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

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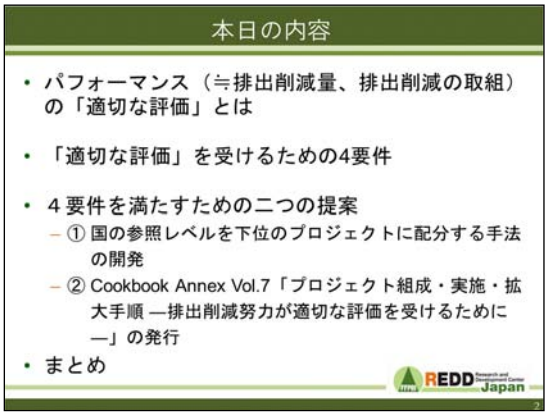
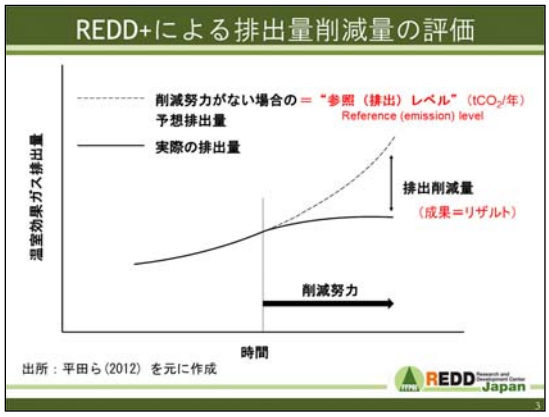
Negotiations for the implementation of rules from Article 6 of the Paris Agreement have been slower than expected, so many may be frustrated, but this will be decided and resolved in the not so distant future. Under such circumstances, private sector players already participating in REDD+ and those who are planning to participate in REDD+ will find the project-level activities evaluated by host country governments, and will certainly hope their projects will be evaluated in an appropriate manner, especially when project outcomes will be reported to UNFCCC. The question here is how we can ensure good performance evaluation. Today, as FFPRI, we would like to propose solutions to make sure the evaluation is done correctly.



This is the agenda of my presentation today. Performance can be interpreted as emission reduction or the effort level to reduce emission. How can we make sure the performance is evaluated in a right manner? I believe there are four requirements. In order to meet those four requirements, I have two sets of proposals to make. One is to allocate a national level reference level to lower level projects. The second is Cookbook

Annex Vol. 7[1].

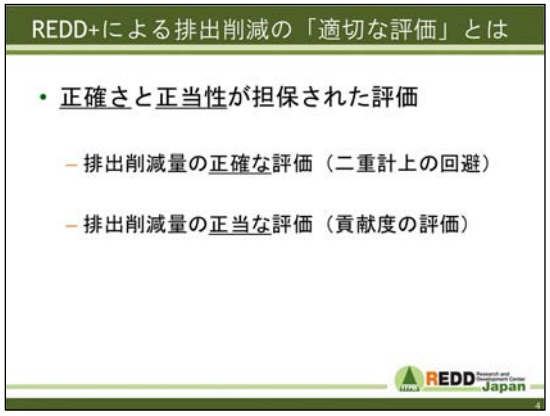
Basic idea of REDD+



This is the background. As you might already know, the basic idea of REDD+ is based on the prediction of deforestation and forest degradation of forest without REDD. This will be converted to a reference level in the unit of carbon tons of GHG emissions per year. This reference level will then be compared to the actual emissions level after REDD+ for evaluation. UNFCCC will receive this reference level from the host country, and the actual result will be compared to that. The outcome or the results will be determined, and based on that, incentives will be paid. That is why results-based payments have come up often. Dr. Buszko-Briggs mentioned that 12 countries have already come up with outcomes or results. They are in the stage of submitting their results. To make these results-based payments work, other than reference levels, we have to have safeguards to be regarded as part of the evaluation, but baseline is the reduction that is compared with the reference level.

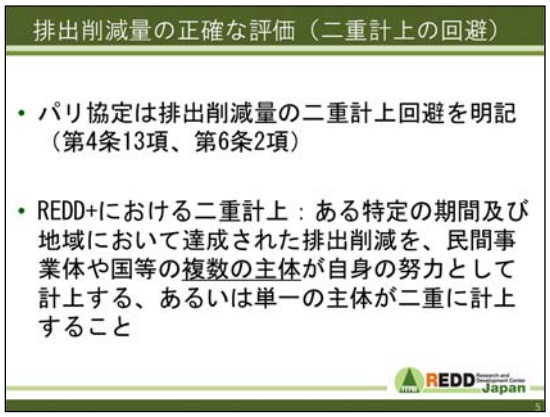
What is an appropriate evaluation of performance?

[1] http://redd.ffpri.affrc.go.jp/pub_db/publications/cookbook_annex/_img/cookbook_annex_vol7_ja.pdf

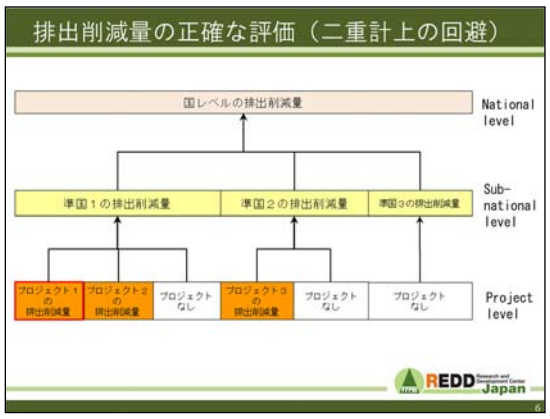


In order to evaluate the performance of REDD+ projects, when the outcome or credit is allocated, we have to make sure the evaluation is done correctly. How can we define a good evaluation? To answer that, I would like to define two elements of the evaluation, accuracy and propriety.

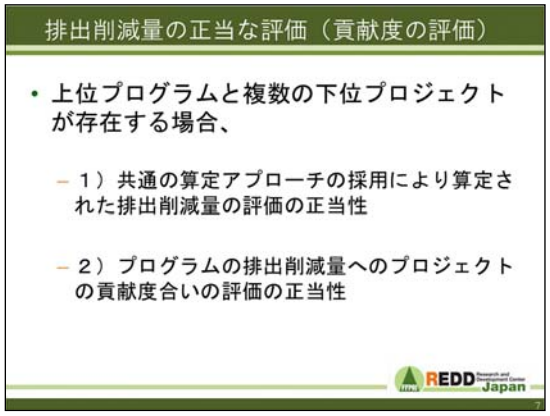
Accuracy evaluation can be understood as avoiding double counting. Accuracy, as was mentioned in case of forest carbon monitoring, includes the accurate measurement of carbon stock and evaluations of carbon monitoring. Propriety evaluation can be understood as correctly evaluating contribution. The reduction efforts of the REDD+ project should be understood in terms of how much it contributes to the national level contribution of emissions reduction.



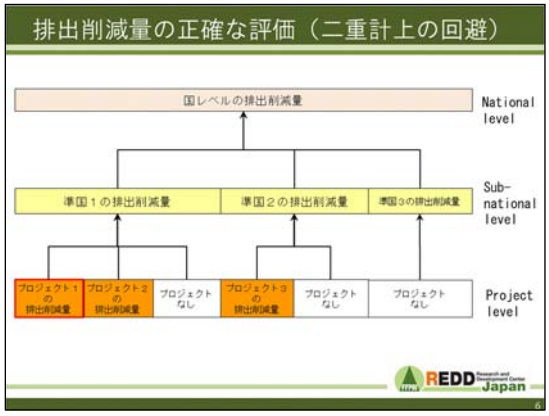
The Paris Agreement clearly states the need to avoid double counting, meaning that in a specific period or area, multiple entities such as REDD+ project proponents and REDD+ implementing countries use the same reduction unit. In other words, a single entity uses a unit twice.



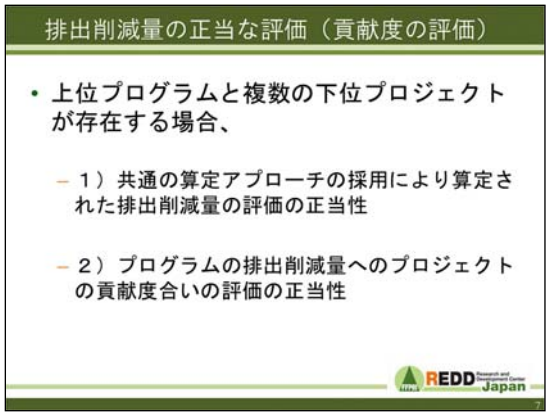
I would like to explain this in more detail with this diagram. First, the national level evaluation is in the scope of evaluation, and as you can see, according to the REDD concept, we have sub-national level emissions that compose the national level emissions reduction. Sub-national level is often referred to as jurisdiction, and each country decides its definition, the discussion still continues on, but the sub-national emissions reduction is made up of reductions contributed by specific projects. Sometimes those projects do not exist, but because there are forest areas, on a sub-national level, emissions reduction efforts must be done and the effort contribution reported as part of national level emissions reduction. If these impacts of REDD can be compared to your own REDD+ project, when you are able to reduce emissions, it will be converted to a credit, which can then be transferred to your country. On the other hand, at the same time, the host country may count that same credit and report it as their own. This is double counting.



With regards to contribution evaluation or propriety of emissions reduction evaluation, when there is a higher level project and lower level projects existing at the same time, common accounting propriety can be an issue. There are two big ones. One has to do with the propriety of emissions reduction evaluation if a common calculation approach is applied. For example, as an implementer of REDD+, can it be justified to calculate the amount of emissions reduction for a project that is already ongoing?

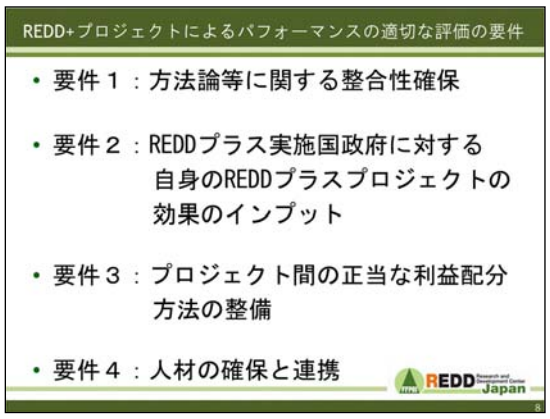


However, the yellow part of the program or the sub-national level has come up. When you are running your own project, you know how much emissions were reduced and you have already calculated the reduction of emissions. Later on, there may be this sub-national level program introduced, and this may eventually include your project and your project credit calculation may need to be adjusted. As a result, your emissions reduction may seem much less and you may run a risk of losing profits.



Secondly, in terms of the propriety of project contribution evaluation, if you have your own project and your project had more effort than another project in a neighboring region, the payment may be exactly the same when the national benefits are allocated. However, it is possible that the allocation amount will be the same as that of the neighboring project that made relatively little effort.

Four requirements to ensure an appropriate evaluation



In order to overcome these issues, the FFPRI REDD Research and Development Center surveyed the REDD+ implementing countries and private sector participants about appropriate evaluation of the project and requirements. I have listed four requirements to ensure appropriate evaluation.

The first requirement is appropriate methodology. For example, a REDD+ reference level methodology like the Verified Carbon Standard[2] (VCS) of the private sector. UNFCCC reference levels need to be link together with REDD+ reference levels for consistency.

The second requirement is the need to provide input to the governments of REDD+ implementing countries. In many of the developing countries, only a handful of people representing the government are in charge of REDD+ projects. Therefore, they often do not understand exactly how a specific project contributes to emissions reduction. It is necessary to regularly report and promote activities that contribute indirectly to emission reduction efforts, such as poverty reduction and livelihood improvement.

The third requirement is other non-emission benefits. Indirect contributions such as technical transfer, livelihood improvement, and poverty alleviation also need to be accounted for. Appropriate benefit-sharing methodologies need to be developed. A whole series of relevant activities need to be reflected in accounting. In the morning, Dr. Dieterle of ITTO talked about the theory of change. The theory of change needs to be set firmly and referred to, as we examine the actual results. It can be utilized to develop the methodology for benefit sharing.

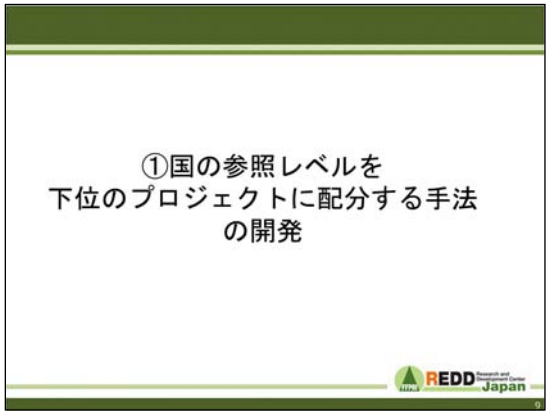
The fourth requirement is human resources. When Japanese players are involved in REDD+ projects, JICA experts often are also involved. They are available in the field, so JICA's connection is effectively utilized. It is important to have appropriate human expertise available for the smooth operation of REDD+ projects.

In order to meet all of these four requirements, FFPRI proposes two major solutions.

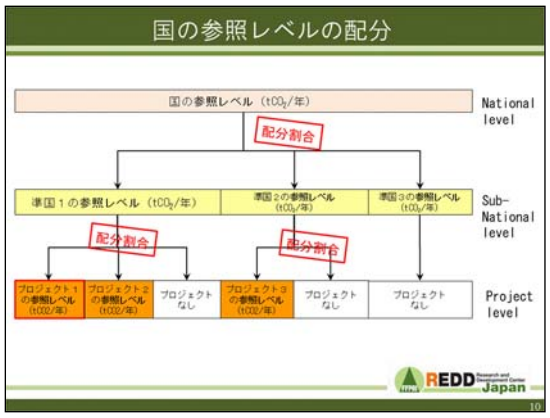
Two proposed solutions to meet all four requirements

1. Development of a methodology to allocate national reference levels to lower level projects

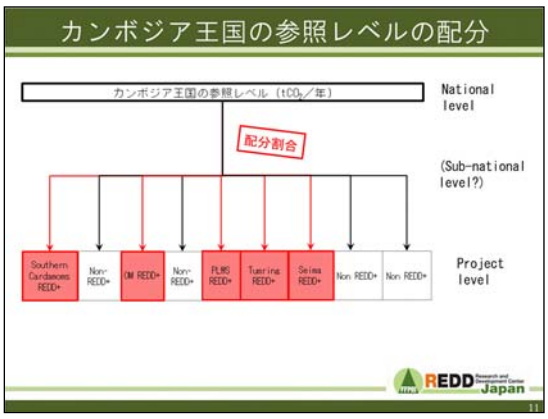
[2] https://verra.org/project/vcs-program/



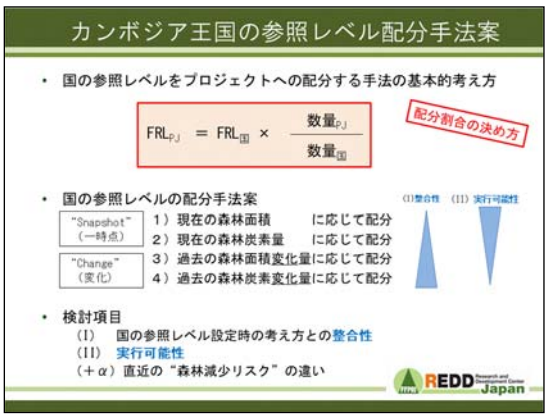
The first solution is to try to develop methodology to allocate national reference levels to lower level projects. The reference levels of countries can possibly be allocated to lower level projects in advance, even before the results of national reference levels are determined. How much emissions reduction efforts will be required for each project can be clarified, and it is easier to avoid double counting. In fact, we have introduced our research to the Kingdom of Cambodia, a research target country, and we are now considering such an approach.



This diagram shows the reference level of the previous emissions reduction but configured differently. The thinking is the same. The national reference levels are divided by sub-national projects. As you can see, determining the allocation rate will be critical.



In case of Cambodia, currently nothing has been decided for the sub-national level, but we have five lower level projects. Reference levels will be allocated directly to the five projects.



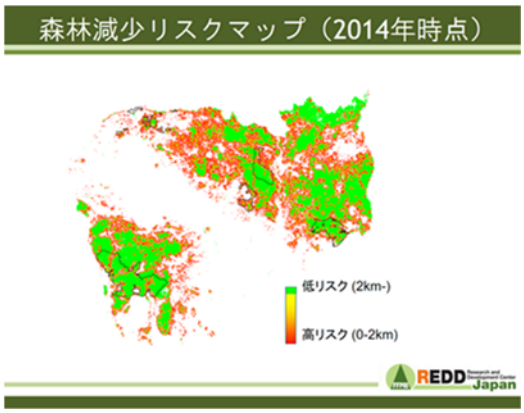
This is the most important slide and I would like to take my time to explain it. The basic concept of the allocations for the national reference level projects can be explained with this diagram. The FRL is the project reference level times the allocation rate of the reference level of the country. For example, if you look at the first line, this is the current forest area. We are going to allocate that to this area based on current forest area. The allocation ratio can be calculated, and this will be multiplied with the reference level of the country. It could be based on carbon stock for a change of forest area or it could be the variation of carbon stock.

In terms of consistency, we have to consider the consistency with the concept of national reference levels. In terms of consistency, number four, the allocation based on past forest carbon stock variation, would be the best. The reference level of Cambodia for the past nine years is based on the forest carbon stock change. It is calculated based on analyses of carbon stocks of different forest types and forest area changes from 2006-2014, so it is perhaps the most consistent. However, allocation based on carbon stock change, compared to other methodology, is less feasible. The cost tends to be higher. First of all, the national government should collect current and historical carbon stock data and activity data of the entire country. Unless this is available, choosing number four will result in a high level of inaccuracy of allocation percentage.

The second issue is that when reference levels are determined, a reference period needs to be set.

Considering that from the perspective of feasibility, the easiest way is to use forest area, but it simply requires a snapshot data of foreign cover. In regions where there is huge forest cover, this is advantageous. In other words, other countries may suffer disadvantages using this forest cover data, so there is a risk of evaluating emissions reduction efforts excessively, or underrate their efforts.

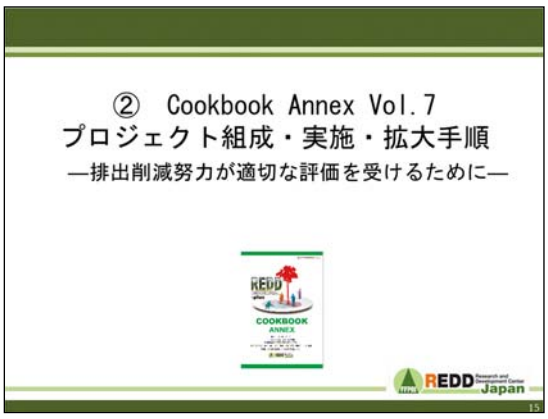
Finally, these four methods have only looked at the past and present, so depending on the project, the risk may be different. Considering the different natures of risk is also required to ensure propriety of evaluation.



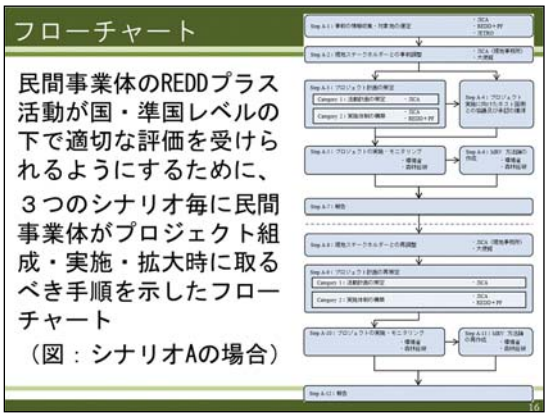
We came up with this deforestation risk map. This is most recently from 2014, so it shows deforestation risk from then. It is divided by five projects, but the red area tends to have a high risk of deforestation. Depending on the higher risk area, we can apply weighting to the allocation percentage to be more realistic.

Although weighting is not applied now, this is the result of the calculation with the weighting included. The ideal reference level that the project considers, the business-as-usual scenario, and the reference level that we assign appropriately, the allocation results tend to be different when they are allocated based on the variance. I do not have time to explain why the results are different, so if you are interested, please come to me during the coffee break or I can maybe explain more during the Q&A session.

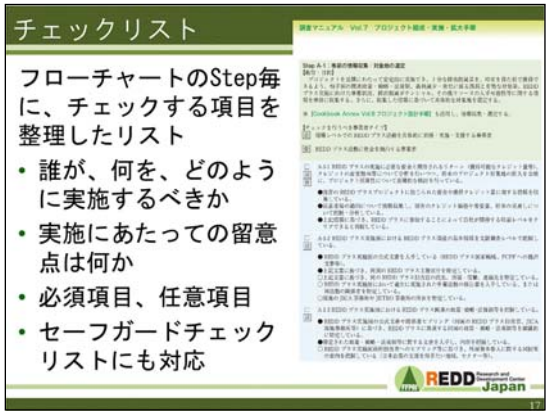
2. Cookbook Annex Vol. 7



The second solution to meet the four requirements is Cookbook Annex Vol. 7. You can see it on the next floor or you can download it from our website later. Please take a look at it if you have time. In order to ensure appropriate evaluation, we need to satisfy four requirements that I explained. This is a support guidance for you to meet those requirements.



In terms of procedures and timing of Japanese private company to talk with stakeholders, depending on whether donor international organization or other assistant organizations are involved or not, they are recommended to come up with multiple scenarios. They should create a checklist based on each scenario as well. The Green Climate Fund (GCF) and the Forest Carbon Partnership Facility (FCPF) are the scheme assistants available to the host nation or not, and we have three scenarios available. For each scenario, private sector participants can build their project and follow the procedures that they should follow. They can simply use this flowchart.



This is an example of the flowchart of Scenario A. As a checklist, it can be checked for every step. The private sectors that belong to different industries, who should do what and when, what are the caveats, what are the requirements, and the recommendations are listed here. This can also function as safeguard checklist as well.

Summary

For the private sector to have their efforts evaluated appropriately, we have to ensure propriety and accuracy, as well as avoid double counting and have their contribution evaluated. The first solution is to have an allocation of the national reference level, and the second solution is the use of the Cookbook Annex Vol. 7, and to make use of the checklist that is available for you to have your project evaluated correctly.