



VCS Jurisdictional and Nested REDD+: Advancements and Opportunities

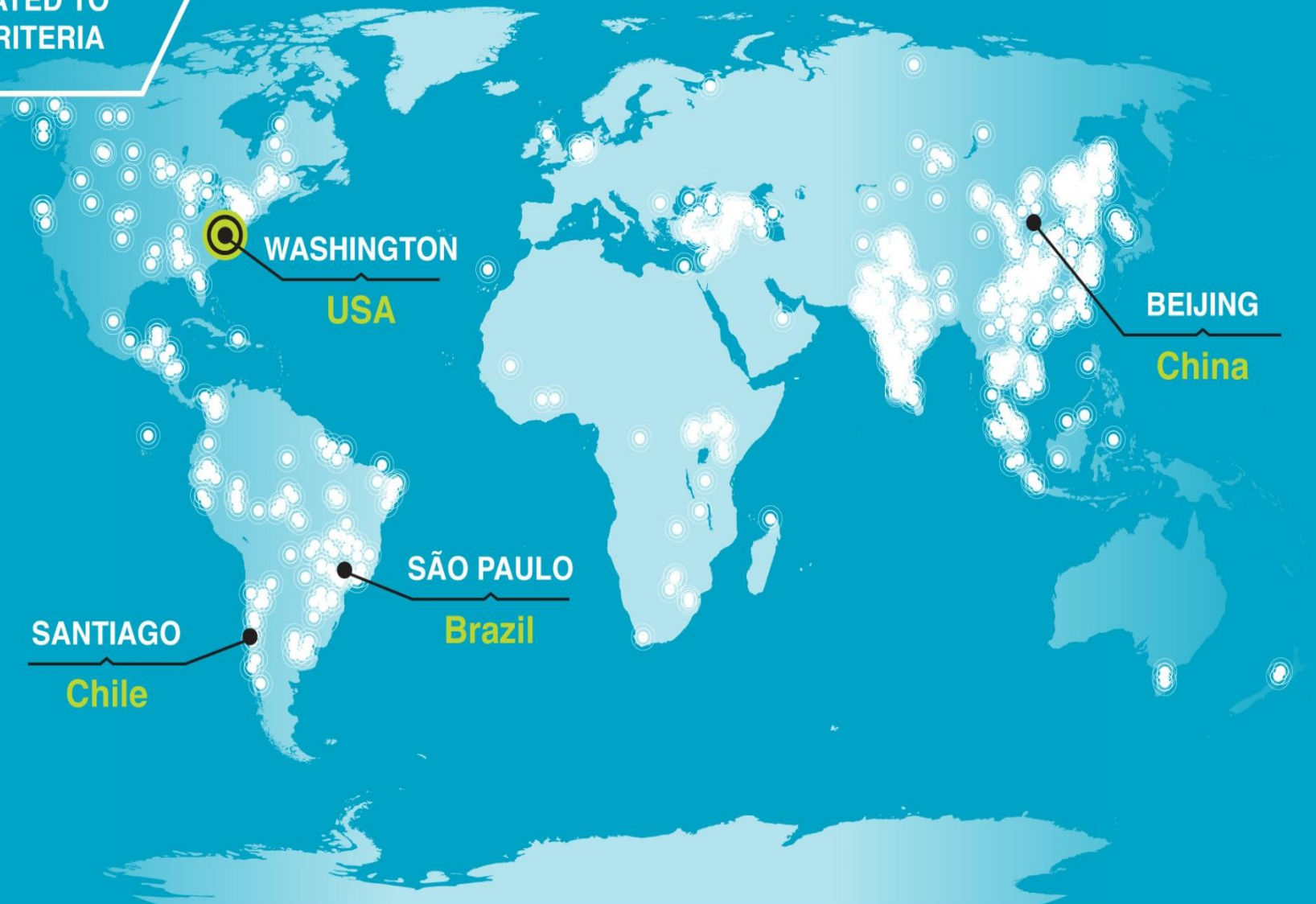
Overview

- 1) Introduction to VCS Program
- 2) Overview of Jurisdictional and Nested REDD+ (JNR) Standard
- 3) Advancements and Opportunities
- 4) VCS and JCM

1) VCS Program

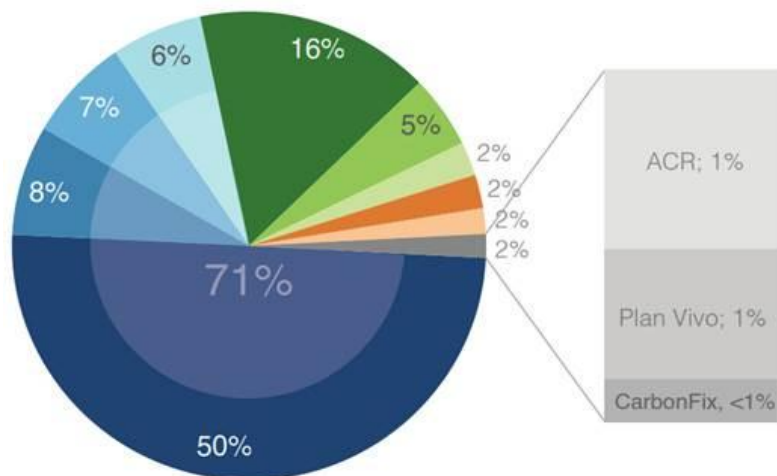
MORE THAN
1.000 PROJECTS
VALIDATED TO
VCS CRITERIA

VCS | VERIFIED
CARBON
STANDARD



From REDD+ projects to programs

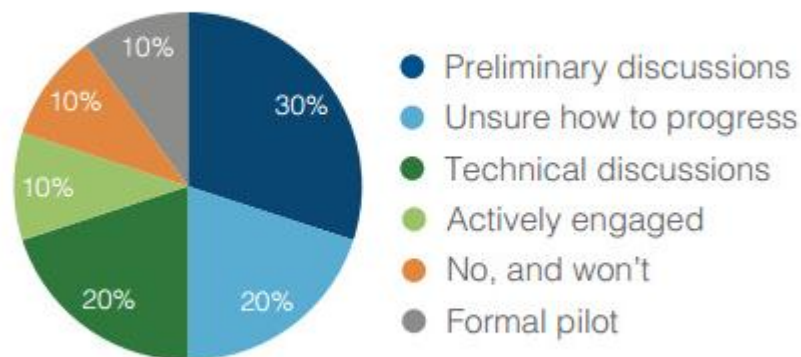
Figure 42: Market Share by Independent Standard, All Markets 2012, (% Share)



Notes: Based on 628 observations from 357 reported projects or secondary transactions.
Source: Forest Trends' Ecosystem Marketplace. *State of the Forest Carbon Markets 2013*.

- VCS {
 - VCS + CCB
 - VCS + FSC
 - VCS + Fair Trade
 - VCS only
- CCX
- CAR
- CDM
- ISO-14064
- Internal / Proprietary

Figure 28: Proportion of REDD Projects by Project Nesting Progress



Notes: Based on responses representing 45 projects, associated with 8.6 MtCO₂e of REDD offset transactions.

2) VCS Jurisdictional & Nested REDD+ Standard

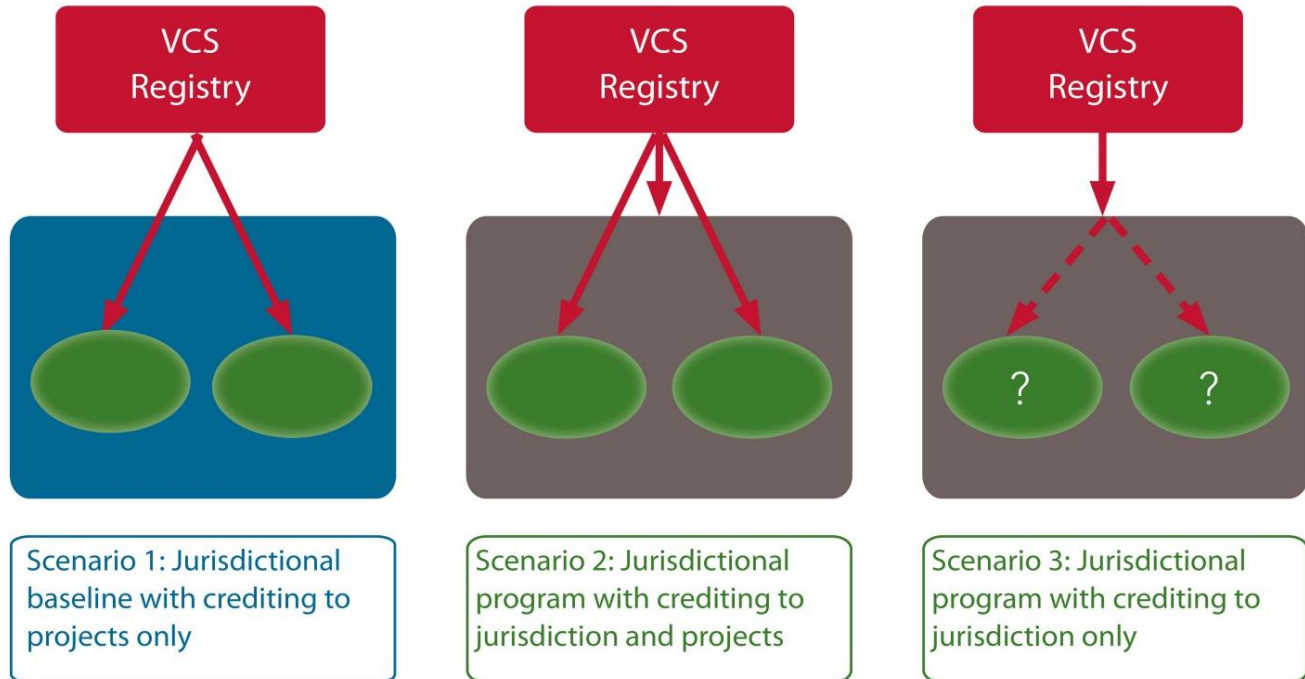
Developing the VCS JNR Standard

- Advisory Committee including government representatives from leading REDD+ jurisdictions established to guide two-year process of standards development
- Technical Expert group of leading REDD+ experts drafted technical recommendations and subsequently JNR Requirements
- JNR Requirements significantly revised based on peer review by additional jurisdictions, experts and public consultation
- Oct 2012: Release of final JNR Requirements
- Late 2013: JNR requirements updated to incorporate lessons from early application (eg, Acre), and released new tools and templates
- Generously funded by the Climate & Land Use Alliance (CLUA)

Jurisdictional & Nested REDD+ (JNR) Standard

- First global standard for accounting for emission reductions from national or subnational REDD+ programs (and nested projects)
- Establishes environmental integrity, full leakage accounting, and ensures emission reductions ‘add up’ across entire jurisdiction
- Aligns policies, programs and project activities
- Scales up emission reduction potential, and provides opportunity to harmonize and increase market and results-based public-funding streams
- Ensures fungibility of credits across sectors, geographies and scales – majority of international REDD+ projects are already using VCS

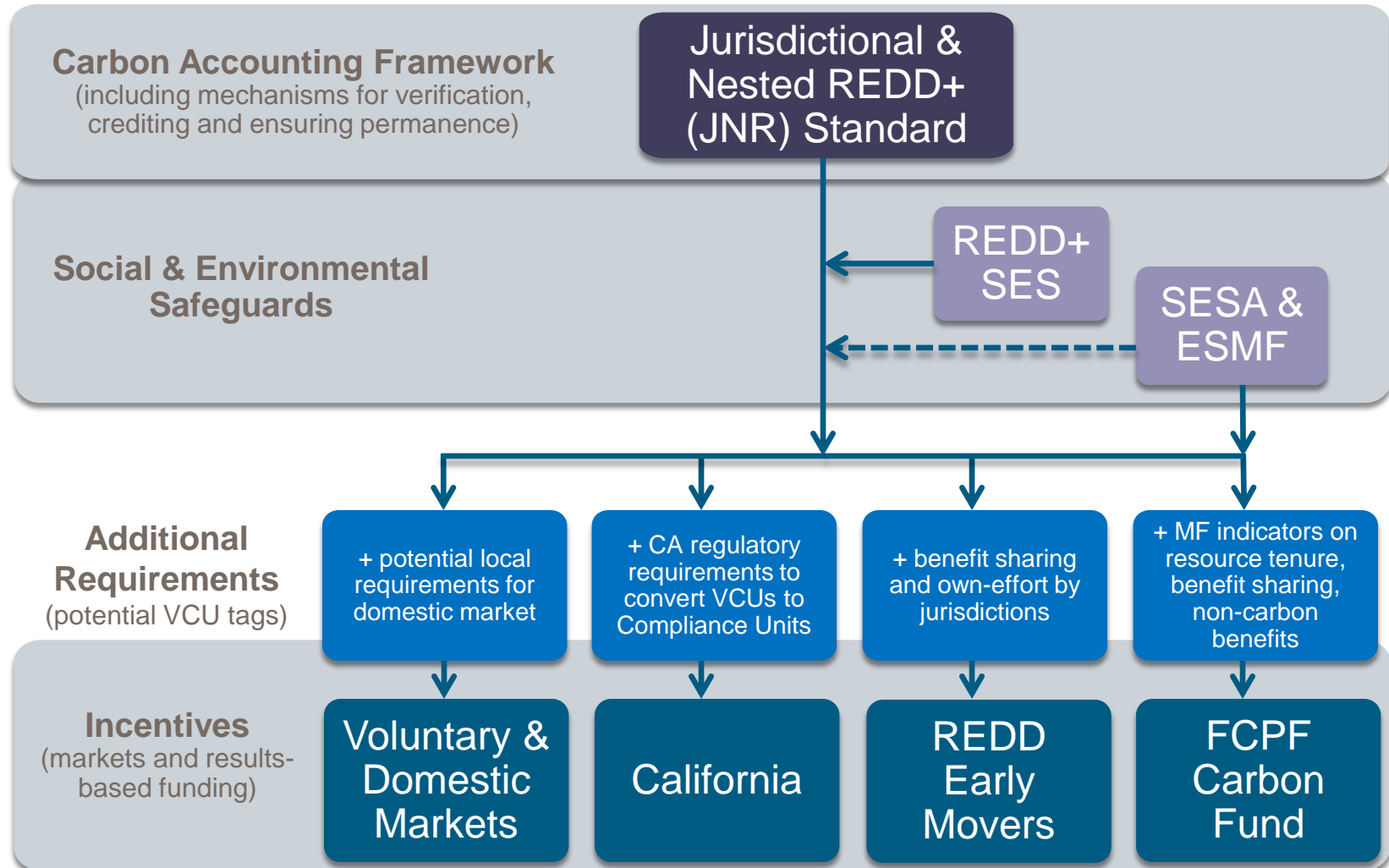
JNR Scenarios



Note: Only one jurisdictional level is shown, yet multiple levels may exist and receive VCUs simultaneously



JNR docks into multiple sources of finance



VCS Sustainable Landscapes Standard

- Opportunity for VCS to build on JNR (which is the only global framework supporting landscape carbon accounting) to:
 - Expand beyond forest sector to agriculture, ranching and renewable biofuels
 - Support comprehensive GHG accounting for emerging needs, including Initiative for Sustainable Forest Landscapes / BioCF, sectoral NAMAs etc
 - Increase efficiency and integrity of assessments by moving (from project/ farm) to landscape scale (eg, producer regions covering single or multiple global commodities)
 - Diversify beyond carbon/climate finance to support jurisdictions in advancing low emissions development strategies (LEDS) with new funding for: sustainable supply chains (corporate and govt commodity buyers); food security and green development (donors); and large-scale investment risk mitigation (financial institutions and development banks)

3) VCS JNR Advancements

- 1) JNR Implementation
- 2) New Tools and Templates

JNR Implementation

- Funding from Norad/NICFI (Norway) and GIZ (Germany) to pilot in Acre and Amazonas, Brazil; **Costa Rica** (national); DRC (subnational); Peru (subnational)
- Additional pilots in Chile (subnational), Guatemala (subnational) and **Laos** (subnational)
- Other governments interested in applying JNR: Ecuador, Ghana, Madagascar, Mato Grosso (Brazil)
- Early stage discussions with **Indonesia**, **Vietnam**, Mexico, Colombia, Ethiopia...
- Expect registration of baseline and REDD+ program, and in many cases, verification and issuance of credits

Pilot: Acre, Brazil



Pilot: Acre, Brazil

- Acre poised to become first jurisdiction-wide program to deliver compliance-grade REDD+ credits
- KfW agreed to performance-based payments totaling ~\$25 million USD through REDD Early Movers, with Acre using JNR Framework for carbon accounting
- Acre has an MOU with the State of California to provide a pathway for its early participation in California's cap-and-trade system
- VCSA signed agreements with Acre's Institute of Climate Change and Regulation of Environmental Services (IMC) and the Amazon Environmental Research Institute (IPAM) to outline and provide support to JNR pilot activities
- Acre's jurisdictional program is currently undergoing pre-validation under JNR Scenario 2, and seeking to issue VCUs in 2014

Pilot: Chile



Chile 'Typologies'



**Forest plantation of
Prosopis
(I –II Region)**

**Forestation of Atriplex (IV
Region)**

**Enhancement of
Mediterranean Forest
(IV a VI Region)**

**Exotic Forest
Plantations (V-IX
Region)**

**Enhancement of disturbed
native forest
(VIII-X Region)**

**Management of young trees
forests
RO-RA-CO / Canelo
(VIII-X Region)**

**Alerce conservation
(X Region)**

**Forestation at Patagonia
region
(XI-XII Region)**

QUESTIONS TO BE CONSIDERED IN DEFINING TYPOLOGIES FOR FOREST CARBON PROJECTS

Which are the expected CO₂ levels of capture for each type of project?

How is the capture going to be estimated and monitored after the implementation of the project?

Which are the edafoclimatic and forest (in terms of type) conditions for the project?

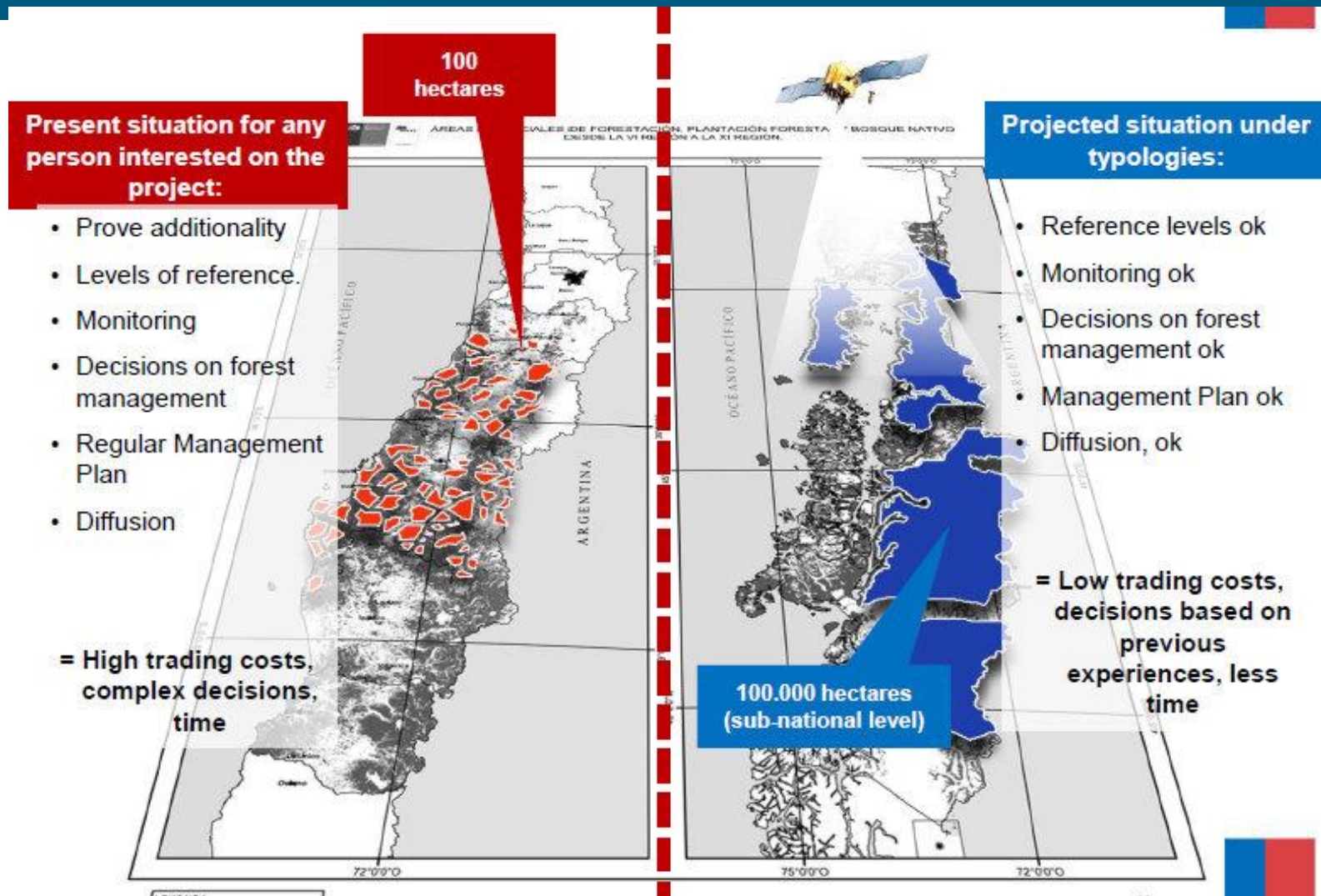
Which are the possible forest activities or technical dispositions to carry out?

Are each one of the project types really additional?

How is the permanence of the stock of carbon going to be solved?

Which are the social and environmental impacts that (intentional or unintentional) each type of project can cause?

Chile REDD+ Strategy



Pilot: Chile

- Chile developing two subnational JNR pilot programs to protect its subtropical forests against wide-scale degradation and incentivize A/R.
- VCSA has an MOU with Chile's National Forest Corporation (CONAF), to support Chile with the implementation of its Platform for the Generation and Commercialization of Carbon Credits from the Chilean Forestry Sector (PBCCh).
- Under PBCCh, Chile is developing 15 forest typologies and aims to harmonize Forest Management Plans for each typology with VCS rules and requirements.
- Currently advancing with developing "Jurisdictional Program Descriptions" (JPDs) for two subnational jurisdictions under Scenario 2.
- Expected demand: Donors, emerging domestic voluntary market, international voluntary market

Pilot: Chile

- JNR programs will account for jurisdiction-wide emission reductions/removals, and ensure nested activities ‘add up’ across scales (project, subnational, national)
- Nested project activities may be ‘grouped’ to ensure efficient and consistent application
- CCBA/CARE REDD+ SES being explored to demonstrate safeguards and multiple benefits
- Expected demand: Donors, emerging domestic voluntary market, international voluntary market

New Tools and Templates

- Published this week
 - JNR Leakage Tool
- Published in late 2013
 - JNR Non-Permanence Risk Tool
 - Updates to JNR Requirements (lessons learned)
 - JNR Validation and Verification Process
 - JNR Registration and Issuance Process
 - JNR Program Description (JPD)/ JNR Baseline Description (JBD)
 - Additional templates and forms

JNR Leakage Tool

- Tool for estimating jurisdictional leakage (jurisdictions can also develop their own approaches)
- Applicability
 - Subnational jurisdictional programs
 - Used to estimate leakage from deforestation and degradation activities
- Framework
 - Identify the principle agents and drivers of deforestation/degradation
 - Identify potential for jurisdictional leakage and leakage mitigation strategies
 - Analyze leakage categories (Global commodities, domestic market and subsistence, deforestation to degradation)
 - Determine jurisdictional leakage deduction

JNR Non-Permanence Risk Tool

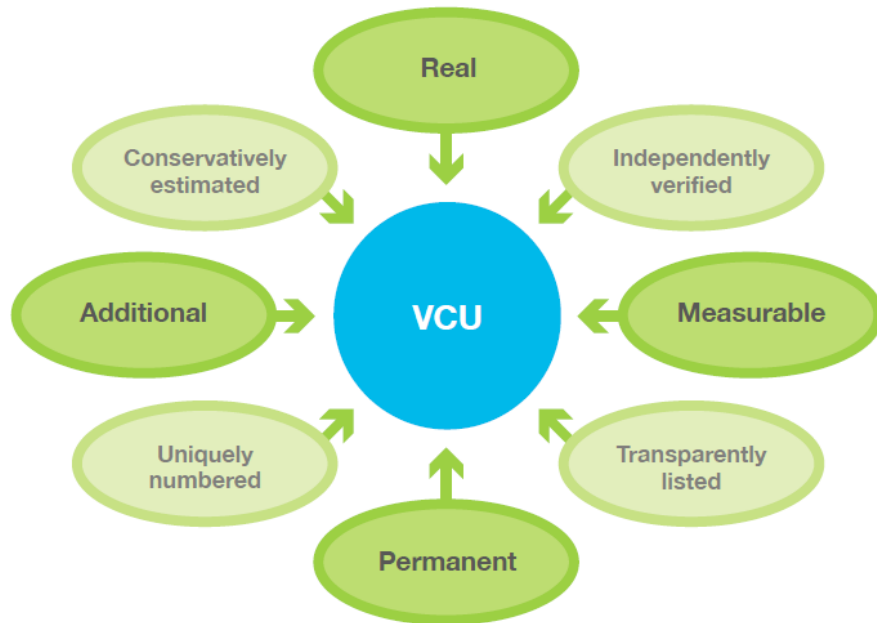
- Tool to estimate non-permanence risk to determine the buffer withholding
- Applicability
 - All jurisdictional programs
- Structure
 - Evaluate risk based on various risk categories which include: political and governance, program design and strategy, carbon rights and use of carbon revenue, financing risk and natural risk
 - Risk calculation can be reduced where risk mitigation strategies are implemented
 - Risk calculations for each category are summed to determine the final percentage of emission reductions/removals to be deposited in the jurisdictional pooled buffer account

3) VCS and JCM

- 1) Project-level Opportunities
- 2) Jurisdictional Opportunities

Tagging Verified Carbon Units (VCUs)

Core Elements

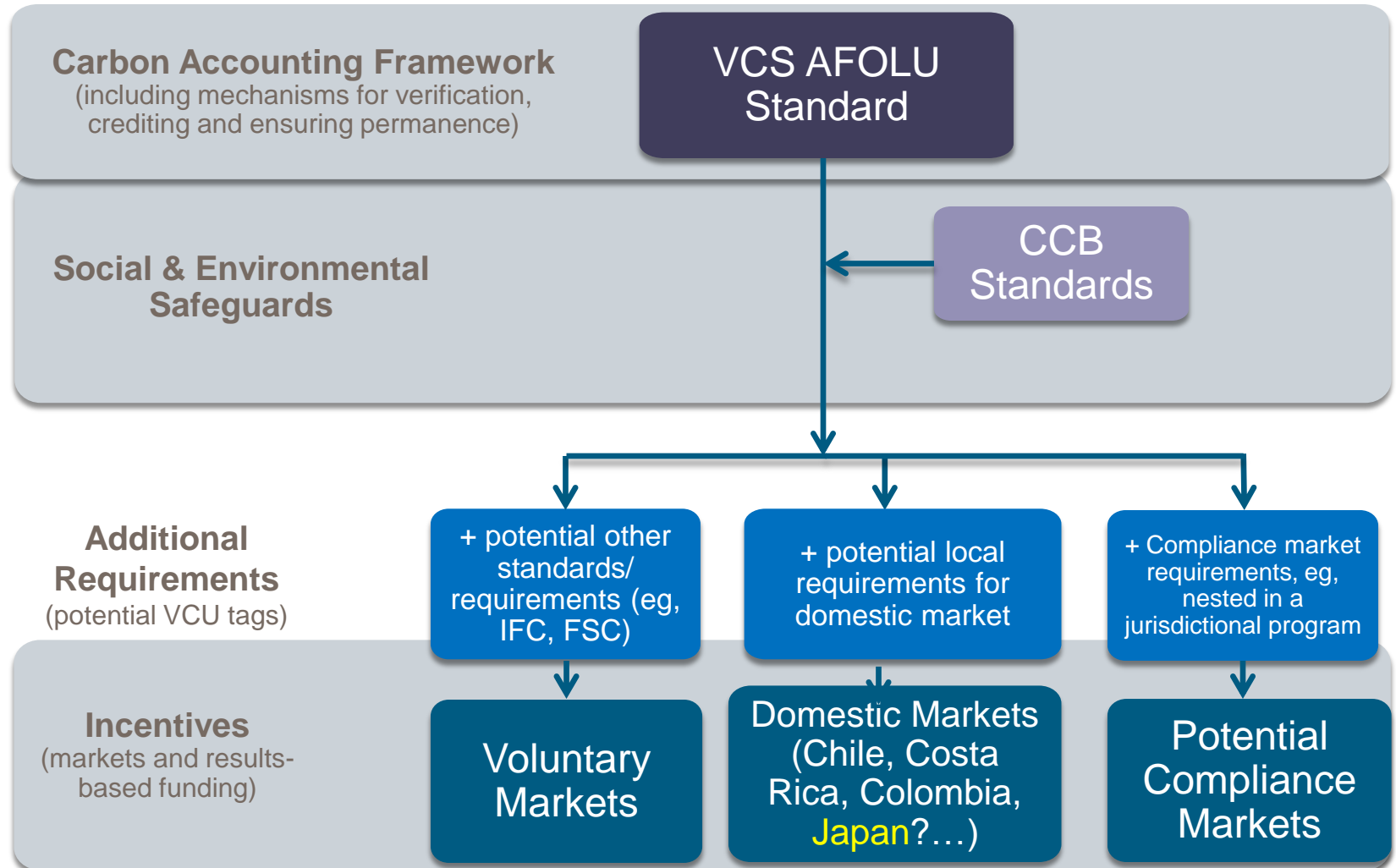


Additional Certifications

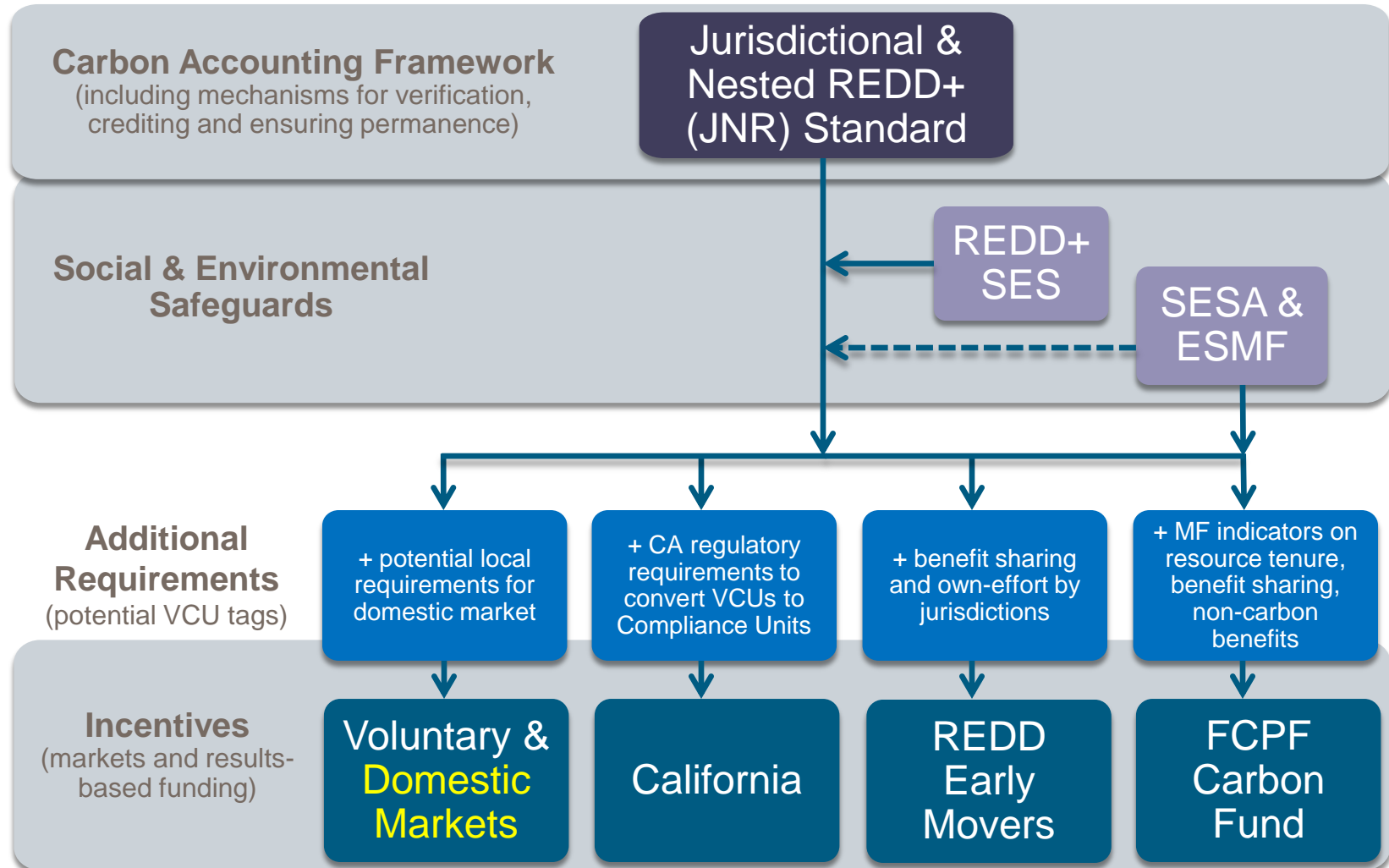


JCM?

Accessing multiple sources of project finance



JNR docks into multiple sources of finance



How to leverage existing standards

- Option 1: Allow countries to use third-party programs/ standards to meet the JCM requirements:
 - ✓ If meeting **AFOLU/JNR requirements** satisfies **JCM requirements** → no issue
 - ✓ If **JCM requirements** are **stricter than AFOLU/JNR requirements** → use 'tagging' to ensure both sets of requirements are met (and verified)
 - ✓ If **JCM and AFOLU/JNR requirements** are **different** → VCS to seek solutions with JCM

How to leverage existing standards

- Option 2: Provide JCM-specific standards ‘consistent with’ VCS:
 - ✓ Potential issues where requirements are different (eg, Tier 1 vs Tier 2, 3)
 - ✓ Where not all credits from a project or program will be purchased under JCM, potential inefficiencies for projects/programs to meet more than one standard
 - Potential for double counting or other accounting issues
 - Lack of clarity on permanence and buffer commitments and liabilities
 - May limit Japan’s supply and potential to source credits
 - Limits flexibility for projects and programs

More Information...

- [JNR webpage](#)
- [JNR fact sheet](#)
- [JNR Requirements](#)
- [JNR Leakage Tool](#)
- [JNR Non-Permanence Risk Tool](#)

Thank you!

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