# NEWSLETTER

## FRIENDS OF ASIA AND ASIAN FORESTS

2024 #1



# Friends of Asia and Asian Forests (FAAF)

The Asian Forest Cooperation Organization (AFoCO) launched the Friends of Asia and Asian Forests (FAAF), a climate-action cooperation platform, on February 6th at The Westin Chosun Seoul, to contribute to the UN's 2030 Sustainable Development Goals (SDGs) and explore climate solutions through forests.

The event was attended by key figures, including former UN Secretary-General BAN Ki Moon and MOON Kook Hyun, Chairperson of New Paradigm Institute, as well as representatives from various sectors, such as the Korea Chamber of Commerce and Industry, Yuhan-Kimberly, POSCO, Woori Bank, NH Investment & Securities, Shinhan Bank, CJ CheilJedang, Pulmuone, Korea Zinc, T'way Air, Samsung Cultural Foundation, EcoServices Consulting, and Yakin Corporation, as well as the Korea Forest Service, KOICA, UN Global Compact Korea, and the 2050 Carbon Neutrality Green Growth Commission.

At the beginning of the event, former UN Secretary-General BAN Ki Moon emphasized the important role of forests, urging businesses to actively participate in FAAF to utilize forest restoration as a key method in the fight against climate change. Following the opening remarks by Co-Chair MOON Kook Hyun, NAM Sung Hyun, Minister of the Korea Forest Service, expressed expectations for global companies to practice sustainable development and climate change responses through the AFoCO, an international organization led by Korea.

Subsequent congratulatory remarks from YOO Yeonchul, Executive Director of the UN Global Compact Korea Association, HONG Seok-hwa, Vice-President of the Korean International Cooperation Agency, and KIM Chang Beom, Vice-Chairman of the Federation of Korean Industries, affirmed strong support for FAAF's mission and future direction.

The next session featured keynote presentations by PARK Chongho, Executive Director of AFoCO, followed by presentations from Professor CHUNG Suh Yong of Korea University, Chris ARMITAGE, Representative of the Global EverGreening Alliance, Jelmer van de MORTEL, Representative of Rabobank ACORN, and KIM Sung Woo, Member of the 2050 Carbon Neutrality Green Growth Commission, among others, followed by a social discussion and Q&A session led by Co-Chair MOON Kook Hyun.

FAAF plans to promote various activities in the forestry sector, connecting the interests of businesses and the needs of Asian countries, by sharing policies, trends and cases related to climate change, biodiversity, ESG, and forest carbon projects or tree planting through regular forums held annually.


# Strategic Approach of FAAF

• Forest-based or Nature-based Solutions (NbS) stand as one the most cost-effective methods to achieve de-carbonization goals requiring action from the public and private sectors. More immediate and extensive efforts are necessary to achieve the 1.5-degree target of the Paris Agreement by 2030. FAAF has outlined three strategic principles to address this, as follow.

1. Leadership in Asian Climate Action.
2. Annual Carbon Reduction Goals: Through forest carbon projects and NbS implementation, FAAF aims to achieve annual megaton-scale carbon reduction in the Asian region.
3. Creating Shared Value: By aligning corporate environmental, social, and governance (ESG) activities with the needs of Asian countries, FAAF seeks to create shared value and foster collaboration.


# Exclusive Interview with MOON Kook Hyun, Co-Chair of FAAF

On March 11, at the AFoCO Secretariat, an interview was conducted with MOON Kook Hyun, the co-chairman of FAAF, regarding the role of AFoCO and businesses and future directions. MOON Kook Hyun is a former CEO of Yuhan-Kimberly and former member of the National Assembly who is currently active as the representative of the New Paradigm Institute. He was in high spirits despite staying up late the previous night.

**Q1. What is the reason behind your particular interest in Asia and Asian forests?**

"Mention of Asia has recently been on the rise globally. With emerging powers like China and Japan, attention is turning to Korea's economic growth and its experience in re-greening forestland, which could serve as a solution amidst the severe climate crisis. AFoCO Member Countries have a combined population exceeding 500 million, ten times that of Korea. If these countries share Korea's experiences in forest cooperation and promote economic development together, it could have a positive, ripple effect on the 5 billion people in Asia."

**Q2. There is much deliberation about the role of the private sector in achieving the UN's SDGs and the Paris Climate Agreement targets. What are your thoughts?**

"The private sector can actually take a proactive role in addressing the climate crisis. Unlike countries, businesses are free from nationalistic tendencies and can voluntarily take the lead. Aligning SDGs with corporate goals, strategies and activities can lead to business growth while addressing the climate crisis. For example, Yuhan-Kimberly has been leading the 'Green Our Mountain, Green Our Land' campaign for 40 years. Initially, it was to promote the company and through this campaign the company gained widespread recognition among consumers, leading to increased sales. This led to a virtuous cycle of reducing product costs, producing better products through technological innovation, and further increasing sales. As a result, Yuhan-Kimberly has been recognized as one of the most respected companies in Korea for 20 consecutive years. In short, businesses can pursue profit and tackle the climate crisis simultaneously."

# Exclusive Interview with MOON Kook Hyun, Co-Chair of FAAF

**Q3. What is the reason behind using a platform like AFoCO for such initiatives?**

"AFoCO is an intergovernmental, international organization with 16 Member Countries in Asia, operating under a treaty. With direct government participation, AFoCO has expertise in forestry and climate change. Since the information provided comes directly from the Member Countries, it can be trusted. With AFoCO having such a network of countries, collaborating with dynamic and creative businesses interested in Asian climate issues, forest restoration and economic development could lead to finding solutions while fostering economic growth in Asia."

**Q4. Does FAAF have any specific direction or strategy for operation?**

"FAAF is like a sapling that has just begun to sprout. To grow into a big tree, it requires a lot of interest and participation from businesses and citizens. AFoCO has successfully carried out around 43 climate change cooperation projects with Member Countries. Now, by utilizing AFoCO's strengths, it should support businesses in participating well in climate change activities. AFoCO will not only help businesses find and secure business opportunities but also provide transparent and reliable information based on monitoring results. By creating a successful case study for each country, it can become 16 success stories in the Asian region and this can continue to expand to 100 or more."

**Q5. Lastly, what can companies gain from participating in FAAF initiatives?**

"Firstly, since FAAF as a platform under AFoCO is already established, businesses can expect to save more than half the costs compared to implementing projects alone. Additionally, by utilizing AFoCO's established network, businesses can expect faster project progress and access to professional and transparent information. Not only businesses but also individual citizens can actively participate in climate change- and forest-related issues. We instinctively or experientially know the various benefits that forests provide. I have organized many tree-planting events through the 'Forest of Life' national movement and Yuhan-Kimberly's Mongolia project and there has been active participation and positive responses. In conclusion, I hope to actively participate in the FAAF100 (Gathering of 100 Leaders) initiative for the joint prosperity of Asia and overcoming the climate crisis. I look forward to even greater achievements through FAAF100."

# Timor-Leste: Celebration of 7th National Day of Sandalwood and Forestry, and Declaration to Plant 10 Million Trees

On January 12, in celebration of National Sandalwood and Forestry Day in Timor-Leste, AFoCO collaborated with the Ministry of Agriculture, Livestock, Fisheries and Forestry (MALFF) of Timor-Leste to organize a tree-planting event. Held in Manatuto Municipality, the event saw the participation of key figures in Timor-Leste, including Marcos DA CRUZ, Minister of Agriculture, Livestock, Fisheries and Forestry, and Fernandino VIEIRA DA COSTA, State Secretary for Forestry, alongside NAM Sung Hyun, Minister of Korea Forest Service, and PARK Chongho, Executive Director of AFoCO. Approximately 200 local residents also joined in the tree planting. In addition to the tree planting event, a declaration ceremony for "Accelerating Climate Action for a Greener Timor-Leste" was held, where the MALFF's pledge to plant 10 million trees over the next 10 years to restore the degraded lands of Timor-Leste was jointly supported by the Korea Forest Service and AFoCO. This initiative marks the first tangible step towards the restoration of approximately 270,000 hectares of degraded forests in Timor-Leste, drawing on Korea's successful experience in reforestation through AFoCO projects.

# Launch of Mekong REDD+ Project in Cambodia by Woori Bank, AFoCO and Cambodia Forestry Administration

On January 16, Woori Bank signed a Memorandum of Understanding regarding the Mekong REDD+ project in collaboration with AFoCO and the Cambodia Forest Administration. The signing ceremony took place at the Forest Administration office in Phnom Penh, with key figures in attendance, including KIM Hong-Joo, the Country Head of Woori Bank in Cambodia, JIN Sunpil, the Vice-Executive Director of AFoCO, and Keo OUM, Minister of the Forest Administration. This project, initiated as part of Woori Bank's ESG management activities, aims to conserve approximately 30,000 hectares of forests managed by 12 communities in Stung Treng Province, located in the upper reaches of the Mekong River in northern Cambodia, over the next 30 years. The project will apply the Verra VCS voluntary carbon scheme, supplemented by a new REDD+ methodology, with Woori Bank planning to reinvest all proceeds from carbon credit sales back into the project to ensure a sustainable cycle.

Through this project, Woori Bank expects to mitigate soil erosion and flood risks, conserve habitats for 220 species of wildlife, improve land tenure and forestry management plans for community forestry, and discover sustainable forestry and agricultural best practices. The Bank anticipates increased income and improved quality of life for the communities involved.

# Implementation of Overseas Forestry Carbon Emission Reduction Law and Reporting System for Reducing Emissions from Deforestation and Forest Degradation Link

Korea's "Act on Support for Greenhouse Gas Emission Reduction and Carbon Sequestration Enhancement through Forests in Developing Countries" will be officially enforced starting from February 17. This law was established to systematically promote activities related to Reducing Emissions from Deforestation and Forest Degradation (REDD+) at the governmental level, aiming to contribute to achieving the national greenhouse gas reduction target by 2030 and carbon neutrality by 2050. Key provisions of the law include the formulation of comprehensive plans, development of Korean operating standards, conducting surveys, enhancing private-sector capacity, and training specialized personnel to establish a foundation for projects. Under this law, companies that submit plans for forest carbon sequestration projects to the Korea Forest Service can receive support, such as market development, business consulting, and technology dissemination.

**Support Application Items for Reducing Emissions from Deforestation and Forest Degradation[1] Link**

- ☑ Enhancement of institutional and implementation capacity, market development, information provision, business consulting, and related support for target projects in developing countries.
- ☑ Funding for the development and dissemination of technologies related to overseas forest carbon sequestration enhancement.
- ☑ Funding for education and training programs to enhance implementation capacity for overseas forest carbon sequestration enhancement.
- ☑ Funding for supporting the formulation of strategies related to carbon emission reduction in developing countries.
- ☑ Funding for assisting in establishing baseline emissions standards for forests in developing countries.
- ☑ Funding for the establishment of forest databases and information systems in developing countries.
- ☑ Funding for activities recognized by the Director of the Korea Forest Service as contributing to the sustainable implementation of overseas forest carbon sequestration enhancement projects.

# AFoCO and Rabobank's Acorn Project in Full Swing

On September 4, 2023, AFoCO signed an MOU with Rabobank, a cooperative bank in the Netherlands, to collaborate on a project aimed at carbon offsets through agroforestry. AFoCO utilizes Rabobank's carbon trading platform, ACORN[2], to facilitate the participation of smallholders in agroforestry and enhance carbon sequestration through the sale of carbon credits, thereby, promoting both carbon absorption initiatives and livelihoods' improvement for local residents. Since November, AFoCO has initiated the process for local residents in Kyrgyzstan to participate in the ACORN project, with 1220 households registered for the program as of February. In January, workshops were conducted in Cambodia and Viet Nam to assess the feasibility of the project and identify target areas, with plans to commence registration for local residents within the year. AFoCO and Rabobank aim to expand the project to other AFoCO Member Countries, such as Lao PDR and Thailand in the future.

[1] Source: Enforcement Regulation of the Law on Support for Greenhouse Gas Emission Reduction and Carbon Sequestration Promotion through Developing Country Forests.
[2] ACORN stands for Agroforestry CRUs for the Organic Restoration of Nature, a carbon offset framework developed by Rabobank in collaboration with the Plan Vivo Foundation for smallholder farmers in developing countries. It simplifies the certification process with the use of satellite data for biomass measurement and is specifically designed for smallholder farmers to access carbon finance.

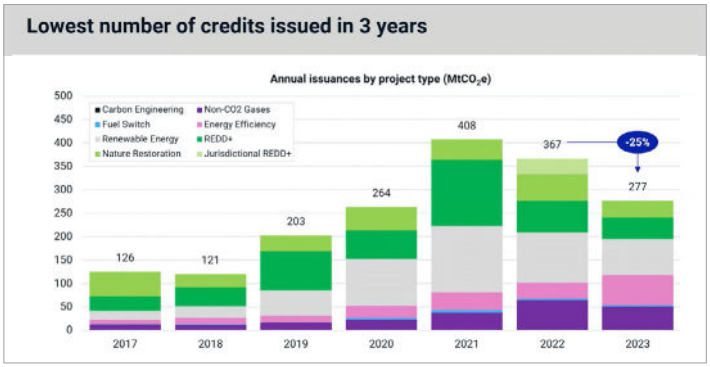
# Other News

- On January 14, at the World Economic Forum Annual Meeting in Davos, over 100 companies pledged to plant 12 billion trees.[3]
- On January 15, the Australian Government–supported Blue Carbon Accelerator Fund announced the selection of four projects and funding recipients[4] for its second round.
- On January 16, at the World Economic Forum, the Taskforce on Nature–related Financial Disclosures (TNFD) announced that 320 institutions from 46 countries pledged to disclose natural capital based on TNFD[5] recommendations.
- On January 23, the Ministry of Environment and Forestry of Indonesia and the United States Forest Service officially signed an MoU to support Indonesia's FOLU Net Sink 2030 plan.
- On February 2, the United Nations Development Programme and the Ministry of Environment and Tourism of Mongolia signed an agreement for the "Enhancing Mongolia's Capacity for Wildfire Suppression" project, funded by the China International Development Cooperation Agency.
- On February 13, the United Nations Environment Programme (UNEP) and the Food and Agriculture Organization of the United Nations announced the selection of seven initiatives[6] as world restoration flagships as part of the UN Decade on Ecosystem Restoration.
- On February 15, Viet Nam announced at the opening ceremony of the national tree planting festival in Tuyen Quang that it had planted 770 million trees over the past three years, with plans to plant 1 billion trees by 2025.
- On February 22, Microsoft signed a contract with climate finance company Catona Climate to purchase 350,000 tons of carbon removal credits over six years through an agroforestry project in Kenya.
- On February 22, the Tropical Asia Forest Fund (TAFF) 2[7], managed by New Forests, announced an investment in the Kuan Kreng Landscape Conservation and Restoration Project in Thailand.
- On March 12, the Mongolian Ministry of Environment and Tourism and the European Investment Bank signed a Memorandum of Understanding to provide a total of €54.4 million in support of urban development and sustainable forest management.
- On March 18–28, AFoCO, sponsored by South Korea and France, held a training course for forest officials from AFoCO Member Countries in Kanchanaburi, Thailand on how to fight and manage forest fires.
- March 21 was World Forestry Day, with the theme for 2024 being, "Forests and Innovation". AFoCO, in collaboration with the Korea Forest Service, held a commemorative event at the National Institute of Forest Science, inviting ambassadors from Member Countries and representatives from international organizations.

---

[3] 1t.org is a global initiative of the World Economic Forum to plant one trillion trees by 2030 in support of the UN Decade on Ecosystem Restoration.
[4] Ecosecurities (Malaysia Rajang Delta), Forest Carbon (Indonesia Misool Island), RARE (Philippines Tañon Strait Protected Seascape), RePLANET (Indonesia Sulawesi Southeast Villages).
[5] The Task–force on Nature–related Financial Disclosure (TNFD) was established in June 2021 under the leadership of UNEP FI, UNDP, WWF, and other organizations.
[6] Mediterranean Forest Restoration Initiative (Lebanon, Morocco, Tunisia, Turkey), Living Indus Initiative (Pakistan, Australia, Bangladesh, Bolivia, Brazil, Canada, Ecuador, India, New Zealand, Peru, Sri Lanka), Peru Acción Andina, Sri Lanka Mangrove Regeneration Initiative, Terai Arc Landscape Initiative (India, Nepal), Agriculture Reforestation in Africa, Forest Redeployment Initiative in Africa's Arid Regions.
[7] TAFF2 aims to integrate commercial forestry investments in Southeast Asia with activities such as ecosystem restoration, reforestation, and local community forestry. It plans to raise $300 million by the end of this year, with investors including Mitsui, Nomura, ADB, the Australian government, David and Lucile Packard Foundation, Hempel Foundation, Sumitomo Mitsui Trust Bank, TotalEnergies, and GenZero, a investment platform owned by Temasek (Singapore's sovereign wealth fund).

# Analysis of Voluntary Carbon Markets in 2023[8] Link

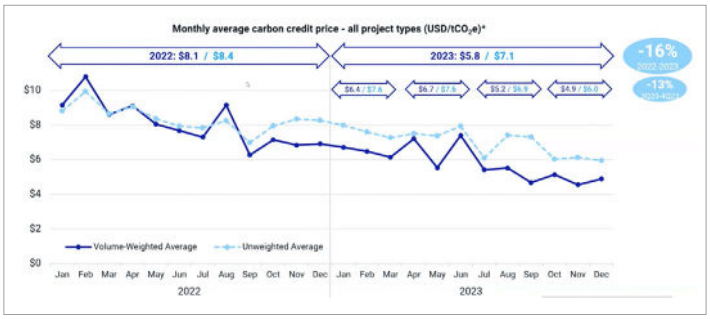



**The annual issuance of voluntary carbon credits amounted to 277 MtCO2e, marking a 25% decrease compared to the previous year.**

This represents the lowest issuance in the past three years and is attributed to a reduction in credits from nature-based and renewable energy projects.

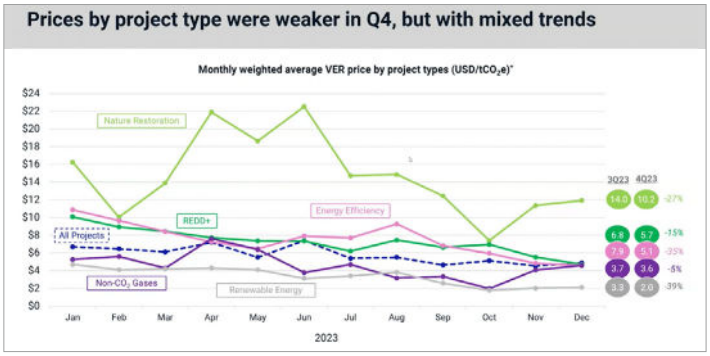

**In 2023, a total of 178 MtCO2e of credits were retired.**

Shell retired the most credits – 16 Mt-CO2e – followed by Volkswagen, with 8 MtCO2e.




**In 2023, the average credit price was USD 7.10, which decreased by USD 1.30 compared to 2022.**

The downward trend observed in 2022 continued into the first half of 2023, although the decline rate was not significant, standing at 16%.




**There has been increased scrutiny from both the media and academe on energy efficiency and REDD+ projects, leading to the confirmation of price declines.**

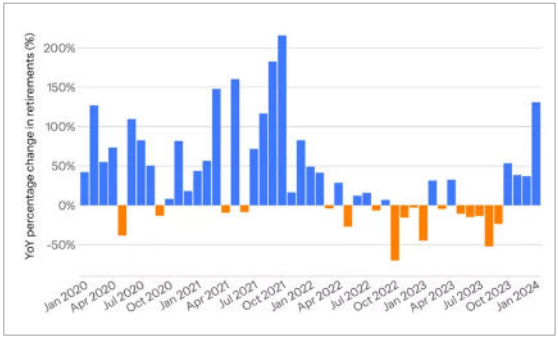
The price per credit for REDD+, energy efficiency, and non-CO2 greenhouse gas projects was confirmed to be USD 4.65.

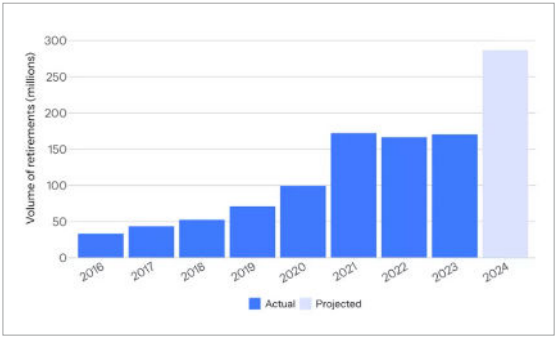
[8] Referenced CarbonCredits.com's "Carbon Market Chronicles: 2023 Unveiled and 2024's Inflection Points".

# Outlook for Voluntary Carbon Markets in 2024

## BeZero: Voluntary Carbon Market Expected to Reach $30 Billion in 2024 Link

- BeZero Carbon, a carbon ratings agency, has announced research findings suggesting that in 2024, 250 million tons of carbon credits will be retired, resulting in an annual value of USD 30 billion in the voluntary carbon market.
- The agency notes a continued increase in demand for high-quality carbon projects in the market, emphasizing that the quality of carbon credits significantly influences investment decisions across the market.
- According to Sebastian Cross, founder of BeZero Carbon, while the voluntary carbon market faced challenges and stagnation over the past two years, it has now resumed growth. Cross forecasts that if this trend continues throughout the remainder of 2024, the market could realize the potential of billions of dollars.




## BloombergNEF: The carbon market is poised at a testing threshold to reach USD 238 per ton by 2050 Link

- Bloomberg New Energy Finance (BNEF) regarded 2023 as a challenging year for the voluntary carbon market owing to ongoing scrutiny and reputation issues. They see 2024 as a pivotal year for the market's future, depending on whether trust can be restored.
- The success of the carbon market will hinge on demand for carbon credits and their credibility. BNEF has outlined three future scenarios for carbon credit prices based on the market's structure and demand trends.

| Scenarios | 1. High quality scenario | 2. Voluntary scenario | 3. Absorption scenario |
|---|---|---|---|
| **Definition** | Resolving carbon credit integrity issues | Carbon credit integrity issues exist | Buy only credits from carbon absorption projects |
| **Estimated prices** | 2030: USD 20/tCO2e<br>2050: USD 238/tCO2e | 2030: USD 13/tCO2e<br>2050: USD 14/tCO2e | 2030: USD 146/tCO2e<br>2050: USD 172/tCO2e |
| **Market size** | 2050: USD 1.1 trillion | 2050: USD 34 billion | 2050: USD 8.84 billion |

# Verra Unveils Forest Carbon Strategy for 2024-2026 Link

On February 15, Verra hosted an online seminar introducing the Forest Carbon Strategy 2024–2026 to stakeholders. Verra announced that to become successful leaders in the carbon market, they conducted listening tours with over 30 organizations last September and conducted stakeholder surveys with over 500 respondents across the voluntary carbon market ecosystem. Based on stakeholders' feedback, Verra has outlined its Forest Carbon Strategy as follows.

| Vision and Strategic Objectives | |
|---|---|
| **Vision** | To enhance the integrity and utility of forest carbon methodologies while respecting and benefiting indigenous peoples and local communities, thereby, facilitating institutional-scale investment and utilization in forest preservation and restoration projects, and preventing deforestation. |
| **Strategic Objectives** | • Forest carbon activities are a significant driver of emissions reductions and absorption efforts, both in the voluntary carbon market and under Article 6.2 of the Paris Agreement.<br>• Forest carbon activities contribute to the advancement of government programs and strategies.<br>• Forest carbon activities are optimized to utilize the latest science and technology in a trustworthy, consistent and transparent manner.<br>• Forest carbon activities, encompassing emissions reductions and absorption, are utilized by companies with high integrity. |

# GEF Launches Biodiversity Fund

On February 8 and 9, the 66th Council of the Global Environmental Facility was held in Washington D.C., followed by the inaugural meeting of the Global Biodiversity Framework Fund (GBFF). During the council meetings, the plans and budgets for the years 2024–2025 were approved, and streamlined project cycle policies related to future development and implementation projects through the GBFF were also approved.[9] Link

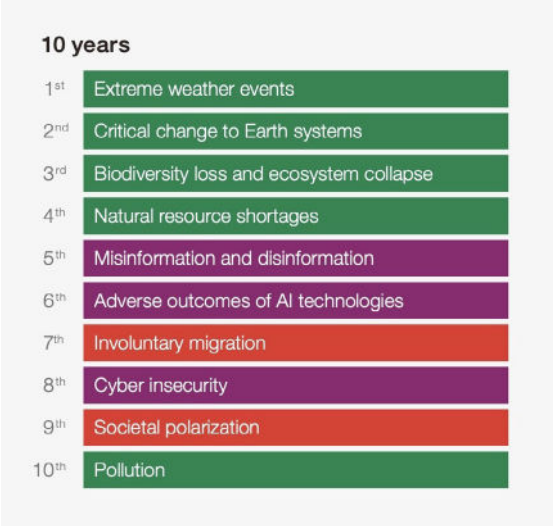
The Global Biodiversity Framework (KM-GBF), adopted at the 15th UN Conference of Parties to the Convention on Biological Diversity (UNCBD COP15) held in Montreal in December 2022, is recognized as the "biodiversity version of the Paris Agreement for climate change". According to UNCBD's KM-GBF Target 19, the goal is to raise at least USD 200 billion annually (approximately USD 26.6 trillion) by 2030. Link

According to the World Economic Forum, demand for biodiversity offsets could increase to USD 7 billion annually by 2030 and up to USD 180 billion annually by 2050.[10]

[9] If the Project Preparation Grant from the GEF is approved, the GEF implementing agency will have approximately 9 months to prepare the project.
[10] World Economic Forum in collaboration with McKinsey & Company, Biodiversity Credits: Demand Analysis and Market Outlook (2023).

# Global Risks Report 2024 by the World Economic Forum Link

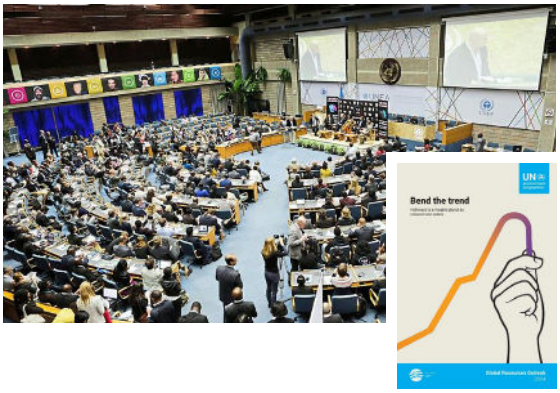
According to the World Economic Forum report, climate upheaval, significant changes in the Earth system (emerging this year), and loss of biodiversity and ecosystem collapse emerged as the three major risks humanity will face in the next decade.


# Sixth Session of the United Nations Environment Assembly

From February 26 to March 1, the Sixth Session of the United Nations Environment Assembly was held at the headquarters of UNEP in Nairobi, Kenya, with the participation of over 5600 individuals, including delegates from 193 countries. The Assembly concluded with the approval of 15 resolutions, including the first-ever resolution on land degradation. World leaders pledged to accelerate multilateral action to address the triple planetary crisis of climate change, biodiversity loss, and pollution.

The 2024 Global Resource Outlook report presented at the Assembly revealed that global natural resource extraction has tripled over the past 50 years. Without urgent and collective action to reduce global consumption and production, natural resource extraction could increase by 60% from 2020 levels, leading to heightened climate impacts and increased risks to biodiversity.



# Science Expert Voice: Proposals for Restoring Trust in Forest Carbon Credits[11] Link

Forests represent one of the most crucial carbon sinks on Earth, storing approximately 861 billion tons of carbon, nearly equivalent to the amount of carbon emitted by humans over a century. Additionally, through proper forest management, there is the potential to absorb an additional 2260 billion tons of carbon. However, efforts to conserve forests and enhance carbon sequestration face significant obstacles, including institutional, technological, and financial barriers.

The emergence of voluntary carbon markets has led to significant investment in forest carbon projects. However, recent reports have pointed out systemic issues, such as overestimation of emission reduction amounts, lack of transparency and accountability in certification processes, and failures in delivering promised benefits to local communities. Despite these challenges, voluntary carbon markets focusing on forest conservation are still considered a critical policy tool for addressing climate change.[12]

## The author proposed the following measures to restore the credibility of forest carbon credits.

1. Remove Distorted Financial Incentives: Shift away from distorted financial incentives focused solely on carbon credit issuance, ensuring that certifiers and auditors are rewarded for accuracy rather than providing customers with the most optimistic version of reality.
2. Establish Conservative and Universal Standards: Develop conservative and universal standards for forest carbon methodologies and measurement, instituting a regulatory process to validate and standardize new measurement methods.
3. Demonstrate Additionality through Innovative Business Design: Utilize innovative business design leveraging recent advancements in social science research methods to demonstrate the additionality[13] of carbon projects, thus proving the validity of carbon credits.
4. Address Concerns about Forest Carbon Permanence[14]: Mitigate concerns about the non-permanence of forest carbon by considering the value of greenhouse gas emissions avoided through forest carbon projects.
5. Utilize Technology for Inclusive Compensation: Utilize technology such as digital payments and blockchain verification to ensure that promised compensation reaches low-income communities participating in carbon projects.

[11] Referenced Rohini Pande's "Fixing Forest Carbon Credits" (2024) published in Science, Vol. 383, No. 6679.

[12] Dubai-based brokerage firm Blue Carbon is negotiating contracts to manage forests across vast lands in Liberia (one-tenth), Zimbabwe (one-fifth), Kenya, Zambia, and Tanzania and plans to trade carbon credits generated in these areas. At COP28 in Dubai, the U.S. government announced the 'Energy Transition Accelerator' with the Bezos Earth Fund and the Rockefeller Foundation, aiming for the use of 'high-integrity' carbon credits. The UN has been negotiating rules to include voluntary carbon markets in the official international carbon trading mechanism under Article 6.4 of the Paris Agreement but failed to reach an agreement at COP28. The UK's Climate Change Committee has provided guidance on the development of voluntary carbon markets, and in the United States, the Commodity Futures Trading Commission is developing its own rules for derivatives trading based on voluntary carbon markets.

[13] Additionality in carbon projects refers to achieving additional emission reductions or absorption increases beyond what would occur without the carbon project.

[14] Reducing emissions and enhancing absorption through forest and land use activities face risks of non-permanence where acquired carbon emission reductions and absorptions decrease due to logging, natural disasters, etc.

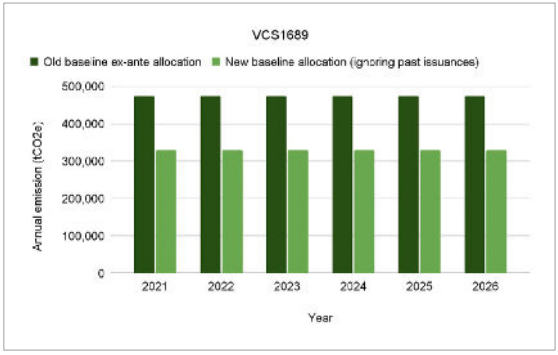
# Introduction and Implications of the New VCS REDD methodology[15] Link

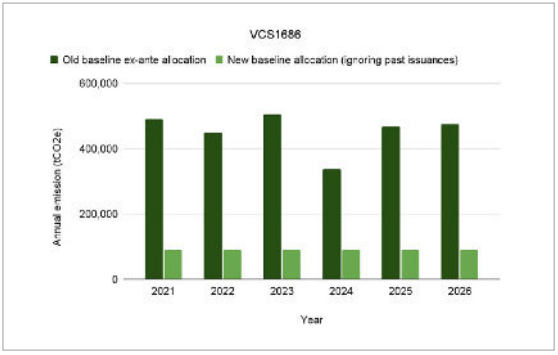
Conservation of forests is emerging as a critical approach to addressing climate change, with regionally-based carbon projects implemented through VCS's REDD16 initiatives. Recently, concerns have been raised about the overestimation of recent emission reductions from REDD projects, prompting VCS to introduce new jurisdictional and nested REDD methodologies. Researchers conducted an in-depth analysis to assess the impact of these new methodologies on baseline measurements for existing REDD projects.

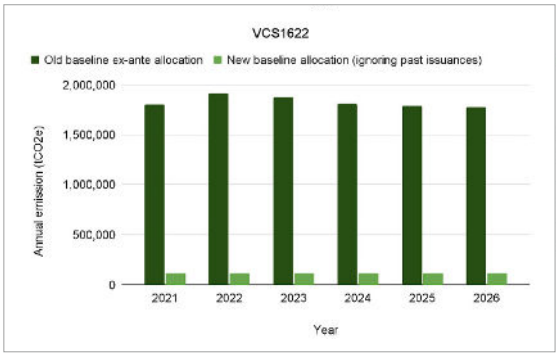
Analysis of four REDD projects registered in the VCS registry revealed that applying the new methodology is expected to result in a decrease in the issuance of credits for three projects compared to the previous methodology. Consequently, the new REDD methodology is anticipated to generate higher-quality credits by reducing the likelihood of inflated baselines.

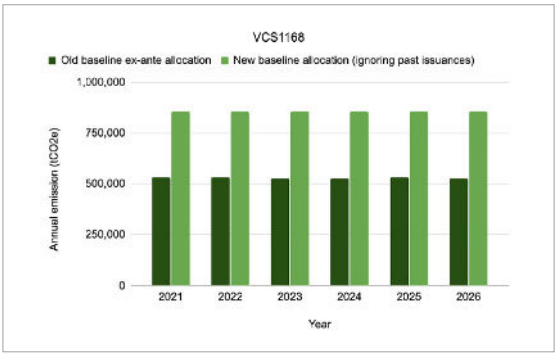
## Comparison between the existing baseline of VCS REDD projects and the baseline derived from the application of the new methodology

(Source: Meena et al 2024)




[15] Referenced Meena, D. P., Bhandari, K., & Ghosh, S. M.'s "Implication of the new VCS jurisdictional and nested REDD methodology on baselines of existing avoided deforestation projects" (2024) published in the Journal of Environmental Management, Vol. 351.

[16] Reduction of Emissions from Deforestation and Forest Degradation (REDD).

# National Institute of Forest Science Announces the Results of an Analysis of the Perception of REDD+ International Emission Reduction Projects in the Private Sector

At the 2024 Joint Academic Conference on Forestry Science held in February, researchers including SONG Min-Kyung from the National Institute of Forest Science, presented the results of their study of the perception and participation intentions of the private sector in REDD+ international emission reduction projects. The research aimed to provide specific support measures for the private sector. The key findings follow from an online survey conducted among 871 potential participating companies and organizations in domestic REDD+ international emission reduction projects.

## Analysis of the perception of the private sector

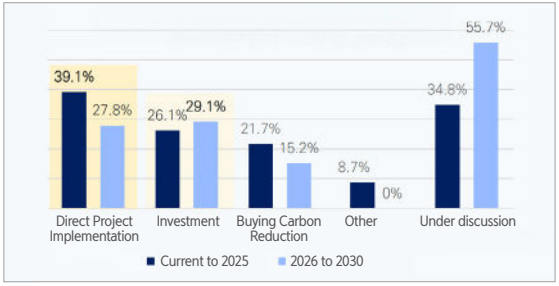
- Understanding is generally low of the contribution to nationally determined contribution (NDC) goals and related regulations through REDD+ projects under Article 6.2 of the Paris Agreement.
- 41.2% of respondents expressed a positive intention to participate in REDD+ projects, including those who responded with "under review (undecided)".
- Among the 139 respondents with REDD+ project plans, the purposes of participation were identified as follow. Utilization for corporate carbon neutrality goals (71.3%), Contribution to NDC goals through utilization for mandatory reduction under corporate goal management (57.6%), Utilization for ESG management (57.5%), Revenue generation (42.4%), Contribution to NDC goals through contribution to overseas reduction targets (40.3%).

### Purpose of Participating in a REDD+ Project (BASE 1)

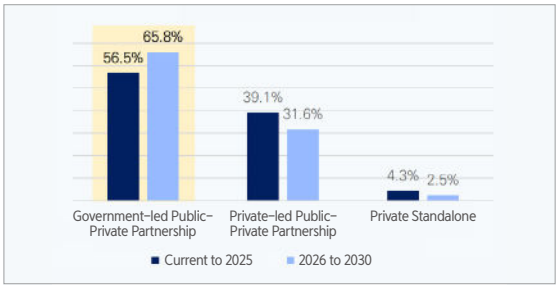
BASE 1: Respondents with a REDD+ business plan (N=139) based on Article 6.2 of the Paris Agreement


### Preferred engagement by expected time to start business (BASE 2)

BASE 2: Cohort with expected business start within 2030 (N=139)




### Preferred type of collaboration by expected time to start a business (BASE 2)




- For those with plans to participate in projects by 2030, the most preferred types of participation were found to be direct project implementation, with the preferred collaboration type being government-led, public-private partnership.
- Respondents with plans to participate in projects identified difficulty in securing funding as the most significant obstacle. Additionally, 41.9% of respondents expressed willingness to pay for the introduction of levies to establish a REDD+ development fund.

[17] Referenced "Song Minkyung., Lee Yoonjeong, Kim Raehyun, & Lee Hosang (2024). Analysis of the Perception of REDD+ International Reduction Activities in the Private Sector. Poster Presentation at the 2024 Joint Forest Science Conference".

# Viet Nam Mangrove Forest Restoration Project

Mangroves are various tropical species that inhabit coastal and brackish water environments where high salinity prevents most trees from surviving. They are found along the coasts and estuaries of 123 countries in tropical and subtropical regions, including Viet Nam. Mangrove forests cover less than 1% of the Earth's surface (approximately 14.8 million hectares, with about 51% distributed in the Asia-Pacific region) but provide essential ecosystem services for approximately 240 million coastal residents worldwide.[18]

Located in the Red River Delta of northern Viet Nam, Thai Binh Province covers four large estuaries and features extensive mangrove forests along a 54 km coastline. Although Thai Binh — along with Soc Trang and Ca Mau in the southern Mekong Delta — was a major mangrove habitat in Viet Nam, approximately 80% of mangrove forests have been lost since the 1950s. In response, AFoCO, in collaboration with the Government of Viet Nam, has conducted a mangrove restoration project in Thai Binh Province over the past decade (2014–2023) with a budget of approximately $1.5 million. Through this project, a new mangrove forest covering 160 hectares was successfully established and 800 hectares of degraded mangrove forest were effectively restored. Notably, the survival rate of the mangrove seedlings planted exceeded 85% throughout the duration of the project, which is far higher than similar projects (with an average survival rate of approximately 50% over three years). The success has been attributed to long-term, stable support and the active participation of local residents. By encouraging residents to participate right from the planning stage, the project team was able to develop the most suitable implementation plan based on the region's extensive experience; and by actively introducing incentive systems for local residents the project established a stable basis for site management at an early stage. Based on the excellent survival rate of the seedlings, a virtuous cycle structure of voluntary afforestation management by local residents and stable income generation became possible, which is expected to lead to additional support from the Thai Binh Provincial Government for the development of eco-tourism-related programs.

Over the past 40 years, more than 20% of the world's mangrove forests have been lost owing to indiscriminate use and the effects of climate change. Although the rate of degradation has decreased in the past 20 years owing to various international and private sector efforts, mangrove deforestation still accounts for 20% of global carbon dioxide emissions from forest degradation. Mangrove loss poses a serious threat to biodiversity, with approximately 15% (about 230 species) of the species known to inhabit mangrove forests currently reported to be endangered. Therefore, the restoration, sustainable use and conservation of mangrove forests is essential for achieving the Sustainable Development Goals and as a key implementation tool for the UN Decade on Ecosystem Restoration (2021–2030). Continuous attention and effort are required for effective implementation.

**Mangrove planting in Thuy Xuan District, Tay Binh Province, Viet Nam**



[18] Mangrove forests, with their robust roots serving as natural barriers, provide habitat to over 1,533 species of marine organisms, including timber, and are a major source of income for local residents. The economic value of ecosystem services provided annually by mangrove forests is estimated at $33,000 to $57,000 per hectare.

## AFoCO Special Assembly

### (April 17–18, Bishkek, Kyrgyzstan)

AFoCO will host its 10th Special Assembly in Bishkek, Kyrgyzstan on April 16–17, with representatives from Member Countries attending. As the highest decision-making body of AFoCO, this special assembly will witness the Secretariat reporting the establishment of the Friends of Asia and Asian Forests (FAAF) initiative, urging active participation and support from Member Countries for FAAF to facilitate public-private cooperation in forestry projects and provide forest project sites.

## Mongolia National Arbor Day Event and Commencement of Public-Private Partnership Reforestation

### (May 11, Terelj National Park, Mongolia)

On May 11, near Ulaanbaatar, Mongolia, the Mongolian National Arbor Day event will be jointly held by AFoCO and the Mongolian Government at Terelj National Park. This event aims to promote the participation of Korean companies in Mongolia's initiative to plant 1 billion trees. The event will take place at a public-private partnership reforestation site, with plans to create approximately 12 hectares of forest through public-private collaboration by 2026. Terelj National Park is visited by over 200,000 tourists annually, making it highly conducive for promotional activities.

## 19th Session of the UN Forest Forum

### (May 6–10, New York, USA)

The 19th session of the UN Forest Forum will be held at UN headquarters in New York from May 6 to 10. As the official body overseeing forest-related issues within the UN system, it operates under the United Nations Department of Economic and Social Affairs and convenes annually. It promotes national implementation of the Global Forest Goals, which were established to achieve the objectives outlined in the UN Strategic Plan on Forests adopted in 2017.

## 16th IUFRO World Congress

### (June 23–29, Stockholm, Sweden)

The IUFRO World Congress, held every five years, is one of the world's largest forest events, attracting over 2000 participants. Taking place from June 23 in Stockholm, Sweden, this event gathers scientists and stakeholders from around the world to discuss scientific and technical issues related to priority areas in forest research, policy and management.

## Launch of Let's Forest Asia Expedition Program

AFoCO is organizing a Forest Expedition program to provide companies with field trips to explore ESG and business opportunities in Asia's forests. We are looking for participants for the inaugural event to be held May 9–11. It will be an opportunity to participate in the National Arbor Day celebration in Terlji National Park, Mongolia and explore forest sector issues and solutions in the country.

Inquiries: Hyungmin Kim
(Tel: +82 2 785 8964 / E-mail: kimhm0217@afocosec.org)

# NEWSLETTER

**FRIENDS OF ASIA AND ASIAN FORESTS**


Asian Forest Cooperation Organization
12F. SIMPAC Building, 52, Gukjegeumyung-ro
Yeongdeungpo-gu, Seoul 07330,
Republic of Korea

www.afocosec.org
info@afocosec.org
+82 2 785 8971 (T)
+82 2 785 8970 (F)