

INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

REDUCING DEFORESTATION AND FOREST DEGRADATION AND ENHANCING ENVIRONMENTAL SERVICES IN TROPICAL FORESTS (REDD+)

PROJECT DOCUMENT

TITLE	QUANTIFYING THE REDD+ EFFECT OF ITTO PROJECTS
SERIAL NUMBER	RED-PA 069/11 Rev.1 (F)
SUBMITTED BY	ITTO SECRETARIAT
ORIGINAL LANGUAGE	ENGLISH

SUMMARY

Remarkable progress has been achieved recently with regards to reduction of emissions from deforestation and forest degradation at the international level and there is a growing understanding of the challenges, opportunities and costs of reducing deforestation and forest degradation at the national level. However, there remains an important gap when it comes to the question about how REDD+ can actually be implemented at the operational level. Taking into account the large ITTO operational experience forest management at the project level – which covers a wide range of activities such as sustainable forest management, restoration of secondary forest, conservation efforts and the management of plantations and newer experiences gained through the REDDES Thematic Program, the proposed review will be an important input helping bridge the gap that remains between policies and implementation.

The purpose of this study looking into the carbon effects of ITTO projects is to show the extent to which the operational work of ITTO has already been contributing to the reduction of emission from deforestation and forest degradation, and to come up with methods how to estimate carbon stock baselines and climate mitigation services of operational activities, and how to screen for co-benefits of forestry activities. Systematically assessing the costs and benefits of forest management activities and the relation to changes in carbon stocks in a number of selected projects will help to understand the challenges and opportunities, and will show the co-benefits of different alternatives. The study will allow developing concrete guidance how future ITTO projects can best be developed to achieve maximum effects. The new knowledge is not only valuable for parties interested in submitting a project proposal, but for demonstrating the value of the ITTO as a key partner for institutions and countries interested in operationalizing REDD strategies.

EXECUTING AGENCY ITTO SECRETARIAT *IN COLLABORATION WITH* INTERCOOPERATION (IC), SWISS FOUNDATION FOR DEVELOPMENT AND INTERNATIONAL COOPERATION

COOPERATING GOVERNMENTS -

DURATION 14 MONTHS

APPROXIMATE STARTING DATE TO BE DETERMINED

BUDGET AND PROPOSED SOURCES OF FINANCE	Source	Contribution in US\$	Local Currency Equivalent
	ITTO	143,510	
	TOTAL	143,510	

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LIST OF ABBREVIATIONS AND ACRONYMS

C	Carbon
CCBA	Climate, Community and Biodiversity Alliance
CERs	Certified Emission Reductions
COP	Conference of Parties
DRC	Democratic Republic of Congo
EA	Executing Agency
ES	Environmental Services
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
GHG	Greenhouse gas
IC	Intercooperation, Swiss Foundation for Development and International Cooperation
IPCC	Intergovernmental Panel on Climate Change
ITTA	International Timber Trade Agreement
ITTO	International Tropical Timber Organization
PSC	Project Steering Committee
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REDDES	Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests
SFM	Sustainable Forest Management
UNFCCC	United Nations Framework Convention on Climate Change
VCS	Voluntary Carbon Standard

PART 1 - PROJECT CONTEXT

1.1. Origin and justification

During the last Conference of the Parties of the UNFCCC in Cancun 2010, Parties reached an agreement on policies and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries, and the role of conservation, sustainable management of forest and enhancement of forest carbon stocks in developing countries, better known as REDD+. A mechanism including modalities, procedures, methodologies and financing options for REDD+ is still in the process of being elaborated. In line with the 'Phased Approach' agreed by the COP, national REDD+ strategies are under preparation and pilot activities are being implemented in different countries, through bilateral programs or multilateral funding institutions like the FCPF, FIP or the UN-REDD program.

Despite the great efforts done in getting an agreement on the REDD+ agenda at the international discussions and the progress done on the understanding of challenges, opportunities and costs at the national level, there is still considerable lack of experience on how to implement REDD+ at the operational level. Ongoing programs and projects on REDD+ have focused on potential and costs of avoiding deforestation and very little has been done on degradation, conservation or carbon enhancements. Besides the need for creating and promoting an international framework for REDD+, there is a need to better assess the concrete potential, challenges and opportunities that a wider set of forestry activities will face when a REDD+ mechanism becomes operational on the ground.

In addition to a series of tools developed by ITTO, including various policy papers, manuals and guidelines, ITTO has a large operational experience in forest management at the project level in the tropics, including diverse activities such as sustainable forest management, restoration of secondary forest, conservation efforts and the management of plantations and the newer experiences gained through the REDDES Thematic Programme. This experience includes work in countries with an outstanding REDD+ potential such as Malaysia, Brazil, Indonesia or Democratic Republic of Congo (DRC).

How much has the ITTO already contribute to reducing emissions from deforestation and forest degradation? How much carbon has been already sequestered in restoration activities or in plantations? What can be the role SFM can play in REDD+? What have been the costs of these climate mitigation services? What have been the most important constraints and co-benefits (socio-economic and environmental) of these activities?

Since 1999, the ITTO is financing activities related to land mitigation options in the tropics (Robledo C., Gardi O. (2010); Robledo C., Blaser J. (2009)). Since 2005, as the discussion on REDD started in the UNFCCC, ITTO has increased its participation both in the negotiations and in operational work. In this context we have to give a special remark to the REDDES thematic program that was launched 2008. However, no systematic review has been done on the impact of these ITTO activities reducing emissions from deforestation and forest degradation. This study proposes a clear way how to fill this important gap.

1.2 Relevance

1.2.1 Compliance with ITTO's objectives and priorities

The proposed study on the quantification of REDD+ effects of ITTO projects is fully compliant with the objectives of the International Tropical Timber Agreement (ITTA) 2006, as outlined in article 1 of the agreement; in particular, it relates to the following elements:

s) Identifying and addressing relevant new and emerging issues;

g) Developing and contributing towards mechanisms for the provision of new and additional financial resources with a view to promoting the adequacy and predictability of funding and expertise needed to enhance the capacity of producer members to attain the objectives of this Agreement;

(m) Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance in the context of the tropical timber trade;

(n) Encouraging members to support and develop tropical timber reforestation, as well as rehabilitation and restoration of degraded forest land, with due regard for the interests of local communities dependent of forest resources.

The ITTO action plan 2008-2011 identifies the need to monitor the potential implications of the management of the forest resource base to climate change and the relevance and appropriateness of policy developments in the field of climate change mitigation. The action plan specifically highlights the need to support the understanding of the impacts of reducing emissions from deforestation and forest degradation (REDD) on tropical forest development. The proposal at hand is therefore targeting a core priority element mentioned in the current action plan.¹

1.2.2. Relevance to ITTO Thematic Program: Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forest (REDDES) and REDDES Monitoring Protocol (MP)

The proposed study is relevant for the ITTO Thematic programme (REDDES), specifically with regards to the following particular elements:

Action Area A: Assessment and diagnosis, in particular to the following elements (h): Assessment of the potential and feasibility of market-based and other remuneration systems for compensating environmental services from forests; (d) estimation and quantification of diverse forest environmental services and their values, including forest accounting; (j) development of tools and methodologies which are cost-efficient, which can engage communities in data collection, processing and monitoring, and which are otherwise innovative and have prospects for scaling up and dissemination.

Action Area B: Enabling conditions and capacity-building: with regard to the creation of enabling conditions in particular to the following elements: (a) formulation of national and sub-national forest policies and integration of REDDES activities in broader national policies on environment, climate change and sustainable development (analytical work and process support to revision of the policy and institutional frameworks) as well as development of national initiatives to address drivers of deforestation and forest degradation; (c) design and piloting of mechanisms for remuneration of environmental services from tropical forests; with regard to capacity building in particular to the following elements: (a) awareness raising among decision makers and the public; (e) development and dissemination of (ii) guides and technical documentation for the planning and implementation of projects and programmes for reducing deforestation and forest degradation and enhancing environmental services from tropical forests.

Action Area D: Scaling up and dissemination, in particular to the following elements: (b) sharing information and lessons learned regionally and internationally, in cooperation with FAO, the UN-REDD Programme, FCPF, FIP and other relevant initiatives and actors

This REDDES proposal will directly link to overall objectives and scopes on climate change mitigation and adaptation, biodiversity conservation, soil and water conservation and other services provided by forest ecosystem. Through the analysis done in the frame of the project, valuable insights will be

¹ Referring to the work program 2010-2011, the following points are of particular relevance for this study: Element 8 – Disseminate and share information on the outputs, outcomes, impacts and lessons learned from ITTO's operational projects; Element 13 – Transfer of knowledge from ITTO projects; Element 16 – In cooperation with relevant organizations, continue to study the implications of cc for tropical forests and the contribution of tropical forests to the mitigation of effects of Climate Change; referring to the action plan 2008-2011, in particular to the crosscutting actions c and o), and element 34 – Promoting roles of NTFPs and services for SFM and improved livelihoods in tropical forest

gained about how to bring the recent REDD+ developments and achievements closer to the operational level and making them a suitable option for future projects – also for ITTO funding. A better understanding of REDD+ in practice will be achieved, which could be of far-reaching importance both for the future work of the REDDES program in particular and the work of ITTO as a whole.

As far as outcomes and products of other activities funded by the REDDES program are concerned, these will be used as important inputs for the study – in case they are already available: This refers for example to the national forest carbon inventory reports (Output 3 of the REDDES thematic program), reports on national /regional value of biodiversity (Output 3 of the REDDES thematic program), evidence of PES mechanisms developed or undergoing implementation (Outputs 3 and 4 of the REDDES thematic program), project reports with regard to demonstration projects on community involvement in avoided deforestation and degradation (Output 5 of the REDDES thematic program).

The project will also prepare information for the ITTO information sharing mechanisms in place (ITTO website, TFU).

Results of the proposed project will contribute directly to the REDDES Monitoring Protocol (MP) in particular to national forest carbon assessment and monitoring systems through quantification of carbon stocks performed using reliable monitoring and assessment technologies and/or valuation techniques. Means of verification include the publication of a technical guidebook for assessment of forest carbon benefits of ITTO projects. In addition, the project's contribution will include increased recognition of the values of tropical forests and their carbon benefit services through applying appropriate methodology to value forest carbon benefits. This contribution will lead to increased forest value and market opportunities for forest carbon.

1.3. Target area

1.3.1 Target area

The proposed study having a look at the quantification of REDD+ effects of ITTO projects will be implemented at the global scale. The project does therefore not have a geographic limitation, and tries to assess the situation in a sample that will be chosen to ensure a sufficient number of relevant project experiences from different key global tropical forest areas, which will afterwards allow doing a regional aggregation. A good sample of ITTO projects will be chosen for the study, which ensures both a good thematic and geographic representation of implemented projects. The study will review the selection of completed/existing projects in areas of reforestation, improved forest management such as RIL and protection/conservation for the quantification of REDD+ effects. This will include at least more than nine completed/existing projects to analyze REDD+ effects in details.

1.3.2 Socioeconomic and cultural contexts

Country situations vary but common problems in SFM and restoration and rehabilitation of degraded forest lands is due to insecure land and forest tenure as well as inadequate financing mechanisms. Slow progress of SFM and restoration has been leading to the loss of economic development opportunities for local populations living in and around forest areas. Forest carbon benefits will be facilitating bring degraded forests under SFM as well as improved forest management through additional financial resources resulted from forest carbon credits. In addition, the assessment of forest carbon benefits of ITTO projects would help enhance a better understanding of the potential contribution of environmental services in socio-economic development of forest-dependent communities.

1.3.3 Environmental context

The effects of forest degradation include deduced supply of forest environmental services, increased CO₂ emissions, loss of biodiversity and reduction of habitat quality. Many field projects have been

worked for restoration and SFM with involvement of local communities without adequate knowledge of forest carbon. In order to facilitate the progress of restoration and SFM, a better understanding of the environmental services provided by tropical forests is critical. In particular, improved knowledge and information on forest carbon benefits of ITTO projects will be enhancing the integration of carbon services into SFM.

1.4. Outcomes after project implementation

After the implementation of the project, the findings of the preparatory study will allow giving a concise indication about the scope of ITTO's contribution to the reduction of emissions from deforestation and forest degradation through its operational work. This will be an important contribution to filling the gap identified between the international REDD+ discussions taking place at the policy level and the few practical experiences that show how it is possible to make the modalities, procedures and methodologies developed under the overall agreement become operational at the field level.

At the level of ITTO, the findings of the study will allow pointing out the level of its contribution to the reduction of emissions from deforestation and forest degradation and thereby taking stock of what has been done by its member countries in this field to date. The in-depth analysis of selected projects will provide the possibility to elaborate a practical step-by-step guidance for future forest carbon project design in the frame of the ITTO. It is expected that these elements will help to make project applicants aware of potential conceptual linkages of their activities with possible carbon credits of a carbon market. The findings are therefore expected to directly allow providing practical guidance for future forest carbon projects to be designed and developed in the frame of ITTO.

PART 2 - PROJECT RATIONALE AND OBJECTIVES

2.1. Stakeholders analysis

Beneficiaries

The primary beneficiaries of the proposed projects will be the ITTO country members, on one hand because they get concrete information about the potential costs and benefits of REDD+ activities in their countries and will better be in the position to make the conceptual linkage of their future project idea to the concept of carbon benefits; on the other hand, the study will help to promote the role of ITTO in promoting Environmental Services (ES), including those related to climate change mitigation. Furthermore, the study will produce important lessons learned from the operational level, which are very valuable for entities interested in financing REDD+, especially the private sector and the existing multilateral and bilateral funding initiatives.

Primary and secondary stakeholders that represent beneficiaries of the proposed study 'Quantifying the REDD+ effect of ITTO projects' are listed in the below overview table, which gives the details about the identified specific needs of each of the different groups, the potential benefits they will be able to obtain from the study and follow up products and the form how it is foreseen that they will be involved in the processes.

In the implementation of the project, key stakeholders will be consulted through case studies of quantification of carbon benefits of ITTO projects in selected countries. Forest communities and indigenous groups engaged in selected ITTO projects will be engaged in the assessment of carbon benefits of those ITTO projects.

Table 1 Summary of stakeholder analysis

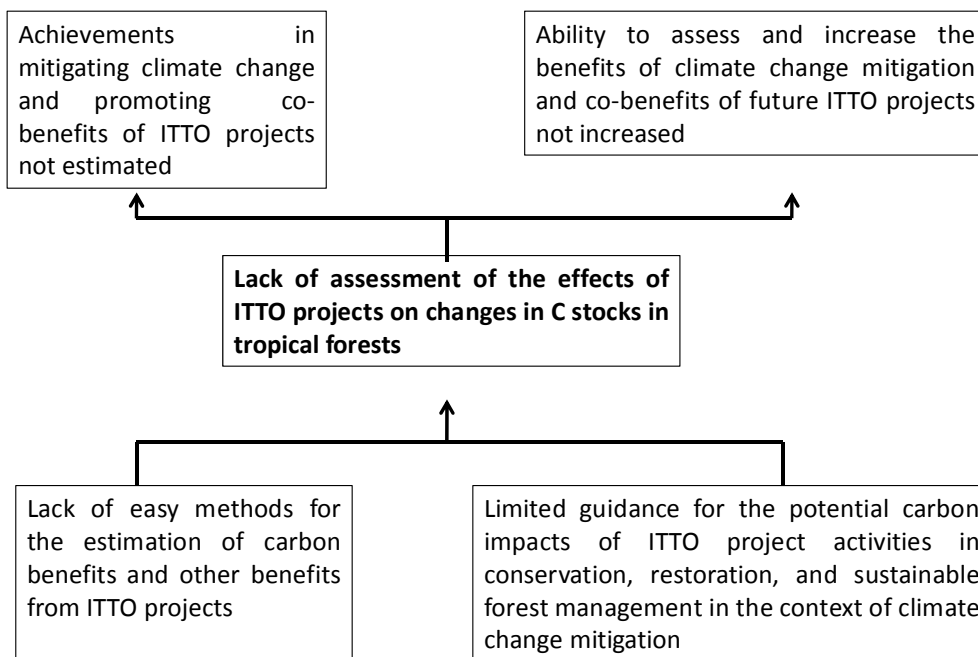
Stakeholder group	Need and interest	Potential benefits	Involvement
Primary stakeholders			
ITTO member countries interested in the formulation of ITTO projects related to REDD+, or countries that are in the process of developing their national REDD+ strategy	Reliable information about the benefits, costs and risks that allow designing sound proposals and strategies	Concrete information about the costs and benefits of REDD+ activities in other ITTO projects; Provision of step-by-step practical guidance for forest carbon project design Options overview for the design of comprehensive national REDD+ strategy	(Limited) exchange with member countries of selected projects that will be assessed in the frame of the study to complement information available from the Secretariat
ITTO Secretariat and REDDES Thematic Program	Analysis of contribution to REDD+ in the frame of financed ITTO project	Possibility to obtain information about the contribution of implemented ITTO projects to REDD+ Stocktaking of past contribution to REDD+	Close collaboration for strategic decisions and guidance during the study and in particular for the initial selection of the project sample
Secondary stakeholders			
Entities interested in financing REDD+, such as the private sector, bilateral and multilateral funding initiatives	Reliable information and lessons learned from operational work that has been implemented on the ground	Documented lessons learnt from the operational level of forestry project activities in the tropics	Provision of information about upcoming initiatives and proactive exchange

2.2. Problem analysis

Since 2005, when the discussion on reducing emissions from deforestation in developing countries (RED) started in the UNFCCC, tropical countries have been facing an increasing demand on reporting how previous forestry activities have had an impact on carbon stock changes over time. With the extension of the concept from RED to REDD+ as defined in the Bali Action Plan, the reporting demands increased towards the impacts of other activities including reduction of forest degradation, promotion of conservation, sustainable management of the forest and any activity that enhances carbon stocks (e.g. restoration of secondary forest). However, due to lack of methodological approaches available at the project level as well as to the lack of awareness of the project managers, any estimation of impacts on carbon stocks as well as on co-benefits of ITTO project activities is not yet available. This gap has negative consequences for both the country members and for the ITTO in their positioning regarding opportunities and challenges of land based mitigation activities.

The proposed desk study will allow to address this gap by estimating the contribution of ITTO project implementation to REDD+, but it will further also allow to have a closer look at some of the mitigation options that have been rather neglected to date, such as the complex of reduced degradation, restoration and sustainable forest management (SFM) – which reflect changes of carbon stocks in forests that remain forest. Whereas it would be interesting to also include the indirect

effects of substitution such as energy wood, construction materials, etc. in the analysis of SFM – according to the IPCC AR5 chapter on forestry mitigation, there is a statement that under consideration of these effects, SFM is the most effective mitigation option of all. Doing justice to this complex issue would however imply a tremendous bulk of additional work, which would go beyond the scope of the analysis proposed here. But the issue should be kept in mind and might prove interesting for follow up activities. Just as well the idea to analyze the relation of implemented REDD+ activities in the selected projects to the national REDD+ strategies and their link to the development of the international REDD+ framework has been skipped in order not to overload the analytical part of the study. Both elements could represent interesting follow up elements to be elaborated under separate follow up project proposals.



2.3. Objectives

2.3.1. Development objective and impact indicators

The development objective of this project is to contribute to the enhancement of forest carbon benefits in support of SFM in the tropics through clarification of the potential of various forest management activities as means for REDD+.

Impact indicators will be the improved forest carbon assessment and monitoring systems in the selected countries and the improved understanding about the REDD+ potential of different forest management activities.

2.3.2. Specific objectives and outcome indicators

Specifically, the project aims at estimating carbon benefits of selected ITTO projects in conservation, restoration, REDD and sustainable forest management with a view to developing technical guidance for the quantification of carbon benefits and assuring co-benefits.

Outcome indicators will be the assessment of documented information and experience that allows making a quantification of carbon benefits achieved; and technical guidance for forest carbon stock measurement and monitoring of future ITTO projects in climate change mitigation.

PART 3 - DESCRIPTION OF PROJECT INTERVENTIONS

3.1 Outputs

The main project outputs are:

- Output 1** Climate mitigation impacts of selected ITTO projects in conservation, restoration, REDD, and sustainable forest management reviewed and estimated
- Output 2** Technical guidance for the quantification of carbon benefits and assuring co-benefits in the design and implementation of ITTO projects developed and disseminated

Outputs of the project will be materialized through the implementation of the proposed exploratory study, which will be conducted in close collaboration with selected Executing Agencies of ITTO projects.

3.2 Activities and input

Output 1: Climate mitigation impacts of selected ITTO projects in conservation, restoration, REDD, and sustainable forest management reviewed and estimated

Activity 1.1: Review of existing methodological approaches including the Good Practice guidelines of the IPCC for the Forest sector (GPG-LULUCF, 2003) and carbon standards such as the Voluntary Carbon Standard (VCS), the Clean Development Mechanism (CDM) and the Climate, Community and Biodiversity Standards (CCBS)

Activity 1.2: Design of a methodology including requirements for baseline quantification and qualification, data requirements for changes in C stocks, data

	requirements for considering co-benefits, and description of methodological steps
Activity 1.3:	Selection of the sample ITTO projects implemented in conservation, restoration, REDD and sustainable forest management (improved forest management) in the three tropical regions
Activity 1.4:	Desk analysis of selected ITTO projects: Estimation of potential baseline; Analysis and description of REDD+ activities; Calculation of mitigation services (emission reductions and/or carbon enhancement); Screening of co-benefits
Activity 1.5:	Validation of results in selected projects: Definition of criteria for selection of the projects that will be used for validation; Selection of specific projects to validate the data; Visit to the project and validation of the data <i>in situ</i> ; Estimation of carbon benefits of selected ITTO projects; and A method for estimation of overall carbon benefits of all ITTO projects
Activity 1.6:	Elaboration of synthesis report summarizing Activities 1.1-1.5 and posting on ITTO website
Output 2:	Technical guidance for the quantification of carbon benefits and assuring co-benefits in the design and implementation of ITTO projects developed and disseminated
Activity 2.1:	Review existing technical guidance relating to forest carbon stock measurement and monitoring to demonstrate carbon benefits of forestry projects
Activity 2.2:	Develop draft technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits in the design and implementation of ITTO projects in conservation, restoration, REDD and sustainable forest management (improved forest management)
Activity 2.3:	Take consultations with experts to validate the draft technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits
Activity 2.4:	Concise technical guidance presentation for forest carbon stock measurement and monitoring and assuring co-benefits for spreading among ITTO member countries and key partners
Activity 2.5:	Elaboration of synthesis report summarizing Activities 2.1-2.4 and posting on ITTO website

3.3 Strategic approach and methods

The methodological approach for the exploratory study will be based on the IPCC principles for accounting GHG emissions and sinks, on the existing methodologies for carbon accounting at the level of REDD projects (especially the VCS methodologies) and on the available information for assessing socio-economic and environmental impacts of mitigation actions (e.g. Environmental Impact Assessments, CCBA guidelines, etc). It uses the concept of three tiers for assessment of impacts, depending on the degree of information available.

Tier 1 – Global default data: The Tier 1 approach employs the basic method provided in the *IPCC Guidelines (Workbook)* and the default emission factors provided in the *IPCC Guidelines (Workbook and Reference Manual)*

Tier 2 – Country/Region data: It can use the same methodological approach as Tier 1 but applies emission factors and activity data which are defined by the country for the most important land uses/activities. Tier 2 can also apply stock change methodologies based on country-specific data. Country-defined emission factors/activity data are more appropriate for the climatic regions and land use systems in that country. Higher resolution activity data are typically used in Tier 2 to correspond with country-defined coefficients for specific regions and specialised land-use categories.

Tier 3 – Project data, In this case higher order methods are used including models and inventory measurement systems tailored to address national circumstances, repeated over time, and driven by high-resolution activity data and disaggregated at sub-national to fine grid scales. These higher order methods provide estimates of greater certainty than lower tiers and have a closer link between biomass and soil dynamics. Such systems may be GIS-based combinations of age, class/production data systems with connections to soil modules, integrating several types of monitoring. Pieces of land where a land-use change occurs can be tracked over time. In most cases these systems have a climate dependency, and thus provide source estimates with inter-annual variability. Models should undergo quality checks, audits, and validations.

The methods are developed in generic way, taking required information from ITTO project documents, evaluation reports and other publicly available documents (such as IPCC guidelines, FAO reports, etc.). Thus, the methods will be useful in the future for additional ex-post assessments of operational forest management activities, and to forecast the effects of intended future actions.

In the conduct of case studies of quantification of carbon benefits of ITTO projects, sampling will follow a series of relevant guidelines, if necessary. For instance, “Winrock Terrestrial Sampling Calculator” which was developed by Winrock International will be using the calculation of the number of samples and sampling procedures.

3.4. Work plan

The duration of the study ‘Quantifying the REDD+ effects of ITTO projects’ will be fourteen months in total. A first inception phase will be dedicated to the elaboration of the methods and subsequent the selection of the sample of implemented ITTO projects that will be assessed in the frame of the study. Further activities include the actual desk study and the aggregation of finding according to activity categories and geographical regions. For a selected number of projects, a validation of the information obtained from the documents is foreseen in the field. In addition, technical guidance for the quantification of carbon benefits and assuring co-benefits in the design and implementation of ITTO projects developed and disseminated to strategic partners in the private sector and/or funding institutions for REDD+ (UN-REDD, FCPF, FIP, etc.)

Activity	Month													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Output 1: Climate mitigation impacts of selected ITTO projects in conservation, restoration, REDD, and sustainable forest management reviewed and estimated														
Activity 1.1: Review of existing methodological approaches including the Good Practice guidelines of the IPCC for the Forest sector (GPG-LULUCF, 2003) and carbon standards such as the Voluntary Carbon Standard (VCS), the Clean Development Mechanism (CDM) and the Climate, Community and Biodiversity Standards (CCBS)														
Activity 1.2: Design of a methodology including requirements for baseline quantification and qualification, data requirements for changes in C stocks, data requirements for considering co-benefits, and description of methodological steps														
Activity 1.3: Selection of the sample ITTO projects implemented in conservation, restoration, REDD and sustainable forest management (improved forest management) in the three tropical regions														
Activity 1.4: Desk analysis of selected ITTO projects: Estimation of potential baseline; Analysis and description of REDD+ activities; Calculation of mitigation services (emission reductions and/or carbon enhancement); Screening of co-benefits														
Activity 1.5: Validation of results in selected projects: Definition of criteria for selection of the projects that will be used for validation; Selection of specific projects to validate the data; Visit to the project and validation of the data <i>in situ</i> ; Estimation of carbon benefits of selected ITTO projects; and A method for estimation of overall carbon benefits of all ITTO projects.														
Activity 1.6 Elaboration of synthesis report summarizing Activities 1.1-1.5 and posting on ITTO website														

Output 2: Technical guidance for the quantification of carbon benefits and assuring co-benefits in the design and implementation of ITTO projects developed and disseminated												
Activity 2.1 Review existing technical guidance relating to forest carbon stock measurement and monitoring to demonstrate carbon benefits of forestry projects												
Activity 2.2: Develop draft technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits in the design and implementation of ITTO projects in conservation, restoration, REDD and sustainable forest management (improved forest management)												
Activity 2.3: Take consultations with experts to validate the draft technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits												
Activity 2.4: Concise technical guidance presentation for forest carbon stock measurement and monitoring and assuring co-benefits for spreading among ITTO member countries and key partners												
Activity 2.5: Elaboration of synthesis report summarizing Activities 2.1-2.4 and posting on ITTO website												

3.5. Budget

3.5.1 Master budget table

Output/activity and description	Budget component	Quantity	Units	Unit cost US\$	Total cost US\$
Output 1: Climate mitigation impacts of selected ITTO projects in conservation, restoration, REDD, and sustainable forest management reviewed and estimated					
Activity 1.1: Review of existing methodological approaches including the Good Practice guidelines of the IPCC for the Forest sector (GPG-LULUCF, 2003) and carbon standards such as the Voluntary Carbon Standard (VCS), the Clean Development Mechanism (CDM) and the Climate, Community and Biodiversity Standards (CCBS)					
Sub-contract	21	10	Person days	500	5,000
Activity 1.2: Design of a methodology including requirements for baseline quantification and qualification, data requirements for changes in C stocks, data requirements for considering co-benefits, and description of methodological steps					
Sub-contract	21	10	Person days	500	5,000
Activity 1.3: Selection of the sample ITTO projects implemented in conservation, restoration, REDD and sustainable forest management (improved forest management) in the three tropical regions					
Sub-contract	21	10	Person days	500	5,000
DSA	31	5	Day	200	1,000
Travel	32	1	Trip	2,500	2,500
Activity 1.4: Desk analysis of selected ITTO projects: Estimation of potential baseline; Analysis and description of REDD+ activities; Calculation of mitigation services (emission reductions and/or carbon enhancement); Screening of co-benefits					
Sub-contract	21	38	Person days	500	19,000
Activity 1.5: Validation of results in selected projects: Definition of criteria for selection of the projects that will be used for validation; Selection of specific projects to validate the data; Visit to the project and validation of the data <i>in situ</i> ; Estimation of carbon benefits of selected ITTO projects; and A method for estimation of overall carbon benefits of all ITTO projects					
Sub-contract	21	33	Person days	500	16,500
DSA	31	21	Day	200	4,200
Travel	32	3	Trip	2,500	7,500
Activity 1.6 Elaboration of synthesis report summarizing Activities 1.1-1.5 and posting on ITTO website					
Sub-contract	21	10	Person days	500	5,000
DSA	31	5	Day	200	1,000
Travel	32	1	Trip	2,500	2,500
Output 2: Technical guidance for the quantification of carbon benefits and assuring co-benefits in the design and implementation of ITTO projects developed and disseminated					
Activity 2.1 Review existing technical guidance relating to forest carbon stock measurement and monitoring to demonstrate carbon benefits of forestry projects					
Sub-contract	21	10	Person days	500	5,000
Activity 2.2: Develop draft technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits in the design and implementation of ITTO projects in conservation, restoration, REDD and sustainable forest management (improved forest management)					

Sub-contract	21	40	Person days	500	20,000
Activity 2.3: Take consultations with experts to validate the draft technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits					
Sub-contract	21	25	Person days	500	12,500
DSA	31	14	Day	200	2,800
Travel	32	3	Trip	2,500	7,500
Activity 2.4: Concise technical guidance presentation for forest carbon stock measurement and monitoring and assuring co-benefits for spreading among ITTO member countries and key partners					
Sub-contract	21	5	Person days	500	2,500
Activity 2.5: Elaboration of synthesis report summarizing Activities 2.1-2.4 and posting on ITTO website					
Sub-contract	21	5	Person days	500	2,500
					127,000

3.5.2 Consolidated total budget by component

Budget Components	Unit cost	Qty	Unit	TOTAL	ITTO	Year 1 (1-12)	Year 2 (13-14)
10 Project personnel							
11.					0		
19.	sub-total				0		
20 Sub-contracts							
21.	Subcontractor for Outputs 1 and 2	-	1	contract	97,000	97,000	83,000
29.	sub-total				97,000	83,000	14,000
30 Duty travel							
31	DSA	200	45	m/day	10,000	10,000	8,000
32	Travel	2,500	8	m/trip	20,000	20,000	16,000
39.	sub-total				30,000	24,000	6,000
Total 1					127,000	107,000	20,000
70. Executing agency management costs							
80. Project monitoring and administration							
81.	ITTO monitoring & review costs				0		
82.	ITTO programme support (13% of 11-81)		1	total	16,510	16,510	
Total 2					16,510		
100.	GRAND TOTAL (Total 1+ Total 2)				143,510		

PART IV

IMPLEMENTATION ARRANGEMENTS

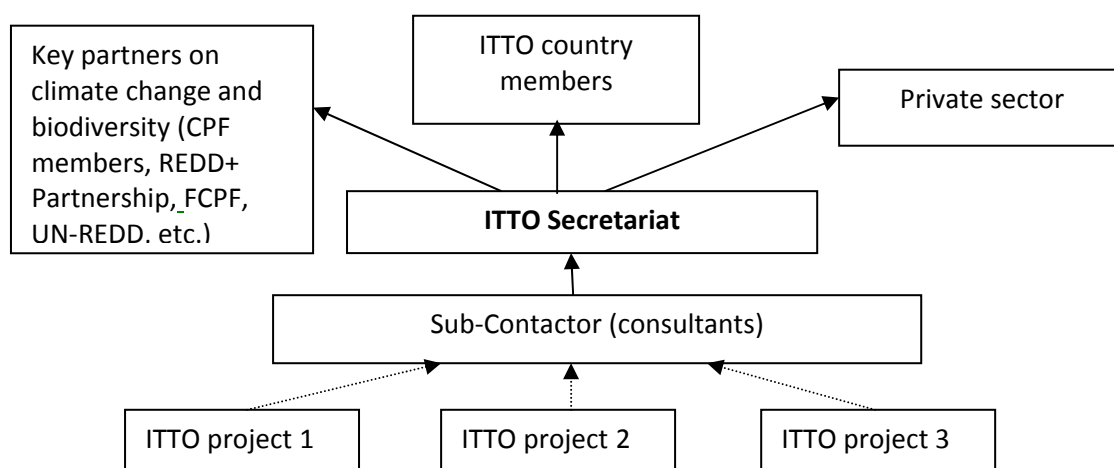
4.1. Executing agency and organizational structure

Project activities will be carried out by ITTO Secretariat in collaboration with Intercooperation (IC), the Swiss Foundation for Development and International Cooperation.

ITTO Secretariat will be responsible for the entire implementation of the project, whereas the selection of suitable project samples will be done in close partnership with the Intercooperation.

The project partners include CPF members, REDD+ Partnership, FCPF and UN-REDD as well as selected agencies for ITTO projects. The project will be assisted by relevant international consultants.

A project organizational chart is shown below



4.2 Project management

ITTO will make a sub-contract for the successful implementation of the project to receive professional expert in the quantification of forest carbon benefits. The main duties of the sub-contractor are to estimate climate mitigation impacts of selected ITTO projects in conservation, restoration, REDD, and sustainable forest management and to develop technical guidance for the quantification of carbon benefits and assuring co-benefits in the design and implementation of ITTO projects. The terms of references for a sub-contractor are listed as Annex 2.

4.3 Monitoring and reporting

The project will be monitored and evaluated in accordance with ITTO operational rules and procedures applying to thematic projects, and also through the ITTO project on-line monitoring system. All the activities will be carried out on the basis of the work plan. The achievement of the project, lessons learned from the project and other information will be presented in accordance with the Thematic Programmes reporting system.

Result and lesson learned produced in the frame of this study will be gathered by the ITTO secretariat for further dissemination and will be shared with the management of the selected ITTO project. A special presentation of the results is foreseen for an ITTO Council meeting. It is further foreseen to present the findings of the explanatory study to a wider circle of stakeholders on the occasion of different thematic forums dealing with the topic of REDD+: in coordination with the consultant, tailor-made products will be shared with strategic partners in the private sector and/or funding institutions for REDD+ such as UN-REDD, FCPF, FIP, etc.

ANNEX 1

PROFILE OF THE EXECUTING AGENCY AND COLLABORATING AGENCY

The International Tropical Timber Organization (ITTO) is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources. Its 60 members represent about 80% of the world's tropical forests and 90% of the global tropical timber trade. ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects. In addition, ITTO collects analyses and disseminates data on the production and trade of tropical timber and funds projects and other actions aimed at developing industries at both community and industrial scales. All projects are funded by voluntary contributions, mostly from consumer member countries. Since it became operational in 1987, ITTO has funded more than 750 projects, pre-projects and activities valued at more than US\$300 million. The major donors are the governments of Japan, Switzerland, the United States, and Norway.

More information on ITTO is available at <http://www.itto.int/>. Projects and pre-projects currently being implemented by ITTO Secretariat included the following:

- Project PD 73/89 (M,F,I): Assistance for Project Identification and Formulation
- Project PD 13/99 Rev.2 (M,F,I): ITTO Information Network and Project Support
- Project PD 16/93 Rev.4 (M) Phase IV: Market Information Service for Tropical Timber and Timber Products
- Pre-Project PPD 14/00 (M): Strengthening the Annual Market Discussion
- PD 359/05 Rev.1 (F): Building Capacity to Develop and Implement Afforestation and Reforestation Projects under Clean Development Mechanism (AR-CDM) of the Kyoto Protocol in Tropical Forestry Sector
- RED-A 004/09 Rev.1 (F): Building a Voluntary Carbon Marketing Scheme to Promote Sustainable Forest Management

Intercooperation (www.intercooperation.ch) is a leading Swiss non-profit making organization engaged in development and international cooperation since 1982. Registered as a foundation, it is governed by 21 organizations representing development, civil society and private sector interests. Intercooperation is both an implementing and an advisory organization, providing professional resources and knowledge combined with social commitment. The three main working domains are Natural Resource Management, Rural Economy and Local Governance and Civil Society. Climate change is considered as a cross-cutting working area.

Intercooperation (IC) is present in 22 countries in the field of rural development, in most of them with more than 20 years of collaboration in all rural sectors, linking rural economy, natural resource management and institutional development in a joint approach. In the field of natural resource management, IC's particular strength and experiences are in policy development including the valuation of goods and services at national, regional and local level; forests and political decentralisation; forest sector governance; forests and energy; landscape level forestry, collaborative forest management, forest restoration and land rehabilitation.

Intercooperation's particular background and approach regarding REDD+

Since 1998, Intercooperation has been working in climate change in development cooperation, linking the international policy debate to field level implementation of mitigation and adaptation activities that directly benefit the poor. Through mandate and project work, Intercooperation supports the building of capacities and knowledge in developing countries in using natural resources for sustainable development (i.e. forest, agricultural land, livestock and water). In relation to REDD+, IC's aim is integrating the realities

of natural resource management in rural areas of developing countries and in countries in transition into the two main avenues to address climate change (mitigation and adaptation). Hence we consider the promotion of NRM as an effective tool to reduce GHG emissions.

Intercooperation is committed to develop and promote REDD+ approaches aimed at downscaling international decisions and national programs aimed at reducing emission in forests while up scaling REDD activities from the local level to a national and international emission accounting and incentives system.

Major assets of the organization include:

Networking: linking international, national and local experience (mainly for analytical work)

- ✓ Examples of successful collaborations over the past 3 years: FAO (Adaptation of forest ecosystems and the forest sector to climate change, FAO Working Paper 2); CATIE and CIFOR (Tropical Forests and Adaptation to Climate Change – in search of synergies); IISD, IUCN and SEI-B (CRiSTAL Tool); ITTO (Action Plan; developing REDD concept and SFM); analytical work on forests, climate change and governance within the Rights and Resources Initiative (RRI); technical backstopping of Swiss Agencies participating in international decision-making (Swiss State Secretariat for Economic Affairs (SECO), Swiss Agency for Development and Cooperation (SDC), Federal Office for the Environment (FOEN)) as well as of multilateral institutions, such as, newly, the Secretariat of the UNFCCC and UNDP.
- ✓ Forest and Governance: collaboration with FAO, ITTO and World Bank on FLEG-initiatives; Rights and Resources Initiative on CERs ownership of and access to carbon pools in forests
- ✓ Complementarities: Intercooperation's strength lies in SFM-related knowledge, socio-economic assessments, institutional, financial and economic knowledge; complementarities are needed for carbon accounting, mapping, monitoring
- ✓ Language skills in all relevant international languages (English, Spanish, French, Russian, German). Material for capacity building in REDD+ available in these languages (with the exception of Russian).

ANNEX 2

TERMS OF REFERENCE OF SUB-CONTRACTOR

The sub-contractor will be engaged by the ITTO Secretariat. Under the guidance of the ITTO Secretariat, the sub-contractor will facilitate the implementation of the project activities in accordance with the rules and procedures of ITTO.

Qualifications:

The sub-contractor should have recognized expertise in analyzing and documenting carbon benefits as well as co-benefits of forestry projects. Capacity to enhance methodological approaches to effectively generating and quantifying carbon benefits of forestry projects will be vital. Previous involvement in ITTO-funded activities/projects in climate change is desirable.

Duties:

The main duties of the sub-contractor are to estimate climate mitigation impacts of selected ITTO projects in conservation, restoration, REDD, and sustainable forest management and to develop technical guidance for the quantification of carbon benefits and assuring co-benefits in the design and implementation of ITTO projects. Specifically, in line with the project activities the sub-contractor will carry out the following:

- a) Review of existing methodological approaches including the Good Practice guidelines of the IPCC for the Forest sector (GPG-LULUCF, 2003) and carbon standards such as the Voluntary Carbon Standard (VCS), the Clean Development Mechanism (CDM) and the Climate, Community and Biodiversity Standards (CCBS)
- b) Design of a methodology including requirements for baseline quantification and qualification, data requirements for changes in C stocks, data requirements for considering co-benefits, and description of methodological steps
- c) With assistance of ITTO Secretariat, select sample ITTO projects implemented in conservation, restoration, REDD and sustainable forest management (improved forest management) in the three tropical regions
- d) Desk analysis of selected ITTO projects: Estimation of potential baseline; Analysis and description of REDD+ activities; Calculation of mitigation services (emission reductions and/or carbon enhancement); Screening of co-benefits
- e) Validation of results in selected projects: Definition of criteria for selection of the projects that will be used for validation; Selection of specific projects to validate the data; and Visit to the project and validation of the data *in situ*
- f) Review existing technical guidance relating to forest carbon stock measurement and monitoring to demonstrate carbon benefits of forestry projects
- g) Develop draft technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits in the design and implementation of ITTO projects in conservation, restoration, REDD and sustainable forest management (improved forest management)
- h) Take consultations with experts to validate the draft technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits
- i) Finalize the technical guidance for forest carbon stock measurement and monitoring and assuring co-benefits for spreading among ITTO member countries and key partners

ANNEX 3

RESPONSE TO REVIEWER COMMENTS

Reviewer Comment*	Amendment(s) made**	Page #***
Comment 1: The conformity and relevance to the REDDES TP is described well, however there is no association provided to the Monitoring Protocol incl means of verification, which needs clarification by the proponent	Relevance to the REDDES Monitorign Protocal (MP) is provided	6
Comment 2: To be defined. Proponents intend to ensure proper geographic and thematic representation. An indication on the approximate number of projects to be analyzed would be helpful. Socio-economic, cultural and environmental contexts should be addressed	An indication on the number of ITTO proejects for case stuides is provided. Socio-economic, cultural and environmental contexts are also elaborated	6
Comment 3: It is not clear whether stakeholders have been and will be consulted. This needs clarification	More information on stakeholders consultation is provided	7
Comment 4: Although clear, it should also be highlighted that the study is expected to allow the preparation of BETTER and MORE EFFECTIVE projects (not just the development and implementation of forest carbon projects ...)	The development objective of the project is refined to ensure the enhancement of forest carbon benefits in ITTO projects	10
Comment 5: Have sampling procedures be elaborated?	Sampling procedures are elaborated.	12
Comment 6: Obviously a wrong reference included - out of context. Please replace	Texts are revised accordingly.	17

Please expand table as needed

* *In this column please insert the individual reviewer comments*

** *In this column please describe which change(s) you made (see examples)*

*** *In this column please insert the page number where changes have been made*
