

Panel Discussion: Future Challenges to Promote REDD+ with Private Sector Participation

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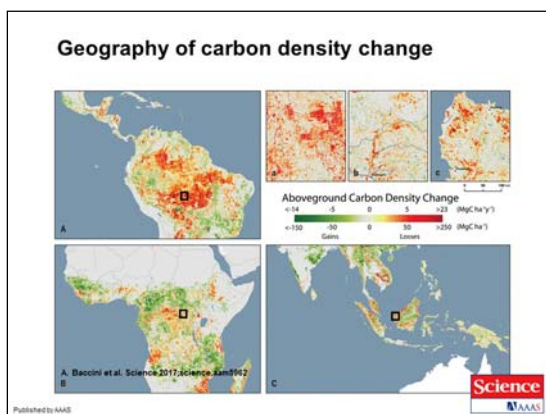
(Sato) Today, our topic is ‘Key to Expand REDD+: Approaches and Challenges for REDD+ Learned from Practice in the Field’. We would like to discuss what is necessary for REDD+ in the future. There was a lot of talk about transdisciplinary approaches that was very exciting. There were two sessions, one in the morning and one in the afternoon, and we learned a lot from each of them. From here on, we would like to discuss these presentations, which covered important initiatives for promoting REDD+ in the future. In the panel discussion, we would like to shine more light on these activities and think about what needs to be done to promote REDD+ activities, and especially address the challenges for private sector participation in REDD+. Before starting the discussion, we would like to ask Dr. Dieterle of ITTO to give his views on the current situation of REDD+ and the issues facing it in the future. We would appreciate his kind intervention on this topic.

(Dieterle) Ladies and gentlemen, it is a great pleasure for me to be at this important event today because I think you are discussing essential elements equally important for development, and e climate. I have been asked to provide some overarching observations and thoughts that could contextualize the discussion today. I would like to talk about four different elements. One is to put REDD+ in the development context. The second one is what has been missing today in our discussion in the context of REDD+? Third is what I perceive as challenges or issues with REDD+ based on experience gained in the last couple of years. Then, lastly, I will provide a couple of comments on the role of the private sector in REDD+.

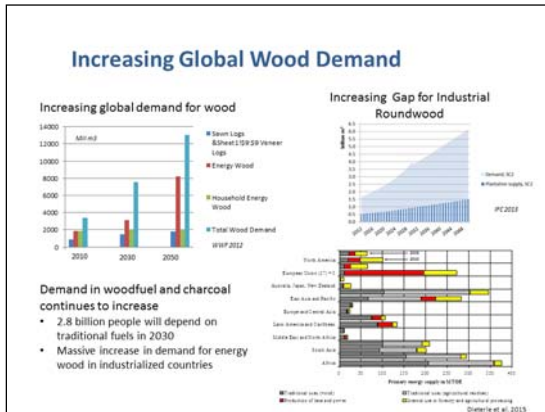
## Panel Discussion

I think the first part is very fundamental to me. I was a member of several delegations to the UNFCCC meetings. I was delighted when in 2007 in Bali the concept of REDD+ was defined within the context of an overarching development approach. We have heard it in various contributions today that, without development gains and benefits for the populations and private sector, there is no climate change mitigation and there is no adaptation. I think that is fundamental. Therefore, what we do in REDD+ needs to serve the basic needs of an ever growing number of people in the tropics. I would say no climate change mitigation and no REDD+ without a strong element in development. I will come back to that later because it has a strong meaning if we talk about interventions in the context of forests and climate change.

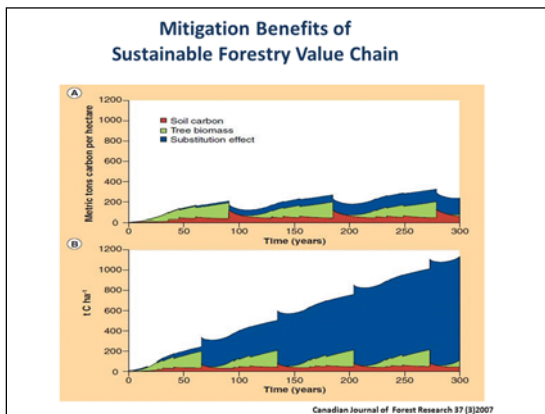
The second point is about what is missing in the forest and climate architecture. I would like to emphasize that, in agriculture, but also in forestry, we are exposed to a situation where, in the near future, the World needs to feed nine billion people. I think we face the same challenge for wood, wood-based products, and wood-based energy. If we do not fulfill those demands and address that in REDD+ efforts, people will take it whatever it takes. If people do not benefit and have an improved livelihood and have food and shelter, they will take it from the forests.



What has not been coming out very strongly today in the discussion is the aspect of degradation. This is a map that is based on a scientific study over many years from 2003 to 2014. What you see in the red color is the net loss of carbon content in forest areas. This study by Baccini et al. that was published in February 2018 came to the conclusion that degradation is a severe problem - even more severe than deforestation, which is mostly caused by outside drivers. Therefore, it is a genuine forest management issue. What I also heard today in the discussion, it came through in the presentation on Vietnam and in other presentations, that, if we do not address degradation, it will undermine the livelihoods of millions of people depending forest products and wood-based energy.



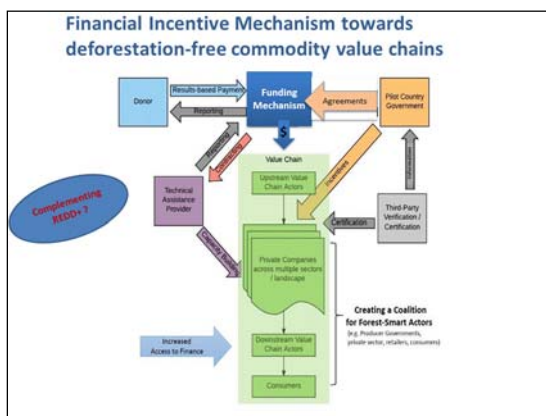
If you look at the future demand of wood and wood-based products, you see it will increase from the current four billion cubic meters per year in industrial wood to about 14 billion to 15 billion cubic meters by 2050. If not addressed as a matter of urgency we face a situation of rapid depletion of timber and carbon stocks against an increasing trend of forest consumption. You can imagine what will happen. Either people go into the forests and cut protected areas in order to meet the demand, or the world has to move out of forest products into steel, concrete, and other non-renewable materials, which are equally negative for climate and biodiversity. The conclusion for me is: we have to produce more and we have to produce better wood. That is the same case for beef, for soy, for palm oil, and so on. We need to look at the timber and other forest products the same way we need to look at food. Our only chance is to move towards a bio-economy.



The third aspect that has been totally neglected so far is the role of wood in a bio-economy. I talk here about substitution of fossil-based material through renewable materials like wood. I think this has become in Europe and in United States already quite an important issue. The promotion of wood-based buildings, is also very relevant for Japan, especially in rural areas. For example, a figure for Germany is that carbon sequestration in the forest is about 50 million tons. Substitution in wood-based buildings is about 30 million tons, and substitution of fossil-based energy is 35 million tons. Therefore, substitution overall can be more important than the measures you can do in forestry together. This is a very important aspect, and I think we need to address that also in the future.

## Panel Discussion

My third point, what is the progress of REDD+ so far? We have brought the discussion about forests to a totally new level, especially in REDD+. We have advanced technologies for monitoring, for remote sensing, and so on. It has created a global awareness on forest related issues. However, if we look at the initial idea about REDD+, which is to promote payments for carbon emission reductions based on results, not much progress has been achieved so far. We are now in the tenth year of REDD+ processes and approaches. As far as I know, no deal has been made and no payments have been transferred for benefit sharing purposes and so on. I think this tells us something. Substantial amounts have been spent in processing ideas, studies, travel costs, secretariats, and carbon finance experts. It tells us a lot about the complexity of REDD+ and we should be concerned.



I would summarize my collection of issues and challenges for REDD+ as follows: it is the complexity of design. Initially thought to be a “low hanging fruit” its elements such as the reference level have proven to be politically very controversial, because the reference level has an enormous implication for how payments would be made later on. There is also the issue with monitoring and other methodological issues (measurement, reporting, and verification) because long-term time series are needed to understand trends. And there is the issue of country capacities to implement REDD+ in continuity. It is costly, and I think for the moment it only works on the basis of consulting and external input in many countries.

Then there is the question of benefit sharing, we have heard about the importance of this. Where does the benefit go? What is the element of incentive in the benefit sharing? Does it go to the government? Does it go to the local population? Does the small amount make a difference on the ground? All these are very important questions, which are much beyond the question of methodology and science.

Then we have a big problem with ex-post payments. That is idea of REDD+. If countries produce a carbon benefit, they get rewarded for it. However, in my view, the problem lies in the beginning, in the upfront cost of that. If you look at a country like Congo, Gabon, or Ivory Coast, they do not simply have the money to create the investment to restore forest resources before they can claim a carbon benefit. One of the few countries that have achieved that is Vietnam with a tremendous economic growth and at the same time a tremendous growth in forests. I think that tells us how complex things are, and much insight into the capacities required in the management of forests and in the countries.

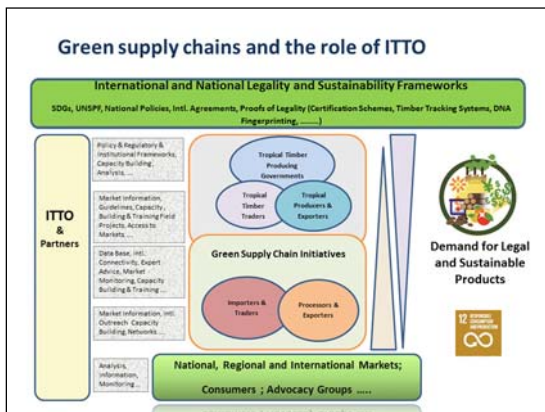
As for the missing private sector, we have to really ask whether the current approach to REDD+ the right tool to attract massive investment by private sector into countries.

Now, the private sector does not care about national carbon baselines or whatever. A company is interested in maximizing the return on investment. It has to be profitable, and the carbon benefit has to go to the company, or has to be sold for noncompliance in other areas and so on. The question is, how do we provide the right incentive for private sector companies to invest in countries which are perceived as high risk? This is the most decisive element of private sector investment that they avoid the risks, especially in those countries with low governance, and the countries where the forest carbon stand is still there.

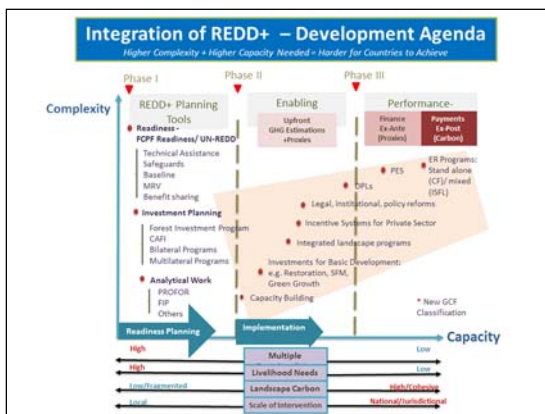
We were thinking about another element of results-based payments, which would reward the government if they provide a package of incentives to private sector companies based on verification systems like certification of other means. The donor would only make result-based transfers if those deals are in place. I think that would be a way to bring private sector companies who produce sustainably at par with companies who produce in the business-as-usual way. For example, many certified companies, e.g. the concessions in Congo are at the brink of bankruptcy because they cannot compete against business-as-usual companies. Benefits, such as tax, stumping fee, export excise reductions, and so on, would bring them at competitive level to companies who are doing business as usual. I think we are currently now in a deep discussion with Chinese companies who say, "We want to have green supply chains. We want to buy this stuff," but the problem is a lack of capacity in these countries, lack of information, lack of regulations as we have heard also from Peru, and so on.

In summary, the financial packages need to be threefold or fourfold. One is REDD+, which I think would be best suited for protected areas where we have no alternative for use. Second, we need to have incentive mechanisms for private sector companies who are willing to invest. I think that cannot be done in a jurisdictional approach. I think that has to be done by providing incentives to as many companies as possible so that it gets to a tipping point like we have seen in Japan, Europe or the US with solar panels and so on. We need incentives so that private sector companies say, "I would go for that," and then the number of companies making these decisions creates a tipping point. I think that is what we have to look at in international trade. This is because big companies like Walmart, they buy in all countries of the world. They want to use their power to maximize the stream of sustainable products, so it cannot be done only at a national or jurisdictional level.

# Panel Discussion



As already mentioned, there is the lack of capacities in these countries. We have now a framework at the international level, but we have also here now private sector initiatives and national/regional initiatives. Therefore, the flow from the forest to the markets is very complicated domestically, but also internationally. Along the supply chain, a lot of information is needed and capacities are needed in the government for incentives, for regulations, and for policies, and also at the trade union level for market information and for bringing sustainable buyers together. Also, a lot of information is needed on the buyer side. Where do they get sustainable wood? Where do they get sustainable coffee and so on? Therefore, I think we need to look in this dimension a little bit closer, whether we call it REDD or not, but it is climate-relevant. It brings adaptation and it brings mitigation.



Finally, I have tried to summarize my intervention today in the REDD+ phased approach diagram here. As you see from this diagram performance-based payments are demanding the highest country capacity and highest degrees of complexity among all measures. The reality is that but many countries are not there yet.

Therefore, I think the international community has already reacted in providing enabling finance to bridge the gap between Readiness and results-based payments. Japan has done the same. Norway is going back to finance that upfront investment level as well. We need to have a continuum taking into account country specific capacities and complexity, and the continuum might be different in different commodities. I think the starting level of intervention is capacity building and basic investments, which might be just the right thing for some countries to start the discussion about REDD, and to develop their




capacities further.

It is also along these lines that REDD+ is focused on carbon. However, if you have multiple benefits, multiple needs in a country, REDD+ might not be the only tool which we need to apply.

(Sato) This morning and this afternoon, we had seven presentations and also from Dr. Dieterle we have such an interesting topic. This topic alone will be the good discussion point for the panel, and I feel I could benefit from his presentation.

**Key Question**


- 1. How to accurately measure emission reductions at low cost?**  
現実的なコストで行うことができる適切な精度を有した排出削減量の計測方法とはどのようなものか。
- 2. What are the future challenges of MRV learned during the establishment of the reference level in developing countries?**  
参照レベルの設定が途上国各国で進む中、設定に取り組んだ結果得られた今後のMRVにおける課題は何か。



In the rest of the panel, we would like to cover the key questions together with the participants. There are four questions. First, how to accurately measure emission reductions at low cost? Second, what are the future challenges of MRV learned during the establishment of the reference level in developing countries?

**Key Question**

- 3. How to allocate carbon credits and other profits among stakeholders when more than one project are working in the same area?**  
様々なプロジェクトが同じ地域で存在しているような場合の、関係者間での成果の配分（緩和量、その他利益配分）において、求められる方法とはどのようなものか。
- 4. What supports are needed for the implementation of REDD-plus by the private sector in view of safeguards?**  
様々な側面が存在するセーフガードに関して、民間事業者が実施するプロジェクトレベルの取組みを支援するためには何が必要か。



Next, how to allocate carbon credits and other profits among stakeholders when more than one project is working in the same area? The last question is, What supports are needed for the implementation of REDD-plus by the private sector in view of safeguards?

Among the four key questions, the first is related to the morning session one, and numbers three and four relates to the session two in the afternoon. To begin with, we would like to start from session one.

## Panel Discussion

### Key Question 1: How to accurately measure emission reductions at low cost?

(Sato) Key question one: how to accurately measure emission reductions at low cost? I would like to ask this question to Mr. Suzuki, Dr. Nguyen, and Dr. Fox. Mr. Suzuki, please.

(Suzuki) Before thinking about how to answer to this question, I think there are two points. First, in the emission reduction, is degradation of the forests be considered or not and not just deforestation? Degradation causes cost increases, so we must consider that. However, as Dr. Gerhard said, degradation is also important, not just deforestation, so we must include degradation. Second, if you require higher accuracy then it will be costly. Cost and accuracy are in a linear relationship.

If we think about this, we need to involve local communities to measure emission reductions so that we can control costs. IGES created a participatory forest monitoring manual, and this is already complete, so this is already at the implementation stage. However, in order to scale up and do so widely, we need not just calculations of the carbon stock, but we also we need to have some monitoring items to cover different benefits. By doing so, local communities will also start to act.

(Sato) You made an important point about the balance between cost and accuracy. I chose not to use the word 'tradeoff'. It is so important to think this. Dr. Nguyen will you answer the question?

(Nguyen) For Vietnam, we are just a developing country. We are also trying to find an answer for question one. In order to measure the emission reductions, you need to generate activity data, and also the emissions and removal factor. For generating activity data, we are thinking of using free medium resolution imagery such as Landsat and Sentinel. We are also thinking of using open source software.

One important thing is we need to streamline our classification system. This is because when you develop the forest reference level, you need to do the accuracy assessment. If the classification is too complicated, the cost for the accuracy assessment also will be high. Therefore, it is very important to find a suitable classification system for the activity data.

About the emission factor, actually we have already conducted some work to make this more efficient. First, we improved our sampling design and plot design. Before we have a plot system, a systematic cluster, the cluster has partly consecutive secondary sample plot arranged in an L shape, but now we only are in five sample plots. Each of them is about 150 meters far from each other. This is because in forests there is a high interspatial correlation. Therefore, if we put sample plot near together, there will be a waste of information.

Even so, we try to improve our plot design by using a concentric circular netted plot in which we use three circular plots. The inner plot has an area of 100 square meter for measuring trees which deviate from six to 15 centimeters. The second plot has an area of 500 square meter for measuring tree which deviate from 15 to 25 centimeters. The third plot has an area of 1000 square meter from a starting tree which deviates less than 25 centimeters. Therefore, using this concentric circular netted plot, we review the number of tree method significantly, and also reduce the costs.



(Sato) There was a discussion about the design, and accumulating baseline data is very important for that. I think that was clear from Professor Nguyen's comment.

Next, we would like to ask Professor Fox this question. Professor Fox gave a very informative presentation about reference factors. In Papua New Guinea and Africa, he made permanent sampling plots to measure emission factors, and there are many articles on this subject that have been announced. I have quoted his articles many times. Professor Fox, could you please answer the first question from your perspective?

(Fox) Building on the previous speakers, I completely agree with the intervention of Dr. Nguyen of Vietnam. This question of how to accurately measure emission reductions at low cost, this should be the key objective of all cooperating partner support to developing countries, and there are several ways we can do this. Dr. Nguyen summarized it very nicely that he is using accessible and free remote sensing data. This technology and data is increasingly accessible and free, and people are using free and open source software in countries. Even technical challenges like degradation, which are using remote sensing for has been a challenge, the resolution of freely available data is increasing constantly and countries will be able to measure and report this activity in the future. I am very confident about that.

Free data and free open source technology solutions, and making sure that our investment in capacity building, which is probably the expensive part in helping countries set up systems to accurately measure emission reductions, is very strongly anchored in the government and builds on the existing government structures. Vietnam is an excellent example of this. They have a long tradition of national forest inventory and a long tradition of remote sensing. Therefore, when REDD+ came along, they just tweaked that capacity in those systems to enable the country to accurately measure emission reductions. When it is anchored in the government in this way, the government can continue that activity into the future, which is the entire objective of the exercise. This should be a fundamental objective. I think we can do it and we are doing it.

(Sato) Thank you very much. That is a very encouraging answer. When we are debating about these things we often struggle to find clear answers to the questions in a short amount of time. It would be nice to continue the discussion, but we have to move on to the second question.

### **Key Question 2: What are the future challenges of MRV learned during the establishment of the reference level in developing countries?**

(Sato) In the process of setting the reference level, we were seeing challenges for MRV. Professor Fox, would you please also comment on the second question?

(Fox) As indicated in my presentation, we have this wonderful momentum under the UNFCCC with 38 submissions from 34 countries. Onaka-san mentioned this, but the key future challenge is to keep

## Panel Discussion

improving these submissions and data and measurements in a stepwise fashion under REDD+, under the UNFCCC so that these reference emission level submissions and the result submissions become more accurate and more comparable. This is very important, and it is already happening.

The FCPF Carbon Fund methodological framework, which was an early pilot, and now the GCF REDD+ results based payments call for expressions of interest. They provide additional modalities to ensure these emission reductions or enhancements are accurate and comparable. Countries are responding to these opportunities under the FCPF and the GCF by reformulating their reference emission levels. They are responding to the technical assessment reports, as Dr. Nguyen mentioned.

Going forward in the post 2020 Paris Agreement and the enhanced transparency framework, I am quite confident that, through the harmonization of our support of many cooperating partners supporting countries on this, that the REDD+ MRV reports and REDD+ reference emission levels will be accurate and comparable. This is very important for the NDC process and for achieving the Paris Agreement. That is the key challenge, which is to keep improving our reference emission levels so that, in the future, an emission reduction in one country is comparable to an emission reduction in another country, and they are both accurate.

(Sato) Professor Fox really summarized very well, almost perfectly. There is not much more to add to that. In today's presentation Mr. Suzuki and Professor Nguyen spoke about the importance of comparability between countries. He also spoke about the different recommendations for improving technical assessments. That process probably is key to providing an answer to this question, which is what I thought listening to Dr. Fox's presentation. We were expecting others to answer this question, but our time is limited and we must move on.

### **Key Question 3: How to allocate carbon credits and other profits among stakeholders when more than one project is working in the same area?**

(Sato) Let us move on to the third and fourth question, which are related to session two. First is question three: how to allocate carbon credits and other profits among stakeholders when more than one project is working in the same area? This is related to consensus building. I would like to ask Ms. Milagros Sandoval to give her comments on this third question

(Sandoval) Maybe if I read this question very fast and I start thinking about it, the first thing that pops into my head is related to the results-based payments on REDD+. I would say that we have to allocate the carbon credits or the profits related to those activities that have results on the ground. However, I think that many of us during this afternoon have highlighted the importance of how to really make REDD+ work on the ground. Sometimes, thinking about results-based payments is maybe a step forward. Maybe we have to have a step back, and think about what are the needs, what are the priorities of the people living on the ground, and how can we really make a change to really have those results that we are looking for?

I would say that maybe we need funds to start activities. We need to engage stakeholders, and that is

not necessarily something that we can wait for results-based payments. We need results before. Also, maybe not everybody is going to be eager to participate because they do not see results very fast. Therefore, sometimes it is important to consider the different types of ways in which different countries are identifying or proposing ways to distribute these funds. Some are results-based payments. Some are payments that are done before, so this is something that has to be considered, but what I must say is that we would have to consider national circumstances, and also specific circumstances that are happening on the ground to see really if the people that are engaged with the activities on the ground are really the ones that are having these results. Obviously, this implies support to governance and many other activities that are related. Thank you.

(Sato) I believe your answer is based on your experience in Peru. Next, we would like to ask Mr. Onaka of the Forestry Agency, which is involved in JCM-REDD to answer question three. I know you are a tough negotiator, but try not to be too tough with us, and try to be brief.

(Onaka) You asked me to be brief. Let me see what I can say. First of all, before I answer that question, I want to add an overall comment on REDD+. First, since REDD+ was discussed, it is true that there are technical challenges. Once you recognize that fact, on the other hand, if you look at the larger picture, there is international forest conservation and climate actions, and in order for us to facilitate these global actions, REDD+ is recognized as an effective tool. That is my understanding.

Second, naturally there are challenges in REDD+. With REDD+ being implemented, we have started to see outcomes. We need to evaluate the such REDD+ outcomes. This morning we heard presentations on some of these positive results. For example, at the readiness phase of REDD+, as for safeguards and forest monitoring, for example, in the relevant countries, stakeholders are actively engaged in REDD+, and those results are now beginning to surface. For many years we have not seen the result being expressed in data, but the participating institutions and countries are making efforts and we do see positive results expressed in data.

Third, because of that, we would like to move farther towards results-based payments. As I introduced in my presentation, GCS only has a pilot's program for RBP. This pilot program has to be successful for us to be able to move to full implementation, so we need to be especially careful as we move forward.

To try to answer that key question, it really depends. If it is limited to JCM-REDD+ methodologies, guidelines are available. There is flexibility in making these tools available. In terms of sharing results, we need to adjust assistance, and that is one of the agenda points of COP discussion. As for how these results outcomes are shared, we need to adjust assistance, adjust methodologies, and adjust at the guideline level. As for implementation, donors may be able to coordinate each other. There have been past examples of donor coordination outside the forest sector, assistance adjustment will become very important. We are just beginning results-based payments, but as each country begins to receive RBPs, they will realize how important it is to coordinate with each other to solve some of the challenges. There will be many more options they for them to explore. Although I believe this to be one of the technical challenges, as

## Panel Discussion

Dr. Fox mentioned, many of these technical challenges can be resolved through technological advancement.

(Sato) I would like to invite another person, I would like to ask the same question to Dr. Dieterle, who has worked in World Bank as well.

(Dieterle) When we talk about carbon credit, we look at the last phase's results-based payments. I think that is my understanding. Everything is not credit before showing any results. I think it is an investment, or a capacity building effort based on the other sources of funding. Therefore, when I talk about a credit, it is a payment based on an achieved emission reduction outcome. I think in each of the readiness approaches there is a section which talks about benefit-sharing. Of course, there are different cases. When you have a protected area, I think the payment would be to local communities, in my view, who are not doing certain things that they have been doing before. It is a sort of compensation payment because they have no alternatives for income.

When we talk about something in productive landscapes, I think we need to look at the development impact that such a benefit sharing payment has. Instead of handing it out to a large number of citizens in a community or in a jurisdiction, in my view, that would not have a big development impact. I think it would be important to reinvest those credits into something which creates lasting structures because, so far, the carbon payments that FCPF and others are providing are only there for three to eight dollars per ton and then they end. Therefore, I think the challenge is to create something with an income which has a lasting effect, which builds capital, and which makes the lives of people better.

In some cases, I see a challenge that, if we have large jurisdictions where we have different sectors like mining, agriculture, and so on, the result is spread too thin. This means the people on the ground will not feel it. I think the main thing is to incentivize people on the ground and do things in a different way from what they have done before. I think that is the most important challenge.

(Sato) Profit reinvestment is a new way of thinking that, and I thank you for telling us about such a novel idea.

### Key Question 4: What supports are needed for the implementation of REDD-plus by the private sector in view of safeguards?

(Sato) Professor Okuda, I would like to ask you later to wrap-up so that we can move on to the last question. The fourth key question is, what supports are needed for the implementation of REDD-plus by the private sector in view of safeguards? Before asking in this question to Professor Okuda, I like to invite Ms. Okabe to answer.

(Okabe) What sort of things can we do to help project level REDD+ actions conducted by private players? There are three things I would like to suggest.

As I mentioned in my presentation, it is an issue of levels, or to put it another way, scales. On the

implementation level what safeguards are needed? In other words, can we simply scale down the Cancun Agreement? Would that ensure that there are the right safeguards? Maybe not. For example, claim handling and project governance are not included in the Cancun Agreement, but are very important at the project level. That need to be analyzed further.

Second, this has much to do with technology. In order to implement safeguards, risk assessment will be quite important. To understand the current status on the ground, having accurate analysis will allow us to understand the risk level, and we need to develop tools to enable that.

Last, recently it has become a point of discussion to set goals including the safeguards in the design of the REDD+ activities as an option. There are REDD+ activities in which safeguards only deal with risk. In these cases, if we are able to make clear how to mitigate risk and to what extent, then it will be beneficial for participants. On the other hand, we want to create safeguard that exceed safeguards. For example, if there are safeguards to deal with SDGs or carbon, then new guideline or guidance will be required.

(Sato) The safeguard point of the view was also covered by Milagros Sandoval. In Peru, what sorts of comments do you have about this problem?

(Sandoval) On the issue related to the private sector and the reviews of safeguards, I would like to echo what my colleagues just said. Definitely, on the view of the local REDD+ projects, the private sector is asking for the CCBA standards, CCB validation, and verification process. That is the way in which they believe they are de-risking what they are supporting, and that they definitely see that, if this project goes through this validation and verification process, there is clarity that the third-party has identified that there are no risks related to the investment that they are doing on the ground.

Definitely, that has to be nested when we are talking about the REDD+ program more at the national level. What I believe is that these types of initiatives that have been going on at specific local levels can support de-risking, and can give important lessons learned to the national level process related to the design and implementation of the safeguard information systems. Definitely, there is still a long way to go so that this information can really go into this process. However, I think that these local projects do have a lot of information. They do have a lot of lessons learned that can feed into the safeguard information systems. There are also some issues that can support the clarity or the interest of other private investments to support activities both on the ground, but also in other areas of a specific country or a specific region.

(Sato) In the first keynote speech from Professor Okuda, he talked about REDD and its transdisciplinarity, which is a new concept for me, and I learned a lot from him. Focusing on this fourth question, could you wrap up? I think it fitting that first our keynote lecturer will be the last to answer the final question.

(Okuda) All four questions are quite difficult and it like a university entrance exam, so I cannot help but think that there may be right and wrong answers. As for question number four in particular, and also throughout the discussion, we have tried to address how can we promote participation of the private sector, we have taken a phased approach, but from now on a market-based approach is the direction for the future.

## Panel Discussion

We are still in the preview phase, and if you think about the autonomous phase, you have to consider profit as well as compliance, and they must work hand in hand.

As Matsumoto-san asked this morning, there is an issue of supply chain and REDD+ issues and how they relate to each other. This is such an important matter. For these two, not to think about these two running in parallel, but as Okabe-san discussed, safeguards are not negative risk assessments, but safeguards must be considered positive assessments. Safeguards must play the role of glue. In this way it will expand, and the private sector will be willing to participate more actively. As I talk to people from companies, if we ask them to buy the carbon emission credits, they are hesitant. Rather, if we talk about how ESG or SDGs and other related activities will improve a company's value, or that the company's reputation will suffer if they are not involved, or how investors would avoid the company, then companies will respond. This is something we must do. We must make REDD+ work well for companies.

One last thing to add is that safeguards in particular need project-based assistance. If you have smaller scale support, the people have to go to the field. I believe that Sato-san said that if you talk to people from trading firms, and if you say that you are working on afforestation, reforestation, and deforestation (ARD) activities, then you can tell the risks from your past experiences, which is good. However, there are some areas on a project base where you cannot predict the risks from past experiences. Researchers and the people from academia might be able to suggest what to look at. For instance, biodiversity could be one measurement. Also, for how risky or how bad could it be, we can find the indices. By adjusting these indices, maybe we can find what could be feasible or not. That is the role of researchers.

(Sato) From a researcher's point of view, you pointed out the role of the researcher. I am working for a research institute and I feel that I was given an important assignment. As Professor Okuda said, it would be hard to come up with a clear answer. We have limited time, and if we have a discussion, it would take many days, but still we would not be able to come up with a single answer. However, if we think about REDD, what is important is that there are many other questions, not just limited to the four questions that we covered. However, please bear in mind that we have these critical questions while carrying out your activities. We would like to conclude today's panel discussion. Thank you for your cooperation.