

Panel Discussion: The Future of REDD+ under the Paris Agreement

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<p>Panel Discussion:</p> <p>The Future of REDD+ under the Paris Agreement</p> <p>Panel Members:</p> <p>Dr. Maria Jose Sanz-Sanchez (BC3)</p> <p>Mr. Kenichi Shishido (JICA)</p> <p>Ms. Naomi Swickard (VCS)</p> <p>Ms. Novia Widyaningtyas (MEF, INDONESIA)</p> <p>Dr. Yasumasa Hirata (FFPRI)</p>	<p>Three Questions for Facilitated Discussions</p> <hr/> <p>1. How would you characterize the focus of REDD+ under the Paris Agreement? How do you see REDD+ within INDCs and what next?</p> <p>2. Are REDD+ financial resources provided by global initiatives sufficient? What is needed as a long-term strategy? How would the private sector's contribution to REDD+ be stimulated?</p> <p>3. What are the key challenges of constructing FERL/FRLs? What are the best strategies for the least developing countries to catch up FERL/FRLs? What is your organization planning to scale-up REDD+?</p>
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(Dr. Ma) We have had a very fascinating day from the morning until now. I think we have very dynamic discussions through a wonderful and fascinating keynote presentation and also several country presentations. Now we are here for a panel discussion. We heard in the morning from Dr. Matsumoto about the objectives of this seminar. It is very clear to me that the two objectives were almost achieved, but this panel discussion may re-highlight some key points, particularly on the effective development of the REDD+ strategy, particularly in connection with the establishment of reference levels as it is an important issue for the future of REDD+. So I hope our panel will go in that direction.

Particularly in the morning we recognized that last December in Paris the UNFCCC concluded a landmark agreement, the Paris Climate Change Agreement. We are very clear that this has marked a new area of global climate change cooperation. We recognize the Paris Agreement strengthens more universal participation, and also the acceptance of the responsibility of all the countries. Also, we learned that the Paris Agreement exclusively endorses REDD+. I believe that you are aware of all the panel members except Kenichi Shishido from JICA. Shishido-san is the deputy general director of the forestry and conservation group in the global environment department of Japan International Cooperation Agency. In my organization, ITTO, we have the pleasure of working closely with JICA. I believe he would also share a lot of information on JICA work as it is one of the vehicles to promote many capacity building projects including REDD+. You are welcome to join this panel and we look forward to sharing your thoughts.

Three Questions: The Paris Agreement and REDD+, Financing, and Reference Levels

(Dr. Ma) I prepared three questions that our panel members may address, share their views on, and then also I will bring out questions from our audience. That is my plan for today's panel discussion.

The first question is how would you like to characterize the focus of REDD+ under the Paris agreement? How do you see REDD+ within the intended national determined contributions and what about the next step in conjunction with nationally determined contributions?

The second is that as we learn that the biggest issue is finance, it is focused on financing. Are the current financial resources provided by global, national, and regional initiatives sufficient? What would be a long term strategy? What would be best ways for more active participation of the private sector in REDD+?

The third question is related to the issue of constructing reference levels. I think we can revisit this issue as a key element of our discussions. What are the key challenges of constructing reference levels? What would be the best strategy for the least developed countries that have limited capacity? How do they can catch up? How can they follow such an important element towards the results-based payments?

Also, perhaps members can share views that can contribute to the promotion of REDD in the coming years. Due to time concerns, perhaps I would encourage each panelist to briefly answer one of the three questions. You don't need to answer all of the questions, but please emphasize or highlight a certain important subject.

It is my great pleasure to invite Maria to answer first.

About the Paris Agreement and Financing

(Dr. Sanz-Sanchez) I think I will touch base a little bit on the first question and a bit more on the second. I think it is clear that the Paris Agreement is providing a very good house for REDD. The INDC process in each of the countries will put REDD into something which is broader and a much longer term view on how to contribute to mitigation in the forest sector. Of course integrated management and land use as a whole is a very good basis for that. I believe that the Paris Agreement just provided to REDD with what it was missing. The other thing which was missing, obviously, is the finance at this stage, which everyone is mentioning. We all conveyed the same message along the day. Is there enough financial resources provided by the existing initiatives? So far, no, there is probably not enough. It is true that it has been very difficult to coordinate all the initiatives in order to be much more cost-efficient. This could be one of the reasons why the finance is perceived as not sufficient. However, on the long term strategy for finance, it is obvious that you have to count on a very diverse landscape of financial means, as I tried to explain this morning. Yes, definitely, there is room for the private sector in there. I think we are much more mature today altogether, including the private sector, to understand where best to fit private sector finance and get the revenues and the recognition that private sector probably needs to be more stimulated to continue to be engaged.

Definitely Paris has been a huge advance for REDD. The INDC process is going to be even more because it will in a way endorse broadly REDD as well. The financial issues are complex, but I think we are starting to be mature to probably define much better the financial mix that we need. Hopefully in the coming years things do not get blurry and we continue to have a much clearer path towards all these challenges.

(Dr. Ma) Thank you very much, Maria, for your very concise and valuable insights.

I have one question from the floor that I would like to ask you. Could you let us know if the discussion in the room regarding upfront payments (not results-based payment) was proceeding? Also, where can we get information on upfront payments? Is there any evidence of something taking place regarding upfront payments?

(Dr. Sanz-Sanchez) That is an interesting question, countries need investment resources for materializing the actual results or the reductions that would be paid for. I understand the question in that way. Upfront payments are being portrayed through demonstration activities a little bit. However, until very recently there has been not clarity on how to fill this investment gap that is very key for achieving results-based payment at the very end. I was very pleased to see the presentation of Alex this morning because he was saying that, indeed, the bank initiatives are now allowing a way that they can cover all these steps for finance.

(Dr. Ma) We recognize REDD+ readiness phase has faced the main challenge of securing upfront costs. I think this is also a continued challenge for all stakeholders to tackle for the effective implementation of REDD+.

Next, I would like to invite Kenichi Shishido to share JICA's experiences and lessons regarding REDD activities.

From the Perspective of JICA and the Private Sector Platform

(Mr. Shishido) As the emcee introduced, now we are extending technical cooperation for developing countries, working in more than 15 countries all over the world, mainly for supporting capacity building for later stage of REDD+. Also, in some countries we are extending some pilot project. As you saw in the previous presentation, some in Lao PDR or some other countries we are extending bilateral activities.

Our current challenges are how to get international funds or private funds to realize the REDD+ project. Therefore, we are closely working with private sector as well as the international funds. This is our challenge to keep the sustainability of the project after JICA technical cooperation. To that, I am promoting the private and government partnership and platform. If you see some logo in the panel, we organized a recent platform together with FFPRI 1.5 years ago.

Back to the question from Dr. Ma, I think when we are reminded of the Paris Agreement we are

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very much encouraged because of it. After the Paris Agreement, it encouraged us. We can say that the importance of forest it is highlighted. The most exciting statement is very ambitious in the objective to keep the balance in emission and also absorption by end of this century. Maybe if we consider sinks of carbon, maybe role of forests is more and more important.

I want to comment about the finance of the REDD+ project. As I mentioned, now we are trying to work with funding mechanisms such as FCPF. As the colleague from the World Bank said this morning, we are working in Vietnam. We are supporting to make this provincial in the REDD+ action plan in some provinces in Vietnam. Fortunately, we have JICA's loan project in Vietnam, so this activity can become an upfront activity of REDD+. We have very good combination with JICA's loan as technical cooperation, as well as because of carbon fund results-based payment. As Maria said, one of the problems of REDD+ is maybe upfront funding. Therefore, we are now promoting the distance collaboration with other funding agencies in other countries such as Ethiopia as well.

Also, my comment is, for the private sector, of course the participation of the private sector is very important. My idea is that, as Kanematsu Company mentioned, keeping the future sustainability and business of the local community people is very important as a safeguard. In that sense, this is just getting the carbon credits. Maybe creating the employment or business in the community, maybe the introduction of private fund in the sense of creating job opportunities is very important. This is my opinion, but to this host country, as Naomi-san made a very good presentation, I was very much impressed with your option. Maybe the important thing is that host government is expected to make a decision as to which option, so it heavily depends on the decision making for private investment. Thank you very much.

(Dr. Ma) Thank you very much for your wide response by introducing many REDD+ projects, and JICA's role and lessons as well as the Japan public-private REDD+ platform that was introduced two years ago. Can I ask you regarding this platform's current activities that are taking place? From the poster presentation I was very inspired with the engagement of many NGOs, including MoreTree. As the role of civil society is so important, I believe this platform is becoming an important vehicle to share the information, particularly with the private sector. Can you share what kind of activities you are planning to promote REDD in the coming years?

(Mr. Shishido) As I mentioned, when we established this platform, it was November 2014. At that time, we started with about 40 members including government sector, as well as private companies, consulting firms, and also some research institutes as well. Now, more than 70 private companies and members are participating in this platform. In recent days, there is so much communication from the private sector that increased after Paris and COP21. Maybe attention from the private sector is increasing month by month.

We have three main activities. One is sharing the information among our members because the REDD+ mechanism is not easy for these newcomers, especially for the businesspeople, or some investors. This is so research institutes and some researchers can share the information and

knowledge and also the discussion in the international conference. The second one is public relations. Yesterday we had a very big event regarding REDD+. We invited one of the most famous journalists. Yesterday, 500 people came to the event to share about REDD+ and the importance of forest conservation. The third one is formulating business models. Three companies are leading this activity to discuss what kind of sustainable model for the private sector. This year we are trying to make one comprehensive project by participating different sectors. That is what we are doing.

(Dr. Ma) Thank you very much for your additional information on the Japan private-public REDD+ platform. The things we are talking about are post-2020, and I believe that in Japan the year 2020 is an important year for the Tokyo Olympics. Personally, I look forward to this platform to place some interesting and innovative REDD+ related activities for public awareness, maybe in conjunction with big events such as the 2020 Tokyo Olympics. That might be complement to the implementation of the Paris Agreement. So we look forward to more innovative and interesting activities from the various stakeholders, particularly this platform as one of the vehicles for transforming. Indeed, we look forward to JICA's continued contribution to move this platform from Japan and also other countries.

Next, I would like to invite Novia Widyaningtyas, head of the REDD+ division of the Ministry of Environment and Forestry of Indonesia. Which one is you interested in discussing here?

The Perspective of Indonesia

(Ms. Widyaningtyas) I would like to try to respond to three of them, but very briefly. Regarding the first question, I would like to say that Indonesia is happy with the outcome of COP21 seeing that REDD+ is well articulated in the Paris Agreement. We see that the balance between the role of developing and developed countries because it says to put action, implementation, and support. This means that for those countries that still in the process of readiness can get going. Also, for the developed countries they will need to provide support. Regarding the REDD+ within INDC, I think Indonesia see that REDD+ is important part in our INDC and REDD+ is conditional contribution in our INDC. It is very important part of mitigation actions for the country. For the next, I think pre-2020, we would like to move REDD+ forward for full implementation. After that, for post-2020, we are looking forward to see the REDD+ exist or still be there.

For the second question, this will be difficult to answer whether the REDD+ financial resources provided by global initiatives are sufficient or not, because I think it is relative. If you see the financial resources by global initiatives from the quantity aspect, we see that there are a lot of opportunities and a lot of money there. However, the problem is, for example for Indonesia, the disbursement of the money is still facing challenges. Internally, we are still struggling with our financing mechanism nationally. At the international level, I agree with Maria that, coherence in financing the forest and REDD+, we still need to work on that with GCF and many others. On the role of the private sector, I think there is possibility since we have great opportunity for the private sector as part of non-state actors since New York declaration. Then in Paris there was a high call for

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private actors to be involved as part of non-state actors. However, I think that the private sector is not the only one actor, and they cannot play all, so there is need of collaboration with many other non-state actors including local governments, NGOs, and local communities. The private sector can play as a leveraging agent in financing REDD+.

Regarding the third question, one of the key challenges in constructing the FREL is the data. Anything related to data is a challenge, like the availability of the data, how we comply with the principle of transparency, accuracy, consistency, comparability, and completeness. I think it is very challenging. For the least developing countries to catch up their FREL, one of the first things to do is to understand the national circumstances, to understand the national situation and condition. There is need of capacity building in doing this. It is very important to understand the national situation in the context of defining the forests and defining the scope, the activities that you want to measure, and also defining further strategy to establish the FREL at the national or sub-national level. Finally, what is my organization planned to scale up? This is very challenging.

(Dr. Ma) I will ask another question from the floor related to forest fires. What is the plan to include forest fire in the reference level? What is the plan of Indonesia regarding the inclusion of forest fires as forest degradation? What is the plan for the establishment of, emission reference levels focusing on forest degradation in addition to deforestation? Are there any plans or information that you can share?

(Ms. Widyaningtyas) I think the most important plan is to see the availability of the data. Now we are in the process of receiving the data including the data of forest fires. We need to know exactly the emissions that come from forest fires. We can use many methodologies, but now we are in the process of selecting the most developed methodology. It is all about the data.

(Dr. Ma) This is a very difficult challenge of how to establish a reference level including forest fires because sometimes there is irregular data collection.

(Ms. Widyaningtyas) There is maybe one sophisticated method, but it is not cost efficient. That is the problem.

(Dr. Ma) I would like ask another question to you. For Indonesia and Japan, collaboration for the joint credit mechanism is taking place, and there is also a current project in Sulawesi going on. What are your expectations on the inclusion of this project in the joint credit mechanism? Can you share your own expectations?

(Ms. Widyaningtyas) It is a very difficult question to answer. Personally, this is very difficult because we need to think about two different things. One is on the REDD+ itself. It has been very mature in terms of international guidance, but when we talk of the joint credit mechanism, that is

another discussion. It is related to market and so on. We are also in debate whether to treat this JCM as market or non-market. Still we have no clear answer on this. When we come to the discussion on REDD+, it will be more complicated. Therefore, I think we need to be patient on this because it is very different to JCM on other sectors. It is my response to JCM, but we can keep discussing on this.

(Dr. Ma) There is much uncertainty, but I believe the joint credit mechanism initiative of Japan is a very innovative initiative to be further developed under the Paris Agreement. I think more development will proceed. Through more collaboration between scientists and policymakers, they can work together for the realization of REDD+ in the joint credit mechanism. We look forward to REDD+ collaboration with more countries in the context of JCM

Now, I would like to invite Naomi Swickard, director of the land framework of the Verified Carbon Standard. She already provided a very nice presentation on the roles and engagement of the private sector and the importance of nesting the REDD projects from the sub-national jurisdiction toward the national jurisdiction. Which question are you going to focus on here?

Regarding Financing

(Ms. Swickard) It will be primarily on the finance question, thanks. There are two main comments from me. One, to echo Maria's point about fragmentation and diversification, I think we see that not just in finance, but in activities, in scales, and in actors involved. That makes a very complex world. I think there are a couple of challenges or needs that need to be focused on going forward.

One is making sure that we design these emerging mechanisms in terms of cooperative agreements and in terms of market efforts in a way that can try to harmonize and bring together these different actors, scales, and finance in a way that makes sense and leverages their efficiencies to the extent possible. One way to think about that is, on the finance front, that public sources of finance make sense for certain activities. They make sense for readiness, for policy, for enabling frameworks, and in terms of getting the private sector engaged, very importantly, what the public sector funds can do is reduce risk. Whether that is offering some kind of advance market commitments, price floors, or guarantees, that would help unlock a lot of private sector finance. The other thing that would also unlock private sector finance is more certainty on the mechanisms. Therefore, I think we will see that emerge as we start seeing subs to get into the details of how we operationalize the Paris Agreement. That is what the private sector needs. They need certainty and they need to reduce risk.

The second point for me in terms of what we are doing moving forward is that I think we need to start thinking about REDD as part of a broader effort on landscape sustainability; really trying to look at how do we engage the drivers of deforestation, the agricultural production primarily. That is where the money is at, A, and B, those are what really drives forest change. Focusing only on the deforestation around the forest sector I think has really left out a part of the problem.

One of the other frameworks that VCS is focusing on right now is what we are calling the

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'landscape standard'. It is going to be a framework for assessing improvements and sustainability at a landscape scale that can tie to emerging additional sources of finance and demand looking at zero deforestation commitments, for example, or sustainable supply areas. Cocoa was brought up earlier today, and we are working very closely with Ghana on their forest cocoa program in terms of being able to look at that sustainability of those cocoa efforts and linkage to these diverse sources of finance. I would say in the end that two things are needed, trying to harmonize all these different actors and scales and finance mechanisms in a way that makes sense, and two, in doing that, really look broadly at diversification of finance, not pure carbon finance, and not just international and donor finance, but market finance and leveraging investment in a variety of activities that have an impact on the landscape.

(Dr. Ma) Thank you, Naomi Swickard. I would like also to ask one question from the floor. The question is, how do you nest the REL/RL of the existing REDD+ project into the REL/RL of the jurisdictional (sub-national)/national level REDD+ project? How do you allocate or handle the credit obtained between the project and sub-national/national level project?

(Ms. Swickard) My whole presentation in the second half of it was really looking at what are some of the options, very practically speaking, methodologically speaking for how you nest. We had to go through that quite quickly. I do not really have time to elaborate further at this point either. For anyone who is more interested in those options, and technically speaking, how do you actually nest, please be in touch with me. I am happy to have a conversation.

The other piece that we are working on at the VCS is a guidance document that will really go into detail on each of these options. How do you operationalize them? What are some of the plusses and minuses of each option, and how can countries actually make a decision on this and work with projects to resolve the issues? We expect that to be out at least in draft form for comment in the next three months. I would be happy to circulate that broadly to anyone here who is interested.

I am not clear on the second question. Is it about benefit sharing?

(Dr. Ma) When you scale up to the national level, there is some development for a benefit generated at the national level and provincial level. So please provide some ideas of beneficiary mechanisms at the two different levels.

(Ms. Swickard) There are a number of issues to work out there, whether you are talking about benefit sharing from projects to local stakeholders, and that is somehow being also nested in higher level safeguards and beneficiary mechanisms. A big question arising for us right now is the INDCs. How do projects, and any trading that happens from either that scale or sub-national jurisdictional scales, relate to the INDC? It is an open question. I do not think the Paris Agreement resolves that. There are opportunities. Maria was talking earlier about using the own effort commitment and then the additional effort or sort of leveraging increasing ambition by using markets for that component.

I think the text actually very clearly states that there is an opportunity to trade even within the INDC own effort commitments. However, it is not clear what that is going to mean for a developing country that needs to make good on their own INDCs, and then the ability to trade that to another country? What would be the incentive? There is definitely a financial incentive, but is there an incentive in terms of being able to meet your own INDCs? There is a lot to think about and a lot that will be further discussed and elaborated over the coming years.

(Dr. Ma) I believe that Indonesia also has had a lot of discussions about this benefit sharing from the jurisdictional and national level. I believe this issue will be continuously discussed. Thank you for your contributions.

Now I would like to invite Dr. Hirata, director of bureau of climate change of FFPRI. We are also very pleased to see many REDD+ publications published by FFPRI, particularly the REDD center, which produced a famous book, the REDD+ Cookbook. I learned many things from the REDD+ Cookbook. Hirata-san is one of the authors of the REDD+ Cookbook and published many scientific REDD+ papers through his extended knowledge. I would like to invite you to address one of the questions.

About Reference Levels

(Dr. Hirata) Thank you very much for the kind introduction. I would like to make comments in Japanese to avoid miscommunication. For me, I would like to talk about the reference level, which is the main topic for the seminar today. I think others have primarily responded to the first and second questions. We are a research institute, so I would like to try to answer the third question. My point is threefold.

One, regarding reference levels, many countries have already submitted the reference levels, so how can we increase the reliability of the reference levels? I think that is the key for success. Currently, we work together with Cambodia and Mr. Chivin has made a presentation, so Cambodia is a good example. In Cambodia, I think in 2000, the definition of 'forest' has changed. The area of forest cover appeared to have decreased in Cambodia, but this does happen because already there are some maps that had been published previously, and if you try to define a reference level, that becomes a big challenge. How can you maintain consistency, and how can you maintain reliability? That is actually a major issue.

Secondly, that has to do with scaling up or scaling down. Bottom up is the term Professor Amano used, or scale up and scale down were the words that Mr. Suzuki used. In trying to involve the private sector, it is probably useful to start from the project level. However, as was mentioned by Professor Amano, if you try to scale up from the project level, and if there are various projects existing at the same time, each project may have varying reference level definitions. Therefore, if you try to scale them up there can be a conflict. However, if the national level has all of the data and try to scale down to the project level, is that effective? We thought that that would be convenient. That

was our initial thinking. However, in trying to assess a project, the reference level set at the national level may not have a small enough mesh or resolution. Therefore, sometimes it cannot justifiably assess the achievements made in the project. At the project level you will have to be more refined. You have to have a finer mesh in assessment of the projects and reference levels. Otherwise, you cannot duly make the proper assessment.

My third point is actually beyond what we are talking about today, but for example, Ms. Asada and Mr. Yazaki, you both had pictures, so when we think of reference levels or credit in the context of REDD, there are always two lines that we have to look at. One is the projected line and the other is the more realistic line. This is projection. Up to 2030 you have two lines and the second line is the more realistic line. The bigger the gap, bigger the credit, but the second line, how can we draw that line? Is that going to be a goal that we need to set? How can we utilize reference levels? That actually is a very important point. Just because you have the reference line does not mean that credit is generated. You have to have the second line, and where do we set the goal for the second line? You need funds to achieve that goal. You have to bear that in mind and try to fund the REDD projects.

Takeaways from Today's Seminar

(Dr. Ma) Thank you very much, Dr. Hirata. We recognize the importance of projecting the second line so that we can anticipate expected payments based on reference level.

I am sorry I could not accommodate more questions from the floor. I believe this panel generated very interesting discussions. I would like to talk about two or three points that I have learned during the course of the day.

I would say there are three 'I's. The first 'I' is integration. We understand that there is an increasing need to integrate sub-national levels into a national level within the INDCs. This integration would be an important point for results-based payments. We have a bottom-up approach, and then a top-down approach, but it is time to integrate them in a more valuable governance framework. Integration is something I could catch as an important key word.

The second 'I's is inclusiveness. I caught that we talked about the importance of multi-stakeholders participation in REDD+ and that many panel members pointed out the engagement of the private sector, particularly in Japan, the public-private REDD+ platform, which is a good example of inclusiveness. I think this inclusiveness is really a sign or a direction to move forward with REDD+. I believe inclusive partnerships and collaborations will generate more sustainable success stories. We are very happy today that the FFPRI and the REDD+ research and development center provided a wonderful opportunity for REDD+ discussions as a multi-stakeholder forum.

Lastly, one more 'I' is innovation. For instance, we need more innovative market mechanisms for REDD+. We are not there yet, but we are discussing and thinking about new ideas. As REDD+ financing is so important, I believe we need various innovative market mechanisms and I believe we need to continuously discuss these issues.

Today we have very limited time, but I believe many important subjects were discussed. I think the topics of today's international seminar continuously will be discussed in the coming years. I think that today the panel discussion initiated an excellent starting point for the future of REDD+ in particularly constructing reference levels for results-based payments. I believe that the audiences will bring some of the messages of today's discussions, and we will also continue to work together for the effective implementation of REDD+. It is my great honor and pleasure to join this important discussion panel as the moderator. I would like to thank very much all of the panel members for your outstanding contributions.