. In that case, I think it would be

it would be good to have some sort of knowledge sharing for the technical support to hedge costs and risks.

Finally, from the perspective of strengthening technical initiatives, I think it is important to have political commitments to support the technical developments. As Dr. Nyi Nyi Kyaw introduced, zero-net deforestation in Myanmar has targets that are clearly set for investors and supporters to easily understand. We tend to think that deforestation has risks, but Myanmar was successful in presenting a transparent and effective framework. The Myanmar government clearly set their policy. I think the approach in Myanmar is a good practice because technology works based on policy commitment.

(Hashiramoto) Lastly, I would like to ask Dr. Sato of FFPRI. You broadly talked about the significance of monitoring, but because you have been engaged with research and private sector companies related to REDD+, could you give us your views on technical aspects from a broader perspective?

(Sato) As presented by Dr. Uruguchi and Sylvia, the improvement of livelihoods of local communities or the positive change of local people are important, but at the same time, as I presented, it is important to have participation of the local community in projects such as carbon monitoring. I am not sure if it could be called technical support, but I think translating capabilities could help to communicate the methodologies that we have developed to the local people and communities. By having a translation process, the local people can better understand the need and benefit of conserving forests and also improve their livelihoods, as well as from a forest carbon monitoring perspective, make long-term monitoring possible. Measuring techniques are being updated and evolving every day, and with the same cost, we will eventually be able to enjoy more accurate information. However, this requires long-term monitoring, so we need the cooperation of the local community to support that. What I want to say is that we need to have the additional step of translating technologies into simple words.

Another thing is, as Sylvia mentioned in her presentation, within a single community, there may be multiple forest areas and landscape designs. For example, a forest can have many functions such as carbon fixation and the conservation of biodiversity, but also importantly lumber production. You may have different values in depending on the forest and the forest's role, so I think you need to have a specific plan for each forest. If possible, it would be nice to propose a scenario that fits the specific local community and provide them multiple choices, which may motivate them to participate in discussions as well.

Having multiple suggestions such as technological translation and landscape design scenarios, will allow the communities to help in their own way.

(Hashiramoto) We have asked all the questions to everyone. Through hearing everyone's opinions and presentations, one point that I think is important is the technical aspect, and the rulemaking and capacity building for that. Another point is that, while we still do not have clearly defined international rules yet, companies are investing for CSR and ESG investing reasons. In addition, other than a focus on CO₂ measurement, there has been an emphasis on community livelihood, markets for produced goods, and biodiversity conservation as well. By including a range of aspects, including those pertaining to SDGs, investment can be made more compelling for investors. I think that is important.

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Q/A

(Hashiramoto) We still have time, so if there is anybody from the private sector in the audience who is interested in REDD+, we would like to seek your opinion. It would be nice if you could share your interest as a company. You do not necessarily have to belong to a private sector organization, but we would like to understand your perspective and issues. Is there anyone?

(Q1) Thank you for a very interesting discussion. I will not tell you the name of my company, but I work for a company in Japan involved in petroleum development. As you know, petroleum and gas developing companies are interested in carbon offsets based on REDD+ in order to achieve corporate emissions reduction targets. For instance, an Italian oil company is planning to offset 20 million tons a year by 2030, or a French oil company is aiming to offset five million tons a year by 2030. They have been declaring these goals by basically supporting REDD+ projects or other projects that apply the concept of REDD+. Following their example, we are aiming to offset one million tons.

As Dr. Uruguchi presented, we are in a position to purchase credits from existing projects, as well as interested in joining projects. We need to think of both of these types of participation. Moreover, project involvement leads to larger costs. We are thinking of 2030 as a target year, as the Italian and French companies mentioned earlier have announced very aggressive reduction targets for 2030, but we are just starting to build from now, so we will probably not be able to reach that. Mitsui & Co. began in 2015 and have made good progress, but the actual credits will not be available until next year or the year after that. We are taking both approaches, but for the time being, we need to look for projects that have a fixed amount.

Furthermore, we understand VCS will be used for REDD+, but once the compliance regulations of the Paris Agreement are established, we are wondering how the transition will work out. Due to that, we have thought about buying credits from existing projects for the time being, and leaving if necessary.

Certain companies have declared that they need to offset one million tons through REDD+ by 2030. In that context, should such a company start buying existing credits, set a fixed amount to buy, or begin their own project? I would like to hear everyone's suggestions for a balanced solution.

(Q2) I am from Daikin Industries in Osaka. We make air conditioners, so we think it is our obligation to reduce greenhouse gas emissions. We have projects for the promotion of energy-efficient products, and we have also been working in forest conservation with Conservation International since 2008 as a contribution to society. We have done projects in seven places around the world over the last 10 years, and currently have an ongoing project.

There was a discussion about what level of quality is needed. Our company is contributing to society mainly through CSR, so to be honest, we do not want to have too much risk. We have donated about 500 million yen over 10 years, so we want to be able to show our commitment and results. We are wondering how to do that, so if REDD can demonstrate a positive impact, we would be interested in participating in REDD+ projects. That is why we are closely watching the scene.

(Q3) I used to work at Nippon Steel, and have done work in technical development. Nippon Steel is a company that makes iron and burns about 100 million tons of coal every year. That is the natural situation, but it is a big environmental problem to everyone. Looking at our history, there has been an increase in CO₂ emissions from agriculture and other areas. It was a concentration of 180 ppm of CO₂ before the Ice Age, but since agriculture started, it increased to 280 ppm. We are currently up to 440 ppm. Temperatures are rising and more and more typhoons are coming. Looking at Chiba Prefecture this year, if the CO₂ concentration increases any more, it will be impossible for people to survive. Therefore, I think reducing CO₂ needs to be a common goal of humanity, and each and every country needs to look beyond their own interests of each country and work together. Why does Brazil continue to cut down its forests? Why does Australia not stop their forest fires? It is probably because there are people living in those place. How can we stop the cutting down of forests? We need to think about that, not to mention President Trump who says that those efforts are not necessary or that climate change is a lie. We need to change our attitude and not allow such behavior. We need a consensus with not just the private sector and companies, but with all parties. I have a request to the government, specifically the Ministry of Economy, Trade and Industry (METI), the Ministry of the Environment, and the Ministry of Agriculture, Forestry and Fisheries (MAFF). You have your own ministry-specific goals, but you really need to have a comprehensive approach for developing a mechanism. If you do that, then regardless of sector or background, we will be willing to participate and cooperate.

In addition, I would like you to really appreciate what has been done. I would like you to properly recognize the reforestation that Japan has done. The reason for that is that all that reforestation amounts to about 20% of coal use. I think that contribution should be acknowledged.

(Hashiramoto) There was a very ambitious goal expressed by a company of offsetting one million tons by 2030. Are there any suggestions from the panelists? It may be challenging, but what do you think, Dr. Uraguchi?

(Uraguchi) To the person who posed that question, I would love to talk to you after the conference. You are very right that it does take time. As for how much time, it depends on the case. In the case of Cambodia, they recently had a change of government, so I think they took more time than initially expected.

At the same time, I want to point out two things. First, the word *nesting* is going to be integrated into the UNFCCC. In order to gain approval from the UNFCCC, it is going to be very important to achieve integration or *nesting*. We have to be aware of that for the development of projects.

Second, we say “project level.” For example, if you look at the number of REDD developments in an area, the number of cases of development in recent years is very small. It is not just REDD, but there is going to be more demand for emissions reductions, so we will need much more project development.

Those were my two points, but I also think not just being involved in one project, but having a portfolio and multiple projects may be beneficial. That is what I feel. I would like to exchange information later.

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(Takahiro Morita) For me and JICA, it really encourages me to hear such statements. Throughout the day, there have been a lot of discussions, but we have to take immediate action in this particular area. However, there is a great demand for funds. Whether it is CSR or credit, we are ultimately heading in the same direction to achieve the same goal, so I would really like to see JICA, as a public entity, play a facilitative role. I hope to exchange opinions after this seminar.

(Hashiramoto) Regarding the comments made by the third person, there is an individual from the Ministry of the Environment here today at this meeting, as well as representatives of JICA, so I think they are mindful about what you have stated about acknowledging the reforestation efforts in Japan.

I would like to hear Dr. Federici's suggestion for the first question.

(Federici) The Japanese National Greenhouse Gas Inventory Report includes emissions and removals associated with the forest plantations. Thus, Japan is taking all benefits of all CO₂ removal that these forest plantations are achieving, because if you look at the national greenhouse gas inventory, in the end, you have a total net emission which is the sum of all the emissions minus the removals that all forests including these forest plantations have. Nothing is lost.

(Hashiramoto) That is very interesting. We are past our allocated time, so I would like to ask Dr. Buszko-Briggs to provide a wrap-up of the discussions, and then I would like to conclude this panel discussion.

(Buszko-Briggs) Thank you for this very interesting and encouraging discussion, as well as the encouraging statements from the floor. I will try to wrap up this very broad discussion on a number of topics related to REDD+ from local community expectations, the private sector, technical aspects, the role of the government and policies, as well as our overall role as an obligation to humanity.

On the expectations of local communities and investors, let me wrap up by pointing out four issues that were expressed by the panel. What is needed? We need long-term involvement and commitment. REDD+ projects usually require a long-term perspective. The impacts on livelihoods and food security were issues highlighted by several speakers. We can put these on the top of our list. From the investor side, assessing risks before involvement and the choice of risk strategies was another key issue.

On the enhancement of private sector participation in supporting REDD+ projects, I will make a couple of points. I want to thank the Director General from Myanmar for presenting a very interesting case from national experience. What you really highlighted mostly was adequate information on land use and the need for land use planning tools, methodologies, and integrated land use planning that can actually facilitate government involvement in discussions with the private sector on allocation of different lease agreements and other involvements.

There was an issue highlighted that was related to technology transfer, as well as the building up of knowledge on REDD+ of local entrepreneurs. Some speakers pointed out the government role in taking the lead, making roles, and providing more visibility to the private sector which is a very important part, in addition to the development of knowhow from existing JCM projects and the sharing of lessons learned with other

similar mechanisms and the overall REDD+ community. There has also been an interesting discussion about nesting or integrated approach. There is probably enough substance to have a separate discussion on that issue, but certainly credibility was also a part of the specific requirement under the technical aspects that were highlighted.

On the third question, there are four points to highlight. I will start with the first one, pointed out by Sandro, which is that baselines are still challenging. We need to have credible baselines. I think everybody in the room agrees on that. The lack of knowledge by the private sector on national greenhouse gas inventories was also pointed out. By building this knowledge, we can build more trust, which can then facilitate further collaboration and integration of international systems to facilitate in addressing permanence, displacement of emissions, leakages, and double accounting.

A few other issues were pointed out by previous speakers and which were policy improvement and commitment to support further technical discussion on technical aspects of REDD+, as well as the very important point of translating complex technical ideas into simple words. With this, I will end my wrap-up. Thank you very much.

(Hashiramoto) With this, I would like to conclude the panel discussion. Once again, please give a warm round of applause to all the panelists.