

Integrated REDD+ Accounting Frameworks

Vientiane, Lao PDR August 7, 2013
WORKSHOP REPORT



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Overview

The eventual creation of a national-level REDD+ accounting framework is a UNFCCC requirement for all countries involved in REDD+. In Lao PDR, where a mix of subnational and project-level REDD+ approaches are being implemented, decisions will need to be made on how to integrate and reconcile the different levels into the national framework. In particular it will be essential to harmonize methods for development of subnational Reference Levels (RLs) and Measurement, Reporting and Verification systems (MRVs) to avoid inefficiencies and inequalities.

Domestic displacement of emissions or 'leakage' could similarly lead to difficulties if subnational and project areas implement different policies addressing drivers such as agricultural expansion, forest protection or measures to promote sustainable forest management. Several methods are available to address such occurrences through the national REDD+ accounting and MRV framework.

To create an effective and robust national REDD+ accounting framework, mechanisms will also need to be developed to manage situations in which one or more subnational area releases emissions above their reference emissions level, creating an emissions shortfall or 'reversal.' In this case the revenue that can be claimed by Lao PDR will be less than the amount necessary to compensate subnational areas where emissions were successfully reduced. Mechanisms which can be used to address reversals include pooled buffer accounts and insurance.

Objectives

The objective of the workshop is to provide guidance on the design and establishment of national-level REDD+ accounting frameworks with emphasis on integrating subnational and project approaches. Questions to be addressed include the following:

- (i) How will the national REDD+ accounting framework be structured?
- (ii) What decisions need to be made to integrate subnational activities into a national level REDD+ accounting frameworks? and
- (iii) How and at what levels should incentives be distributed?

Agenda

Workshop on Integrated REDD+ Accounting Frameworks		
08:30-09:00	Welcome and opening remarks	Mr Khamphanh Nanthavong, DG DFRM
09:00-09:15	Introduction to workshop	Dr. David Ganz, LEAF
09:15-09:45	Introduction to integrated REDD+ accounting frameworks	Dr. Jeremy Broadhead, LEAF
09:45-10:15	Coffee/tea	
10:15 – 12:00	Presentations on Project/Jurisdictional level REDD+ implementation. Covering RL and MRV methodologies, leakage, permanence, incentive distribution, etc.	ClIPAD, JICA, LEAF, New Chip Xeng
12:00 – 13:00	Lunch	
13:00 – 15:00	Group discussions on: (i) How to integrate RLs; (ii) How to integrate MRVs (iii) Monitoring, accounting for and addressing leakage and (v) deciding on incentive distribution	Groups
15:00 - 15:30	Coffee/tea	
15:30 – 16:00	Presentations from groups and discussion	Groups
16:00 – 16:20	Summary and workplan	LEAF
16:20-16:30	Closing remarks	DG DFRM

Summary of morning presentations

Each presentation can be downloaded by holding the ‘Ctrl’ button and clicking on the link.

[LEAF -Integrated REDD+ accounting frameworks](#) – An overview of national REDD+ accounting frameworks, including an explanation of key decisions to be made related to Reference Levels (RLs), Monitoring Reporting and Verification (MRV), leakage, and reversals. The presentation includes comparative analysis of the benefits and drawbacks of national versus integrated sub-national approaches.

[ClIPAD –Jurisdiction Carbon Accounting \(Lao Version\)](#) – An overview of ClIPAD’s approach to jurisdictional REDD+ implementation, focusing on the Jurisdictional Nested REDD+ (JNR) standard created by the Voluntary Carbon Standard (VCS). The presentation focuses on MRV systems, RL development and crediting mechanisms under the standard.

[LEAF - Differences in Historical Forest Cover Change Assessment](#) – Highlights the need to provide streamlined methodological guidance or minimum standards by comparing two remote sensing analyses of the same area using different imagery and different techniques, resulting in significantly different results.

[JICA- Japan’s project on forest information towards REDD+ and Climate Change](#) – Presents an overview of JICA’s initiatives at both the national and sub-national level. Includes a description of JICA’s role in creating a national base-map which could eventually function as the basis for a national RL, as well as their efforts in project development in Luang Prabang province.

[New Chip Xeng – Project Methodologies](#) – Describes the progress that New Chip Xeng has made in developing a 345,000 hectare project in partnership with MoNRE/DFRM. The presentation gives an overview of methodologies that will be used for the project.

[WWF CarBi Project](#) – Describes the REDD+ feasibility study WWF undertook in Xe Pan National Protected Area as part of its CarBi project.¹

Stock taking: Key issues related to integration of RLs and MRV

	JICA FIM	JICA PAREDD	LEAF	CLIPAD	New Chip Xeng
Standard used	Undecided	Undecided (VCS or JCM)	VCS JNR (possibly)	VCS JNR (possibly)	VCS VM009 (possibly)
Imagery Dates and Type for RL	2000, 2005 (SPOT 5), 2010 (Rapid Eye and ALOS)	Landsat from 1994-2010 in Luang Prabang Province. ALOS PALSAR 2006-2010 for verification of shifting cultivation area	1995, 2000, 2005 (Landsat, SPOT 5), 2010 Rapid Eye	JNR Feasibility study Houaphan for 4 western districts; 2000, 2004, 2010 Landsat 7; 2006 Landsat 5; for classification 2000, 2004, 2006 2010 SPOT5 for Accuracy assessment Eastern districts: 2000, 2010 Landsat7; 2003, 2007 Landsat5; accuracy 2009 ALOS JNR feasibility study Sayaboury: 4 points in time, 1997, 2000, 2006, and 2010 Landsat 5; accuracy assessment 1998 aerial pictures, 2005 Spot5 2010 Quickbird	Three points between 2003-2010 (SPOT 5) Remark: adequate imagery, fully covering project area is difficult to find. Synergies with other project/programs would be highly appreciated.
Projected linear or adjusted RL	Undecided	Adjusted	Following guidance given by national government, may be appropriate to adjust provincially	Following guidance given by national government, may be appropriate to adjust provincially	Undecided, will review drivers analysis to make decision
Carbon Pools	Aboveground biomass, possibly below ground biomass	Aboveground biomass, possibly below ground biomass, soil and deadwood	Undecided	Above ground biomass, deadwood, below ground should be included but more information needed from national analysis through FPP	Above ground biomass, deadwood, would like to include below ground but difficult to assess due to a lack of resources and local research infrastructure
Activities	Undecided	Deforestation, forest degradation and carbon stock enhancement, with a focus on shifting cultivation	Deforestation, no decision yet on degradation.	Carbon stock enhancement, deforestation, and degradation though there are issues with measuring degradation	Deforestation and possibly degradation, though degradation is difficult to assess under current VCS methodologies

¹ Although WWF was unable to attend the meeting their presentation has been included in this report for reference.

Results from afternoon breakout sessions:

In the afternoon participants were split into four discussion groups to discuss critical issues related to integrating sub-national REDD+ activities into a national REDD+ accounting framework in Lao PDR. The results presented below characterize the general outcomes of discussion from each group but do not necessarily indicate consensus of all participants in the workshop. These discussions were seen as a first step in opening dialogue surrounding issues that can be taken up by the REDD+ Taskforce and Technical Working Groups which are expected to be formed in September 2013. A summary of each group's presentation is given below, and the facilitator notes can be read by holding the Ctrl button and clicking on the link.

Integrating RLs

Facilitator notes in [English](#) and [Lao](#)

- Will project and subnational efforts will continue to function after establishment of the national REDD+ accounting framework?
 - Subnational effort would promote increased ownership at the local level, therefore members of the discussion group felt that sub-national efforts should continue.
 - There should be standard national guidelines for creating RLs and some stakeholder have begun discussing of creation of standard operating procedures which would be submitted to the REDD+ Taskforce for approval.
- Will all REDD+ projects be required to cover all five activities and if not, how will decisions be made to ensure consistent accounting?
 - If objective assessment indicates that activities are significant then they should be included. However more information is needed to determine which activities result in significant greenhouse gas fluxes. Because activities vary at the sub-national level, different sub-national areas should be able to include different activities in their RLs.
- Will all REDD+ projects be required to cover all six pools and if not, how will decisions be made to ensure consistent accounting?
 - If the objective assessment indicates that the carbon pool is significant it should be included. Continuing research suggests that dead wood, litter and soil will not be significant pools for Lao PDR. The National University of Laos is collaborating with the European Union funded I-REDD project to study this issue further. Participants felt that different areas should be able to include different pools, although it was not elaborated how different approaches could be reconciled nationally.
- Will there be streamlined methodological approaches for analyzing historical remote sensing data? What level of accuracy will be required and how will accuracy assessments be carried out?
 - The group concluded that standardized methods are needed to create a streamlined approach to RL development. It will be important to create a minimum requirement for accuracy assessments, but there is a need for capacity building before such decisions can be made.
- Will all REDD+ projects be required to use the same methods for estimating historic and/or future emissions and removals and if not, how will decisions be made to ensure consistent accounting?

- Minimum standards and standard operating procedures should be created and FIPD would be a logical agency to lead this task.
- How will these decisions be institutionalized?
 - DoF is developing a REDD+ strategy, although MoNRE will assume the lead for this work. The REDD+ strategy could be one way of clarifying and institutionalizing RL rules, though the group also thought it could be possible to include provision in the Forestry Law to address these issues.
- What should happen to subnational RLs if different?
 - The group concluded that different approaches to sub-national RLs would create significant complications during reconciliation at the national level. Therefore, standardized approaches should be created and RLs should be revised accordingly. The group did not come to a conclusion on how different sub-national areas including different activities and pools could be reconciled at the national level despite this being the preferred option.
- What if there are differences in terms of land vs. activity based accounting?
 - All projects currently use activity based accounting which should be the adopted standard.

Integrating MRV systems

Facilitator notes in [English](#) and [Lao](#)

- Will projects be allowed to implement or continue with their own measurement system, or will the national forest monitoring system (once established) provide the basis for all measurement activities?
 - Because Lao PDR does not have a national forest monitoring system, projects will need to use sub-national MRV as an interim. However, to decrease complexity and increase cost effectiveness, a national system should be developed with stakeholder's consensus. The group felt a decree would be the proper method by which to institute a national MRV system.
- If project level MRV is allowed to continue, will there be a minimum requirement for the spatial scale and resolution of monitoring?
 - The provincial scale should be the minimum geographic scale for MRV systems and MRV approaches should be harmonized across projects.
- Which of the five activities will be measured in the national MRV system?
 - All five activities should be considered for inclusion in the MRV system.
- Which of the six carbon pools will be measured in the MRV system? Can forest carbon pools be excluded based on national circumstances (i.e. can any pool be proven to be an insignificant source of emissions)?
 - The group concluded that above ground biomass, deadwood, litter, and belowground biomass are important pools to include. Harvested wood products could be worth confirming if there is a credible way to create a carbon accounting system for legally harvested timber.
- Will measurements use land based or activity based accounting?

- Activity based accounting was suggested by the group, and the impact of both policies and measures should be included in a monitoring system.

Accounting for leakage

Facilitator notes in [English](#) and [Lao](#)

- How should leakage be monitored and controlled?
 - The group did not reach a conclusion on how leakage should be monitored and controlled, though the advantages and disadvantages of different approaches were discussed. The group highlighted that existing guidance, such as that from the Voluntary Carbon Standard, could provide the foundation for national guidance on leakage. The group also discussed the fact that leakage is very closely linked to drivers, so robust drivers assessment should be conducted both nationally and sub-nationally to help address leakage issues.
- How will these decisions be institutionalized?
 - The decision could be implemented through a REDD+ decree, and emphasized that it is important to ensure decisions made at the central level are communicated down to the provincial and district levels.

Deciding on incentive allocation

Facilitator notes in [English](#) and [Lao](#)

- Who has rights over forest carbon?
 - Government, community, and investors should be eligible to receive direct benefits from REDD+, though carbon rights themselves were not discussed.
- What activities will be eligible for incentives?
 - It was suggested that a wide array of activities should be eligible including forest patrolling, fire management, tree planting, biodiversity conservation, community SFM, and alternative livelihood support.
- Who will be eligible to receive incentives?
 - This question was largely addressed under the question on forest carbon rights. However, the group members also noted that NGO's should not be eligible to receive incentives as their work is intended to be not-for-profit.
- Will incentives be distributed directly from the international level to subnational or project levels prior to establishment of the full national REDD+ system?
 - Financial regulations would need to be established through discourse between relevant financial agencies. Clear regulations or guidelines need to be developed in line with existing regulations, and the rules should be conveyed clearly to stakeholders.
- Will incentives be distributed directly from the international level to subnational or project levels after establishment of the full national REDD+ system?
 - Decision would probably be addressed at the international level and the national system should follow any relevant international regulations (i.e. UNFCCC)

- Should a proportion of incentives be used to address drivers associated with policy and measures implemented at the central level?
 - The government needs a budget to implement REDD+ in addition to covering administrative costs and therefore should be eligible to receive a proportion of the incentives.
- Will income from REDD+ be taxed? If so, at what rate and what will tax revenues from be used for?
 - Income generated from REDD+ should be taxed, though more thorough dialogue needs to occur to determine a fair rate. The group felt income to communities should be exempt from taxation.
- Will incentives be linked directly to results in terms of emissions reductions and removals at the subnational level or will advance payments instead (or also) be made for measures that contribute to emissions reductions and removals, such as forest patrolling or tree planting?
 - At this point the group felt it too early to definitively answer this question. As REDD+ evolves in Lao PDR and internationally, additional information will help to provide solutions.

Conclusions and future work

This workshop represented a key step in the process to develop a robust National REDD+ Accounting Framework. During the day stakeholders assessed the current status of sub-national REDD+ initiatives in Lao PDR, identified areas that will need to be addressed in creating a National REDD+ Accounting Framework, and began generating ideas for addressing the challenges of developing such a framework. Identifying and addressing these issues at an early stage of REDD+ readiness will be vital in avoiding obstacles during development of a UNFCCC compliant REDD+ system and safeguarding investments in REDD+. Importantly, stakeholders at the workshop demonstrated a strong willingness to engage in the process and a desire to continue a constructive and meaningful dialogue.

The workshop was organized at an opportune moment for Lao PDR as a restructured REDD+ Taskforce is scheduled to convene for the first time in September, with Technical Working Groups to be created thereafter. All participants in the workshop reached consensus that these institutions will be best aligned to address and make decisions in creating a National REDD+ Accounting Framework. LEAF's Decision Support Tool, as well as the preliminary information gathered during this workshop, forms a foundation to guide the Taskforce and Technical Working Groups through this process.

One of the key messages from participants was that there is a need to harmonize methodologies and establish guidelines or standard operating procedures. However, much work remains to be done in elaborating the technical details necessary to establish a National REDD+ Accounting Framework in Lao PDR. **In particular, although breakout groups widely supported the idea of continuing with flexible sub-national REDD+ approaches able to include different carbon pools and activities in the RLs and MRV systems, it remains unclear how varying approaches would be integrated into a national framework. If integration and harmonization prove excessively difficult, a single national system may have to be adopted to create a credible national accounting system. This, however, would have significant impacts on existing investments in subnational REDD+ activities. Similar**

issues will need to be addressed in relation to use of satellite imagery and methods to assess deforestation and degradation both using satellite imagery and ground level measurements.

Deciding upon additional issues such as carbon rights will require examination of existing legal frameworks and potential provision in new legislation such as the revised Forestry Law. Tackling these challenges will require the concerted effort of all stakeholders at as early an opportunity as possible. Continuing without discussion on integration and harmonization could result in significant problems for establishment of the national REDD+ system.

LEAF will hold workshops on National REDD+ Accounting Frameworks in additional countries and hopes to convene stakeholders from the region in a regional meeting to discuss progress and potential solutions in creating national REDD+ frameworks. In addition to the regional meeting LEAF will continue to support consultative processes related to the National REDD+ Accounting Framework and can provide technical assistance as needed in incorporating future decisions into the institutional and legal framework of REDD+ in Lao PDR.

Workshop participant list

	Name	Organization
1	Mr Phongsavanh Phetvorasack	Chief of Division
2	Mr Thounsoune Bounphasaisol	ClipAD
3	Mr Georg Buchholz	ClipAD, Project Director
4	Mr Ronny Dobbelstein	Consultant, ClipAD
5	Mr Hideaki Takai	CTA, FSCAP/JICA
6	Ms. Chansavanh Keovisay	Dept. Energy Policy and Planing
7	Mr Khamphanh Douangvilay	Dept. Land Planning and Development, MONRE, Head of Division
8	Mrs. Souvanny Phonevilay	Dept. Environmental Quality and Promotion
9	Mrs Souvanny Phonevilay	Dept. Environmental Quality and Promotion, DDG
10	Mr. Paseun Souvannasy	DFRM
11	Mr. Phaly Mankhomsim	DFRM
12	Mr. Bounthan Sounyvong	DFRM
13	Mr. Chansouk	DFRM
14	Mr. Khamphanh Douangvilay	DFRM
15	Mr. Malaykham Vongdaleod	DFRM
16	Mrs. Sengphachan	DFRM
17	Ms. Naphaphone Soukaseum	DFRM
18	Mr. Khampheng Phomphet	DFRM
19	Mr Chanthone Prestitay	DFRM
20	Mrs Thippavanh	DFRM
21	Mr. Khamphanh Nanthavong	DFRM, DG
22	Mr. Sangvane Buavong	DFRM, Director
23	Mr. Houmpheng Boupakhan	DFRM, Head of Division
24	Mr. Phayvanh Alounsavanh	DOF
25	Mr. ThongEth Phayvanh	DOF, DDG
26	Mr. Savanh Chanthakouman	DOF, Director of REDD office
27	Mr. Bounthun	DOM
28	Ms. Phengkiem Xayakeo	External Finance Department, Ministry of Finance, Division Deputy Director
29	Mrs. Chaloun Bounithiphonh	Forest Research Center/NAFRI, Head of Research Unit
30	Mr Namura Takayuki	FSCAP/JICA Technical Assistance
31	Mr Phousit Phoumavong	Dept. Agriculture Extension and Cooperation, Head
32	Mr Jeremy Broadhead	LEAF Program
33	Mr David Ganz	LEAF Program
34	Mr Luke Pritchard	LEAF Program
35	Mr Sengkham Inthiratvongsy	LEAF Program, Laos
36	Mr Athsaphangthong Munelith	LEAF Program, Laos
37	Mr Souliya Sidavong	MOJ, DDG
38	Ms. Khaikeo Chanthavisouk	MONRE, Deputy of Division

39	Mr Oula	Ministry of Planning and Investment
40	Mr. Chanh Samone Phongoudom	NAFRI, Director
41	Ms. Somvilay Chanthalonnavong	National University of Laos, Faculty of Forestry
41	Mr. Sitthong Thongmanivong	National University of Laos, Faculty of Forestry, Lecturer
42	Mr. Peter Schwab	Prime Consulting, Project Coordinator
43	Mr. Robert Davis	World Bank
44	Mr. Souliya Sidavong	Department of Law, Ministry of Justice
45	Mr. Chanthone Phothitay	DFRM, MONRE
46	Mr. Pathana Soukaloun	Government Office
47	Mrs. Thippavanh	DFRM, MONRE
48	Mr. Phouthone Sihalath	DFRM, MONRE
49	Mr. Sisouk	DFRM, MONRE
50	Ms. Chinedavone Sihapanya	DFRM, MONRE
51	Mr. Soukpasalum	
52	Mr. Thongsouane	Dept. Land Planning and Development, MONRE, Head of Division
53	Mr. Bounthan	DFRM, MONRE

References

[Decision support tool: Integrated REDD+ accounting frameworks: Nested national approaches](#)

[VCS Jurisdictional Nested REDD+ v3.0](#)

[LEAF RL tool](#)

[ACR Nested REDD+ Standard v1.0](#)

[UN-REDD National Forest Monitoring Systems publication](#)