



The Verified Carbon Standard

Scaling up REDD+: Jurisdictional and Nested REDD+

FFPRI

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Naomi Swickard, AFOLU Manager

The Verified Carbon Standard (VCS)

- Established by leading NGOs (IETA, WBCSD, The Climate Group, WEF) to provide a rigorous, trustworthy and innovative global standard and validation and verification program for GHG offsets
- Managed by the VCS Association
 - ✓ Non-profit headquartered in Washington, DC, South America office in Santiago, Chile, representative in Bangkok, Thailand
 - ✓ Single focus – to develop and manage the platform (i.e., no consulting, no meth development, no validation/verification, no project development)
 - ✓ Funded through VCU levy (USD \$0.10 per VCU) and foundation grants
- AFOLU Steering Committee largely credited with bringing in land-based activities into the carbon market

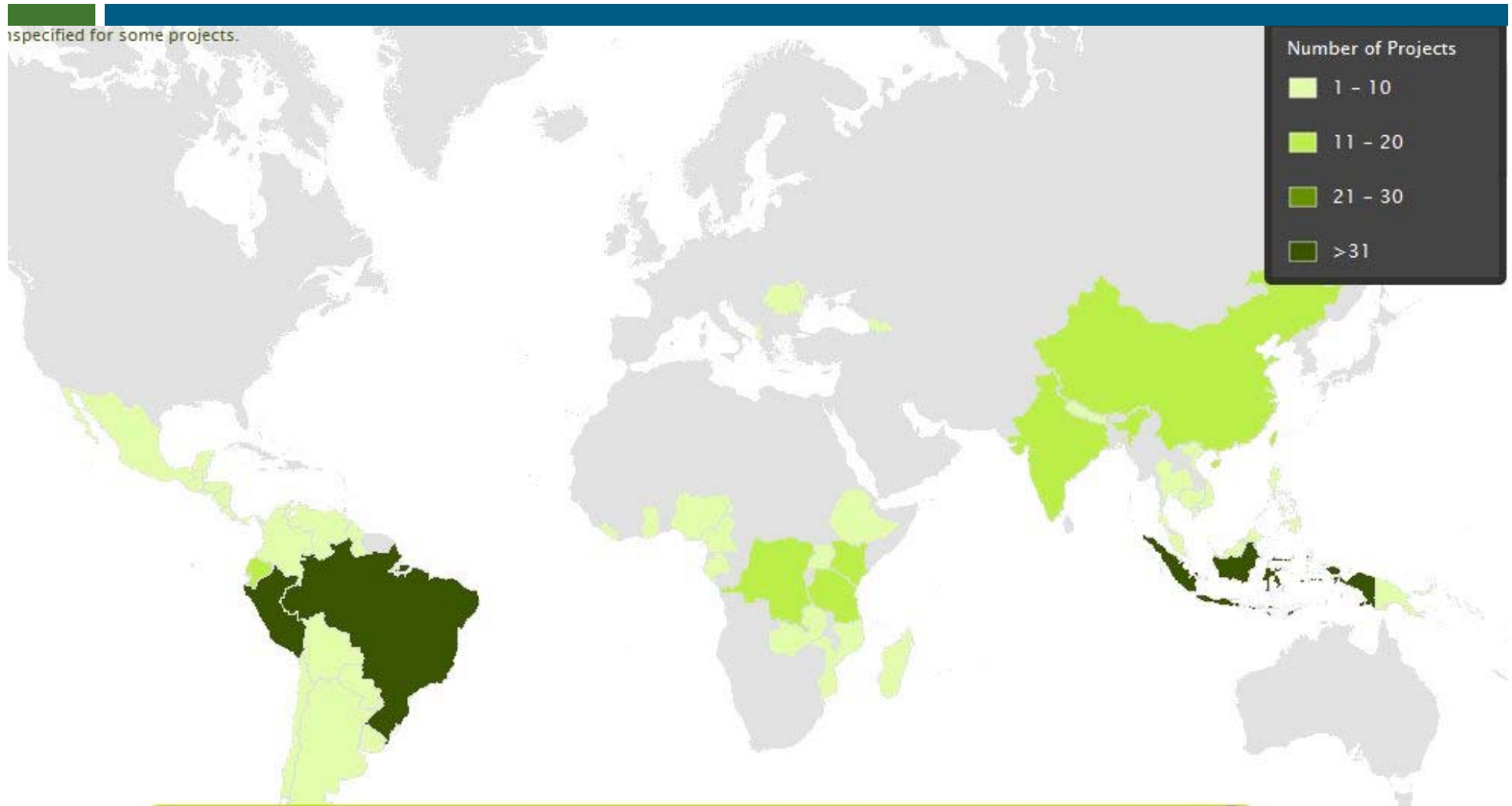
VCS Project Statistics

- Registered projects
 - Over 700 registered projects (21 AFOLU projects)
 - Registered AFOLU projects in Indonesia, Malaysia, India, Colombia, Guatemala, Belize, Peru, Brazil, Kenya, Uganda, Tanzania, Australia, Canada
- Volumes
 - Over 79 million VCUs issued (~4.6 million from AFOLU) from 720+ projects
 - AFOLU pooled buffer account holds over 1 million buffer credits

195 forest carbon projects ...



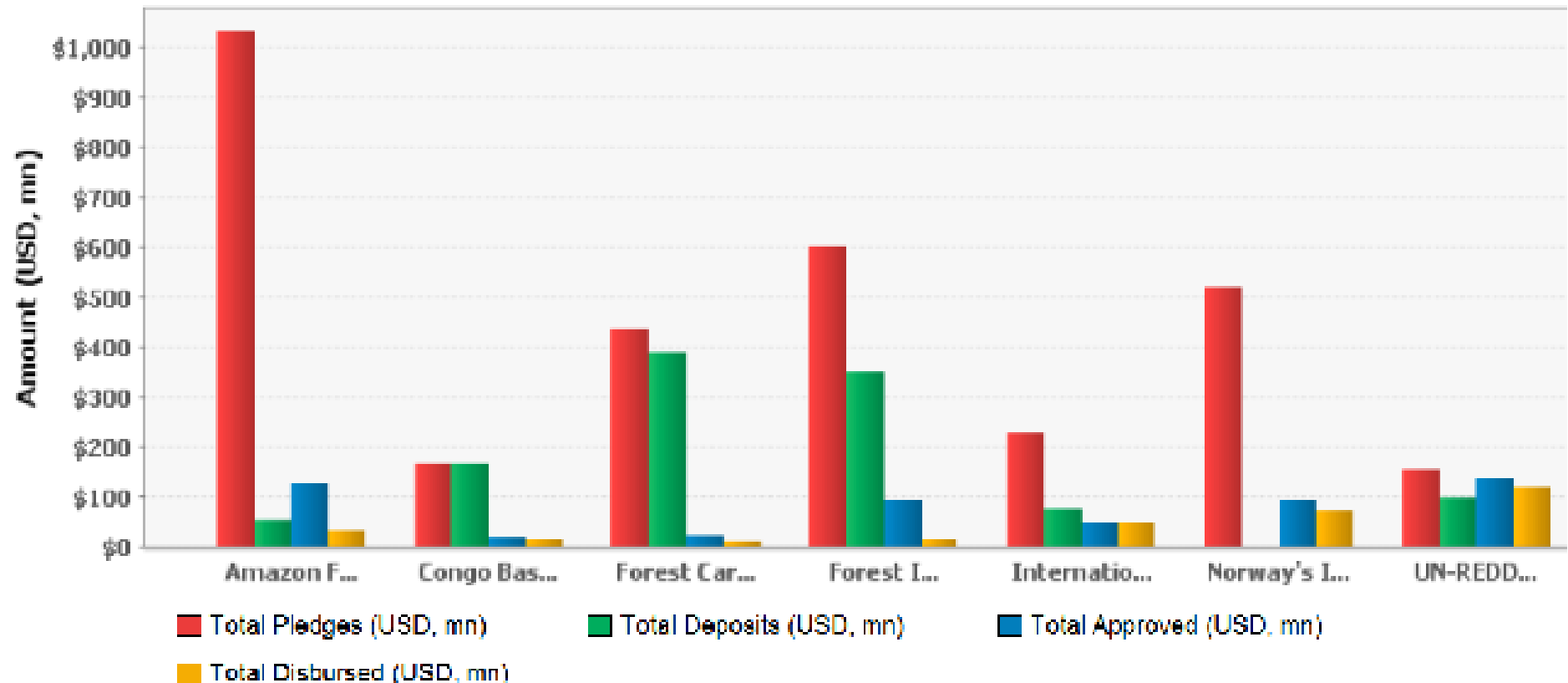
Jurisdictions need a common set of blueprints and shared best practice for fragmented markets



Source: CIFOR Global Database of REDD+

\$5 billion isn't enough....

REDD+ funds



Benefits of a Nested System

- Builds on project experience and provides pathway for recognition of 'early action'
- Increases scale:
 - ✓ Sub-national and national accounting ensures environmental integrity, full leakage accounting, ensures credits 'add up' across the entire jurisdiction
 - ✓ Increases emissions reduction potential
- Increases funding availability for REDD+ implementation:
 - ✓ Donor funding will NOT be sufficient
 - ✓ Nesting is likely more attractive to private sector

VCS Jurisdictional & Nested REDD Initiative

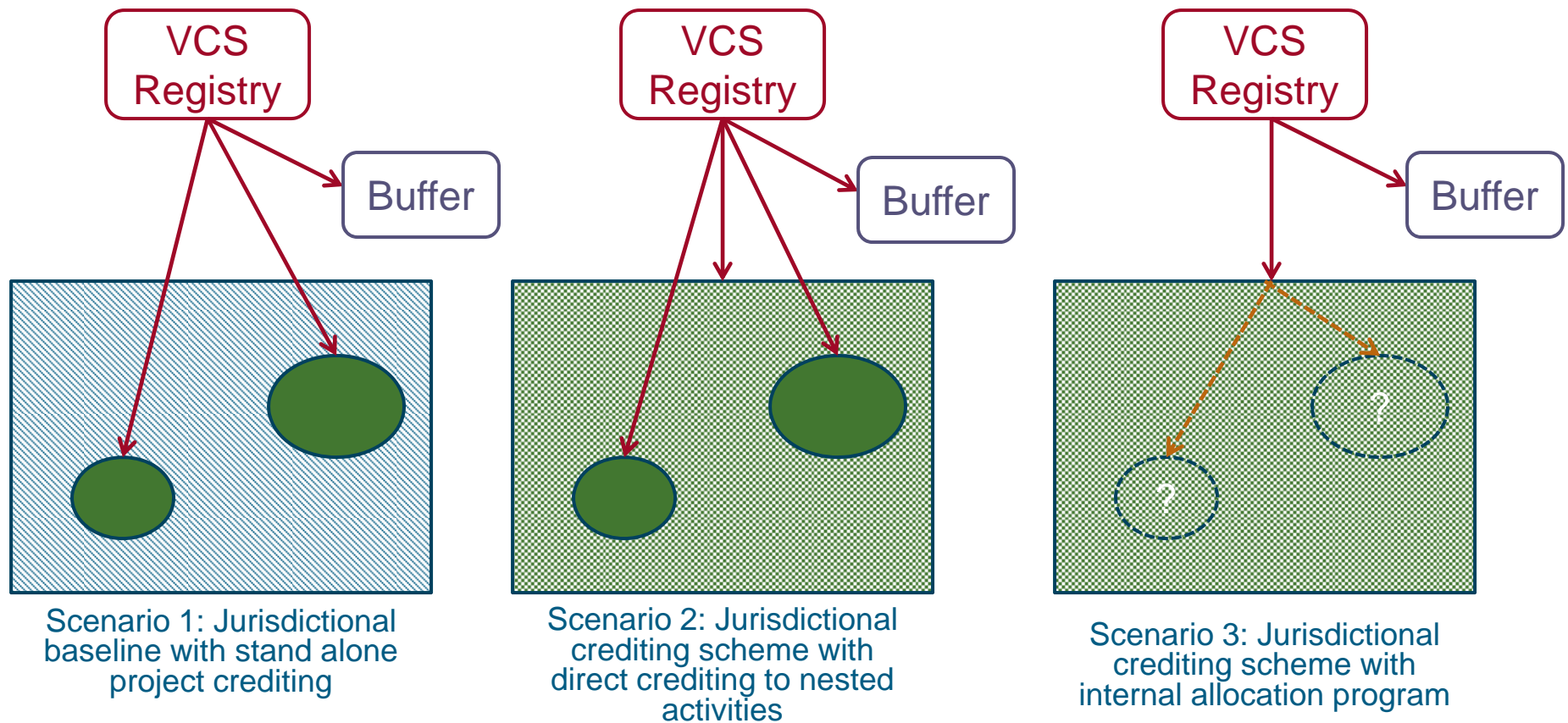
- Jurisdictional and Nested REDD Initiative
 - ✓ Developing guidance and criteria for jurisdictional REDD programs to enable crediting at multiple scales (project, state/province and national)
 - Create a pathway for projects to “nest” within larger scale jurisdictional programs (both sub-national and national)
 - Develop best practice nested accounting and crediting at jurisdictional scales
 - ✓ Frameworks may serve multiple markets (voluntary, bilateral, pre-compliance, potentially compliance)
 - Interest and participation from a number of countries and donors seeking to set up jurisdictional and/or nested project crediting schemes

Current thinking



- **Multiple accounting and crediting pathways to give flexibility**
 - ✓ Scenario 1: Project crediting only (with jurisdictional baseline)
 - ✓ Scenario 2: Jurisdictional and project crediting
 - ✓ Scenario 3: Jurisdictional crediting only
- **“Nesting” can occur at multiple scales**
 - ✓ Project within jurisdiction
 - ✓ Subnational jurisdiction within national jurisdiction

Simplified visual representation....

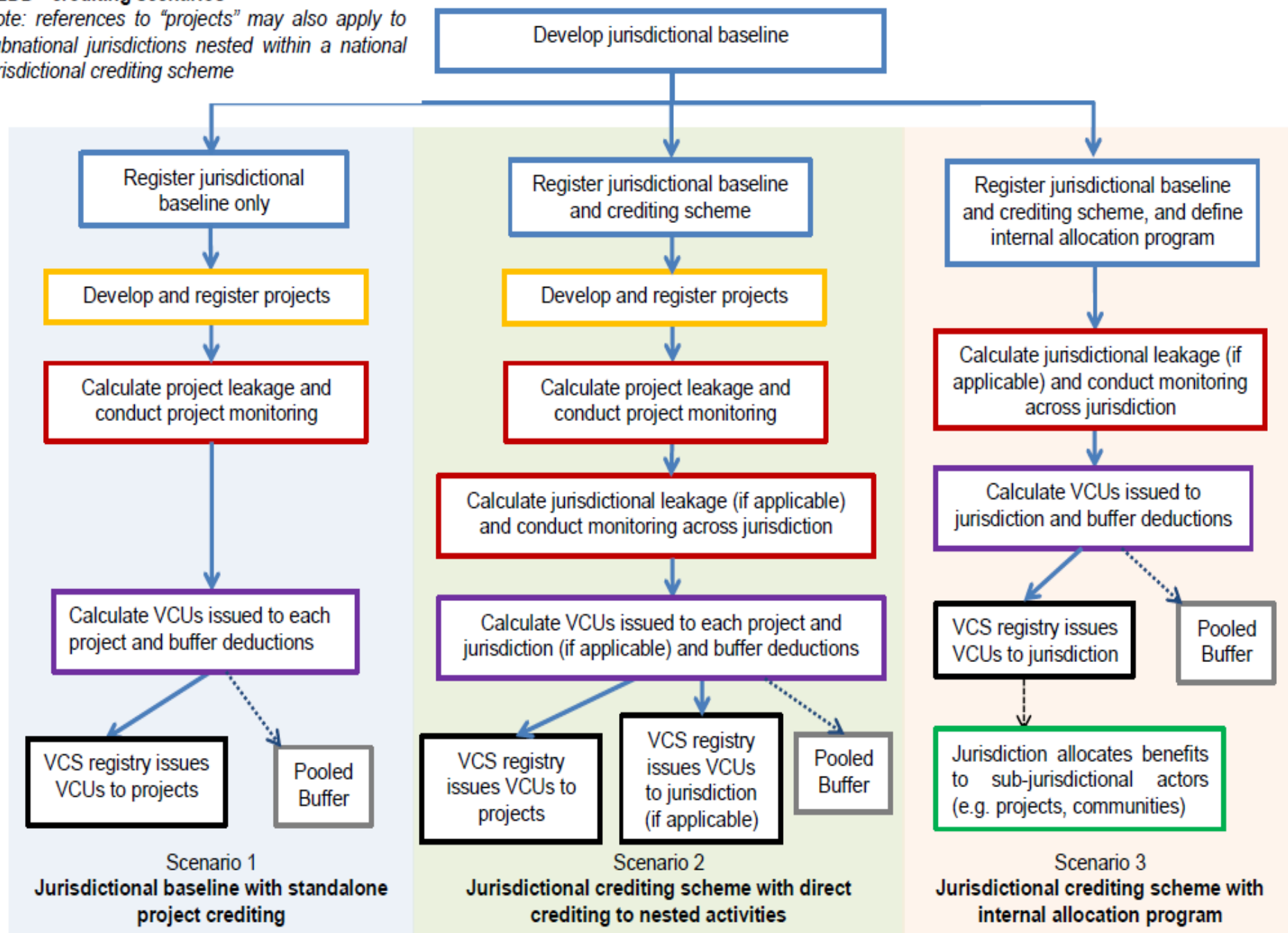


Note: Only 1 jurisdictional scale is shown. Grandfathering is not depicted



Figure 1: Overview of jurisdictional and nested REDD+ crediting scenarios

Note: references to “projects” may also apply to subnational jurisdictions nested within a national jurisdictional crediting scheme



Developing a nested system

- Requires addressing **technical issues** such as:
 - ✓ Defining boundaries
 - ✓ Developing and nesting baselines (inc. scope, pools, additionality, updating)
 - ✓ Grandfathering
 - ✓ Leakage
 - ✓ MRV
 - ✓ Crediting (inc. timing, distribution, double counting)
 - ✓ Reversals and force majeure (inc. crediting implications in nesting)
- Requires addressing **other issues** such as:
 - ✓ Legal issues
 - ✓ Safeguards
 - ✓ Approvals

JNRI expert committee participants...

- **Who is involved?**

- ✓ Advisory Committee (23)
 - ✓ Public sector leaders from emerging economies, international organizations, civil society and private sector
 - ✓ Some overlap with FCPF
- ✓ Technical Experts (14)
- ✓ Secretariat (3)
 - ✓ VCS, Climate Focus, Conservation International
- ✓ Peer review
- ✓ Public consultation
- ✓ Generously funded by Climate and Land Use Alliance (CLUA)

Process and Timeline

- ✓ Advisory and Technical Committees convened in Q1 2011
- ✓ Technical Recommendations released Oct 2011, peer and Advisory Committee review Oct-Nov 2011, currently under revision
- ✓ Draft guidance and requirements to be issued for public comment by end of 1st quarter of 2012
- ✓ Final release in mid-2012
- ✓ Phase Two: Pilots, 2012-

More information...

- ✓ For more information see www.v-c-s.org
- ✓ To increase transparency a number of documents are available online:
 - ✓ JNRI Fact Sheet
 - ✓ Background scoping document
 - ✓ Summary of Technical Recommendations
 - ✓ More to follow...



Fact Sheet: Jurisdictional & Nested REDD

In 2011, VCS is overseeing a groundbreaking Jurisdictional and Nested REDD Initiative to provide a pathway for scaling up REDD activities.

The initiative is convening policymakers, practitioners and technical experts from around the world to develop guidelines for creating robust accounting frameworks that will allow for crediting REDD projects, policies and programs across national and sub-national jurisdictions.

Consensus is growing in global climate policy circles that efforts to Reduce Emissions from Deforestation and Forest Degradation (REDD) will require robust accounting at the national scale. At the same time, a growing number of individual REDD projects are being implemented successfully across dozens of countries. These projects, many of which are being developed under the Verified Carbon Standard (VCS), are demonstrating viable approaches to reducing deforestation while engaging local actors and leveraging private capital.

As a result of these trends, more and more governments are seeking to integrate individual project activities into national and sub-national (eg, state or provincial) REDD accounting. Most are seeking accounting frameworks that will ensure environmental integrity and the incentives needed to attract private investment.

The Need: Environmental & Financial Integrity for REDD

Ultimately, individual REDD projects must be integrated into larger-scale accounting frameworks, both to ensure that emissions reductions "add-up" across jurisdictions and to ensure that carbon credits issued to projects are recognized by jurisdictional governments.

And yet currently there are no regulatory or institutional frameworks for accounting and crediting REDD activities at sub-national or national scales. If rules for such accounting frameworks can be developed, it will have significant potential to increase policymaker and investor confidence and engagement in

REDD. This in turn could drive more emissions reductions and establish powerful demonstration models for emerging regulatory and results-based frameworks.

The Goal: Integrated REDD Accounting and Crediting

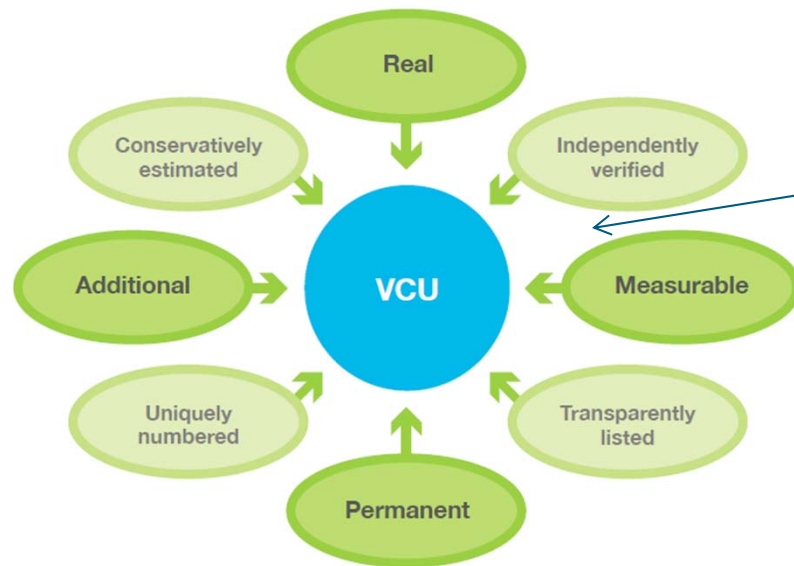
To address this need, VCS is advancing the Jurisdictional and Nested REDD Initiative (JNRI). This initiative is bringing together global experts and government representatives to formulate coherent guidelines and technical requirements for developing jurisdictional REDD accounting and crediting. Jurisdictions may be national, sub-national (eg, state or provincial) or regional.

The new guidelines and requirements, which are slated for release in early 2012, will establish the first available platform for crediting REDD reductions at multiple scales – national, sub-national and project – where projects are 'nested' and can be credited within broader jurisdictional accounting frameworks. Moreover, this new platform may be used by interested jurisdictions to develop actual REDD programs which could be credited under VCS for reductions achieved by jurisdictional policies and programs and by projects nested within the jurisdiction.

Ultimately, the initiative should help demonstrate the viability of nested frameworks for integrated REDD accounting and crediting

Verified Carbon Units (VCUs) and 'Tagging'

Core Elements



Additional Certifications Recognized by VCS



Summary

- ✓ Project activities are leading the way, producing real emissions reductions and establishing a market for REDD credits
- ✓ Nested Jurisdictional accounting for REDD+ may be the best way to ensure sufficient ongoing funding for REDD+ activities at multiple scales
- ✓ Fragmenting markets means there is a critical need to ensure fungibility and consistency across national and regional systems and markets

Thank you... Questions?

Naomi Swickard

AFOLU Manager

nswickard@v-c-s.org

VCS Association

1730 Rhode Island Avenue, NW

Suite 803

Washington, DC 20036

www.v-c-s.org

