
Session3 Role of business and civil society in promoting effective financing for REDD+

Q&A Session

(Q1: WWF, Ms. Awano) My question is to Mr. Eickhoff. My question is that your presentation pointed out that there is a big gap between so-called donor-driven approach and voluntary-based approach. In this context, in your view (it is a really political discussion) is JCM playing a sort of role of bridging this gap? This is because, as Matsumoto-san presented, JCM is basically aiming at engaging the private sector for reducing the emissions in developing countries. The expected major player is the private sector. In this context, JCM might be called a bridging type of scheme.

However, honestly, in my view, it is not. It is rather similar to what voluntary-based approach was taken because this is really the development methodological things and it is not really filling the gap. In your view, if JCM could play that kind of role, what kinds of things are necessary? It does not address to the deforestation drivers aspect at all. I would like to have the kind of insight from your side and switch to Japanese.

I have another question to Dr. Matsumoto who introduced REDD+. Having listened to the presentations by Mr. Graham and Mr. Eickhoff, I think the discussions concerning the role of the private sector have been quite different. At the Japanese level, if it is compared to the discussion on the global level. I appreciate your view on this after having listened to presentations by Mr. Graham and Mr. Eickhoff.

(Mr. Eickhoff) I am not an expert on JCM, but from what I understand JCM is looking at the establishment of both its own methodologies and exploring other existing methodologies and standards that exist in the marketplace today. It is looking at both. In the context that it goes with one or both or opens itself up to international standards in addition to its own, I will say that it could provide a bridge between donor and between private sector, but only to the extent that larger fund-based mechanisms are willing to purchase offsets or credits that come from the JCM. That is the first point.

The second point is that Japan or other countries are willing to put in place a cap and trade style system within which there can be a domestic market and/or an international market which would create demand for those things. If funds are not willing to buy from JCM and cap and trade systems do not go into place that are going to create demand then, no, it does not bridge anything. It creates a dead end. Under those two assumptions, yes it can create.

(Dr. Matsumoto) I am not sure whether I am in the right position to answer this. There is one thing that I failed to mention. One of the special characteristics of JCM is that the joint community manages it. In the initial phase of the subsidiary, half is guaranteed. That is unique. REDD credit

will be paid quite later. In the initial phase the budget is ensured. That was a big challenge. Therefore, in the initial phase of JCM, the subsidy, or the funding for the initial phase of JCM is very attractive. Also, as was discussed in the morning if you can combine with other fund facilities, JCM can be very unique in its mechanism. I explained the guidelines, so if you just think about the contents of the guideline maybe it is almost same as VCS. You might have that sort of impression. However, if you look at the entire mechanism of JCM, it is quite a unique methodology.

REDD+ platform was introduced, and, yes, as Ms. Awano said, in order to support JCM probably the objective is too much focused to support JCM. The current trend of the private sector in the world is rather expanding or combining different things and looking for a good integration with something new. That may be a new trend of the private sector. If you think about it, REDD+ platform may be too much focused on JCM. As a general discussion not just JCM but also if we could gain the win-win business, generally speaking, that might be something that we should look at from a big picture.

(Q2 : PASCO Mr. Bhuwleshwar) My question is to Dr. Matsumoto. First of all, I would like to thank Dr. Matsumoto because of his very dedicated and long contribution in this REDD+ especially developing the methodology, notably the REDD+ Cookbook. Now we have JCM standard development for this joint credit mechanism for Japanese government and the recipient country.

In this regard, I would like some clarification. You have mentioned that joint credit mechanism may cover several aspects of landscape that an earlier speaker has mentioned that reduces the greenhouse gas emissions, and one of them is REDD+. I think this understanding is correct, but I would like to know it.

Then there is joint committee between Japan and the host country. A joint committee from different countries might have different ideas. This standard for this development of proposed methodology for REDD+ might vary from country to country, or it will be still same for all the recipient countries?

(Dr. Matsumoto) If JCM does REDD, although there are different circumstances in different countries, if the REDD+ methodologies are too different, then JCM as a whole, the government wants to use it for national emission reductions. If there is too much of a diversity of ideas between different countries then that might be improper. We showed common ways of thinking here.

However, as I mentioned, in my country we do not have fire, you might say or there is not much natural disasters in a country, or the country is quite safe and secure so we do not have that sort of risks, then the 30% risk may be lowered to 20% instead. Maybe there are discussions like that, but the main discussion point may be those numbers. However, instead, the basic ways of thinking may be in line with IPCC and those of VCS and UNFCCC discussed items are considered totally to create the guidelines. There are not many different variations or gaps among different countries. In the key

point, maybe we need some subtle adjustment, but that might be all.

Overall JCM rather than answering myself, we have some people concerned, some stakeholders who will be able to say a word about JCM. Is there anyone from the Forestry Agency?

(Forestry Agency, Mr. Hori) I do not know if I can cover all the questions, but one thing, Mr. Matsumoto, I just wanted to say that the answer should be 'yes, we are flexible' but we need to keep some basic concept as is written in your presentation. Details have to be negotiated with different countries, but the basic thoughts should be there. Outcomes in the end and the details will be different each country. This is kind of the things we are going to consider.

I am not really expert in JCM either, but one thing I know that JCM is not for REDD+. It is for all those possible emission reduction things. This guideline is covering only REDD+. Please think, if you want to know about JCM, you have to have broader information. We are only talking about the REDD+, so this is the only thing I can say.

(Q3: Korea Forest Research Institute, Ms. Seol Mihyun) I am from the currently working in the REDD+ team in the department of climate change studies. My team and I are currently focusing on REDD+ safeguard studies as a non-market incentive to promote REDD+ project in developing countries. I want to ask about what you think about how hydrological facilities or water resources management or agri-business help facilities can work as a non-market incentive to attract local people to be involved in REDD+. I put this question to Mr. Eickhoff. Do you think it is enough market incentives or big carrot as REDD+ has added to business as value?

Also, I pose the same question, but expecting another answer, to Mr. Graham. Does the WWF have experience to this kind of incentives to promote to people and mingle with local people and try to communicate at the local level as you mentioned about the five stages as a NGO's role?

(Mr. Eickhoff) The answer is, as always with REDD, yes and no. It depends on what scale we are talking about. If we are talking about trying to reduce the types of deforestation that we see in places like Indonesia, then small-scale incentives at the village level are going to be hard to maintain if you want to reach scale. We are talking millions of hectares a year here. That is not being driven by individual villages one by one. It is being driven by much larger things. However, those types of activities, those types of incentives can definitely play a role when you are trying to do certain types of mitigation activities depending on the driver in other countries. It depends on the scale. Yes, I have definitely seen places where that is a suitable and sufficient incentive to get communities interested and engaged before you go on to the next step.

(Mr. Graham) I will just sort of segue from his answer to complement it a little bit by looking at

potential results-based payments for REDD+ as a way of shifting the margin; from an economist's point of view of the value of a project that is focused on healthcare, for example, or water quality. That is an easier one if you are looking at watersheds and the value of maintaining stable hillsides and all that sort of stuff in terms of overall costs. Maybe the carbon value that might be attained can change the business case to feasible from not feasible in order to attract other investment.

You asked about WWF experience. I will have to say that, since I joined WWF in November, I spent half the time in Peru at the COP after that, I am still learning about exactly what WWF has been involved with in terms of specific programs or projects. However, my colleague from WWF Japan may be able to follow up. I would say that, in the type of community level actions or activities that I am aware of at WWF and other NGOs have been engaged in, for me it comes back to this question of scale and sustainability. We have experienced some success working small scale and achieving success within a short period of time. However, being able to sustain that and scale up to jurisdiction, sub-national and national levels, depending on the activity, requires complementary action, in some way, by government and other, broader groups of stakeholders including businesses. That is our challenge right now, which is often trying to scale up in different ways; scale up through government facilitation, policies and enforcement, and scaling up through sectors, for example the agriculture sector. If you deal with a problem through improvements in management practices here, how do we get that to work on the landscape or in the jurisdiction or broader?