ABOUT VERRA

Verra supports climate action and sustainable development through the development and management of standards, tools and programs that credibly, transparently and robustly assess environmental and social impacts, and drive funding for sustaining and scaling up these benefits. As a mission-driven, non-profit (NGO) organization, Verra works in any arena where we see a need for clear standards, a role for market-driven mechanisms and an opportunity to achieve environmental and social good.

Verra manages a number of global standards frameworks designed to drive finance towards activities that mitigate climate change and promote sustainable development, including the Verified Carbon Standard (VCS) Program and its Jurisdictional and Nested REDD+ framework (JNR), the Verra California Offset Project Registry (OPR), the Climate, Community & Biodiversity (CCB) Standards and the Sustainable Development Verified Impact Standard (SD VISta). Verra is also developing new standards frameworks, including the Landscape Standard, which will promote and measure sustainability outcomes across landscapes. Finally, Verra is one of the implementing partners of the Initiative for Climate Action Transparency (ICAT), which helps countries assess the impacts of their climate actions and supports greater transparency, effectiveness, trust and ambition in climate policies worldwide.

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1 INTRODUCTION

This document provides the VCS Program requirements for jurisdictional REDD+ programs and nested projects focused on Reduced Emissions from Deforestation and Degradation, Improved Forest Management and Afforestation, Reforestation and Revegetation (collectively referred to as REDD+).

The Jurisdictional and Nested REDD+ (JNR) Requirements provide rules for jurisdictional programs, and nesting of projects and lower level jurisdictions into jurisdictional programs and other national or subnational REDD+ accounting systems, including requirements for jurisdictional boundaries, crediting periods, eligible activities, GHG sources and carbon pools, reference level determination, allocation of reference levels, leakage calculations and GHG emission reductions and removals calculations.

The document is intended to assist governments, private entities, civil society organizations, local stakeholders and validation/verification bodies in developing and auditing jurisdictional programs that may or may not include nested projects.

In addition to the requirements set out in this document, jurisdictional programs and nested projects shall adhere to all applicable VCS Program requirements and rules set out in the VCS Program documents. In particular, readers are referred to the VCS Program Guide, the VCS Standard, the VCS Methodology Requirements and the Jurisdictional and Nested REDD+ (JNR) Non-Permanence Risk Tool. Such rules and requirements apply mutatis mutandis (e.g., where the VCS Standard uses the term “project proponent”, it may be appropriate to read this as “jurisdictional proponent”), unless otherwise noted in this document. Where this document references the VCS Methodology Requirements and it requires specific criteria or procedures to be set out in a methodology, such requirements should be read as requirements to be fulfilled in the jurisdictional program description. For example, where the VCS Methodology Requirements states, “The methodology shall establish criteria and procedures for monitoring, which shall cover the following…”, this shall be read as “The jurisdictional program description shall establish criteria and procedures for monitoring…”.

This document was The JNR Requirements were originally developed by the VCS Program Jurisdictional and Nested REDD+ Initiative (JNRI), overseen by an advisory committee and technical expert groups, comprising representatives from national and subnational governments, leading experts in REDD+ and representatives from NGOs and the private sector. These requirements were revised during 2020, after considerable public input and with oversight from the JNR Advisory Group.

1.1 VERSION

Where external documents are referenced, such as the IPCC 2006 Guidelines for National GHG Inventories, and such documents are updated periodically, the most recent version of the document shall be used.
Previous versions of the JNR Requirements may have included different rules and requirements than those set out in this version. Previous versions of the JNR Requirements and other VCS Program documents are archived and available on the Verra website.

This document will be updated from time-to-time and readers shall ensure that they are using the most current version of the document.
2 JURISDICTIONAL AND NESTED REDD+ PROGRAM SPECIFIC ISSUES

2.1 OVERVIEW OF JURISDICTIONAL AND NESTED REDD+ PROGRAM CYCLE AND CREDITING OPTIONS

The jurisdictional and nested REDD+ requirements can be applied to jurisdictional programs at different phases of development and implementation. Jurisdictional programs are expected to evolve over time following a step-wise approach. This process could start with the development and registration of a jurisdictional reference level to promote consistent carbon accounting at the project level, help reduce the transaction costs and promote environmental integrity across the aggregate of REDD+ projects being developed within the jurisdiction, and subsequently move to the establishment of a full-fledged jurisdictional program.

Additionally, jurisdictional programs may be developed and registered with other market-oriented standards programs - and allow VCS REDD+ projects to nest under the associated reference level -.

Accordingly, the JNR Requirements can be applied to the following options (which might reflect phases of development) for REDD+ jurisdictional accounting:

1) Jurisdictional Program: A jurisdictional program includes all elements needed for jurisdictional accounting, and includes, at a minimum, a jurisdictional strategy or plan to develop REDD+ activities, a jurisdictional reference level, a jurisdictional measuring and reporting system, and a safeguards information system. When the established jurisdictional program integrates the GHG estimation and accounting across the boundaries of the jurisdiction, including REDD+ project areas and any existing lower-level (e.g. subnational) jurisdictional programs in a consistent manner, lower-level jurisdictional programs and projects are considered “nested”.

Crediting may happen exclusively at the jurisdictional level - (described as Scenario 3 under previous versions of the JNR Requirements) or to both the jurisdictional program and nested REDD+ projects and/or sub-national jurisdictional programs (described as Scenario 2 under previous versions of the JNR Requirements).

For example, a jurisdictional proponent that is a national government may decide that VCU’s shall be issued to its national program only, or to allow for crediting to nested sub-national (e.g. provincial, state or municipal) programs and/or to projects. The selection of one of these “crediting pathways” is a sovereign decision of the jurisdictional proponent, which should take into account their circumstances, capacities and interests.
2) **Jurisdictional Reference Level (only):** A jurisdictional reference level enables REDD+ project nesting (described as Scenario 1 under previous versions of the JNR Requirements). The jurisdictional reference level is allocated to lower-level jurisdictional programs and REDD+ projects located within its geographic boundaries to be used as their baselines. Lower-level jurisdictional programs and projects in this situation are referred to as “having nested baselines”.

Projects nesting into a jurisdictional reference level must follow all project-level requirements as set out in the VCS Standard and the applied methodology, except where the requirements in this document take precedence.

Crediting may only occur to nested projects (or lower-level jurisdictional programs).

[Verra will add a diagram to provide a visual overview of the different phases of jurisdictional programs and crediting approaches in the final version of this document.]

Jurisdictional proponents developing and registering a jurisdictional program shall follow the complete requirements set out in Section 3 and Section 5. Jurisdictional proponents developing a jurisdictional program that allows for projects or lower-level jurisdictions nesting, shall additionally follow the nesting requirements set out in Section 4.

Jurisdictional proponents developing and registering a reference level to be used for nesting shall follow the requirements set out in the following sections: 3.1, 3.2, 3.5, 3.9, 3.10, 3.11, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8 and 5.

REDD+ projects nesting into a jurisdictional program or jurisdictional reference level developed using these JNR Requirements, or into a jurisdictional program or reference level developed under another GHG program, shall follow all requirements set out in Section 4 and Section 5.

### 2.2 REDD+ NON-PERMANENCE RISK AND JURISDICTIONAL POOLED BUFFER ACCOUNT

2.2.1 *(Previously 2.1.1, first paragraph)* Non-permanence risk in jurisdictional REDD+ programs and nested projects is assessed through the use of a risk analysis, using the VCS Program document *AFOLU Non-Permanence Risk Tool*, for nested projects, and the *JNR Non-Permanence Risk Tool*, for jurisdictions. Each tool determines the number of credits to be deposited in the jurisdictional pooled buffer account.

2.2.2 *(Previously 2.1.1, second paragraph)* The jurisdictional pooled buffer account holds non-tradable buffer credits to cover the non-permanence risk associated with jurisdictional

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1 Where the requirements use the term “jurisdictional program description”, it may be appropriate to read this as “reference level description” and where the requirements use the term “jurisdictional program”, it may be appropriate to read this as “jurisdictional reference level for nesting”.

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programs and REDD+ projects nested into jurisdictional programs. It is a single account that holds the buffer credits for all jurisdictional programs and nested projects.

2.2.3 (Previously 2.2.1 – third paragraph) The full rules and procedures with respect to non-permanence risk are set out in Section 3.16 for jurisdictional programs and Section 4.13 for nested REDD+ projects and jurisdictional programs with nested REDD+ projects.

Note - Buffer credits from projects that are nested into a jurisdictional program or reference level developed under another GHG program shall contribute credits to the AFOLU pooled buffer account and follow the requirements set out in the VCS Standard.

2.2.4 (Previously 2.2.2) The jurisdictional pooled buffer account is subject to periodic reconciliation, as set out in the VCS Standard.

2.2.5 (Previously 2.2.3) Program and project non-permanence risk analyses and tools will be subject to periodic review by Verra, as set out in the VCS Standard.
3 JURISDICTIONAL REDD+ PROGRAM AND NESTED PROJECT REQUIREMENTS

This section sets out the rules and requirements for jurisdictional proponents to develop a jurisdictional REDD+ programs and jurisdictional reference levels under the VCS Program.

In order to complete the VCS Program certification process, jurisdictional programs must demonstrate how they meet all rules and requirements set out in this section. Compliance is assessed through the validation and verification processes, which are defined in Section 5. Once jurisdictional programs complete the validation and verification processes, they become eligible to request registration and VCU issuance. Note that the full process for requesting program and reference level project registration and VCU issuance is set out in the VCS Program document JNR Registration and Issuance Process.

3.1 GENERAL REQUIREMENTS

Concept

(New text) Establishing consistent and standardized rules and requirements is critical to ensuring the integrity of VCS jurisdictional programs. Accordingly, certain high-level requirements must be met by jurisdictions, as set out below.

Requirements

3.1.1 (Previously 3.1.1) As set out in the VCS Standard, default factors and standards used to ascertain GHG emission data and any supporting data for establishing the reference level and demonstrating additionality shall be publicly available from a recognized, credible source, such as IPCC 2006 Guidelines for National GHG Inventories or the IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry. See the VCS Standard and VCS Methodology Requirements for the full rules and requirements for the use of default factors and standards.

3.1.2 (Previously 3.1.2) Implementation of the jurisdictional REDD+ program and development of reference levels and any nested project shall not lead to the violation of any applicable law, regardless of whether or not the law is enforced.

3.1.3 (Previously 3.1.3) Where implementation partner(s) are acting in partnership with the project or jurisdictional proponent, the implementation partner(s) shall be identified in the jurisdictional program description or project description as appropriate. The implementation partner(s) shall identify its/their roles and responsibilities with respect to the program or project, including but
not limited to, implementation, management and monitoring of the program or project over the program or project crediting period.

3.2 JURISDICTIONAL PROGRAM DESCRIPTIONS

Concept

(New text) In order to complete the jurisdictional program validation process, jurisdictional proponents shall prepare a jurisdictional program description, which describes all elements of a jurisdictional program.

Requirements

3.2.1 (Previously 3.2.1) The jurisdictional REDD+ program and its context shall be described in the jurisdictional program description using the JNR Program Description Template. The jurisdictional proponent shall adhere to all instructional text within this template.

3.2.2 (Previously 3.2.2) All information in the jurisdictional program description, jurisdictional reference level description and any accompanying documents shall be presumed to be available for public review, though program sensitive information may be protected, as set out in the VCS Program document JNR Registration and Issuance Process. The validation/verification body shall check that any information designated by the jurisdictional proponent as program sensitive meets the VCS Program definition of program sensitive information. Information in the jurisdictional program description, jurisdictional reference level description and any accompanying documents related to the determination of the reference level scenario and monitoring of GHG emission reductions and removals shall not be considered to be program sensitive and shall be provided in the public versions of the documents.

3.3 PROGRAM AND PROJECT START DATE

Concept

(Previously included in 3.3.1) The program start date is specified by the jurisdictional proponent and is the date on or after which activities that lead to the generation of GHG emission reductions and/or removals are implemented.

Requirements

3.3.1 (Previously 3.3.1) The program start date shall not be prior to 1 January 2006\(^2\).

\(^2\) This date is immediately after the Montreal UNFCCC Conference of Parties, after which RED discussions began under the Subsidiary Body for Scientific and Technological Advice (SBSTA).
Note - Although jurisdictional programs may set their program start date as early as 1 January 2006, some markets (e.g., CORSIA) may only allow for credits generated by programs with later start (or first crediting period start) dates.

3.3.2 (Previously 3.3.1 - second paragraph) The program start date shall be justified based on the establishment of relevant GHG laws, policies or regulations that target GHG mitigation, and/or concrete implementation of GHG mitigation activities.

3.4 PROGRAM AND PROJECT CREDITING PERIOD

Concept

(New text) The program crediting period is the time period for which GHG emission reductions or removals generated by the jurisdictional program are eligible for issuance as VCU.

Requirements

3.4.1 (Previously 3.4.1) The project crediting period rules are set out in the VCS Program Standard.

The program crediting period shall be a maximum of 10-20 ten years, with a maximum of 30 years of crediting (e.g., 10 years twice renewable or 20 years with a 10 year renewal), which may be renewed at most twice.

Note - While the crediting period for jurisdictional REDD+ programs is at most 20 years, renewable up to a total of 30 years, permanence is addressed, in part, by assessing the capacity of the program design to protect the permanence of carbon stocks in the long term. An appropriate level of buffer withholding will be determined based on the VCS Program document JNR Non-Permanence Risk Tool, as set out in Section 3.16.

3.5 JURISDICTIONAL REDD+ PROGRAM AREA AND PROJECT LOCATION

Concept

(Previously included in 3.5.7) The spatial extent of the jurisdictional program shall be clearly specified to facilitate accurate monitoring, reporting and verification of GHG emission reductions and removals.

Requirements

3.5.1 (Previously 3.5.7) The geographic location of a jurisdictional program shall be specified in the jurisdictional program description in terms of its geographic area. The location description of the jurisdictional program shall include the following information:

1) Name of the jurisdictional program.
2) Maps of the jurisdictional program area.
3) Geodetic coordinates of the jurisdictional program area boundary, provided in the format specified in the VCS Standard.
3.5.2 *(Previously 3.5.6)* The lowest eligible jurisdictional level for a program geographically delimited by administrative units is the second administrative level below the national level.

3.5.3 *(Previously included in 3.5.4)* Where the precise boundary of an administrative unit is unclear, the national government’s jurisdictional approval authority shall provide written approval of the boundary as set out in Section 5.1.

3.5.4 *(Previously 3.5.5)* Multiple administrative subdivisions, such as several municipalities, may form one jurisdiction for the purposes of a jurisdictional REDD+ program, provided the administrative units are adjacent to each other.

3.5.5 *(Previously 3.5.8)* The geographic boundary of a jurisdictional program may only be changed after validation under the following conditions:

1) A border dispute that affected the boundary when the jurisdictional reference level was initially set has been resolved. Adjustments to the geographic boundary due the resolution of such conflicts may be made at any time.

2) A new border dispute that affects the boundary has arisen since the boundary was initially set. Adjustments to the geographic boundary due to such conflicts may be made at any time.

3.5.6 *(Previously part of 3.5.8 - 4)* Where the geographic boundary of a jurisdictional program is changed the following applies:

1) All changed areas shall be noted in the monitoring report.

2) The new geographic boundary shall be validated at the time of the next verification.

3) Updated geodetic coordinates of the jurisdictional program boundaries shall be submitted to the VCS Program registry administrator prior to the issuance of any further VCU.

### Subnational Jurisdictional Program Boundaries

3.5.7 *(Previously 3.5.1)* A national jurisdictional proponent may determine the boundaries of subnational jurisdictional programs and may submit such boundaries to the Verra registry as set out in Sections 3.2 and 5.1. All subsequent subnational jurisdictional program boundaries shall conform to the boundaries submitted by the national jurisdictional proponent. Such boundaries may follow existing administrative (i.e., politically defined) boundaries, or may be based on ecosystems (i.e., ecoregions) or other designations. The determination of subnational boundaries shall be precise and shall not result in overlapping subnational jurisdictional programs.

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3 No minimum size of a jurisdiction is imposed because (i) this may be difficult to set and apply to smaller countries and, (ii) the complexity of jurisdictional crediting and approval requirements will likely lead to a de facto minimal size.

4 For example, in Brazil this would be a municipality (i.e., one administrative unit below the state) or, in Indonesia, a regency (i.e., one administrative level below the province).
3.5.8 (Previously 3.5.2) Where a national government has not submitted subnational jurisdictional program boundaries, subnational jurisdictional proponents shall follow existing administrative boundaries rather than developing new boundaries based on ecosystem or other forest type designations or shall obtain a no-objection letter from the national government accepting the subnational program boundaries identified.

3.5.9 (Previously 3.5.3) Where a subnational jurisdictional program is registered and the national government subsequently defines different boundaries for subnational jurisdictional programs (e.g., based on ecoregions), the subnational jurisdictional program shall be grandparented in accordance with Section 3.12.18, after which the subnational jurisdictional program shall be included in the newly defined jurisdictional program areas as set out by the national government.

3.5.10 A jurisdiction’s geographic areas shall not contain gaps (i.e., areas not accounted for), except under the following cases:

1) Where parts of the jurisdictional area are subject to exceptional conditions, such as where land is:
   a) Inaccessible and not at risk of being negatively impacted by potential leakage;
   b) Not under the jurisdiction’s control (e.g., due to civil unrest); or
   c) The political boundaries concerning the land are disputed.
   d) Disputed areas may be included if the parties subject to the dispute agree on a boundary for the purposes of the jurisdictional REDD+ program.

2) Where areas have been affected by certain large infrastructure projects or geologic or weather-related events, as set out Section 3.11.12.

Where the precise boundary of an administrative unit is unclear, the national government’s jurisdictional approval authority shall provide written approval of the boundary as set out in Section 4.1. Gaps can be removed or created when a jurisdictional reference level is renewed, and the jurisdictional proponent shall justify any new areas or areas that continue to be excluded at each reference level renewal. Where GHG credits have been issued from an area that is subsequently designated a gap, buffer credits shall be cancelled for the total amount of GHG credits issued from such area on the assumption that carbon has been lost. Note that while the jurisdictional area shall not include gaps except where described above, areas on which REDD+ activities are implemented, areas that shall be monitored and areas for which jurisdictions may be credited (based on where the jurisdiction has program ownership) may be smaller than the total jurisdictional area. Rules and requirements related to areas that shall be monitored are set out in Section 3.14 and program ownership in Section 3.6.1.
3.6 PROGRAM OWNERSHIP AND OTHER GHG PROGRAMS

[As set out in the Consultation Overview, requirements in this section will be further reviewed and updated after feedback from the consultation is received]

Concept

(New text) Jurisdictional proponents shall demonstrate that they have the legal right to control and operate program activities.

Requirements

3.6.1 (Previously 3.6.1) [To be updated after consultation] Documentary evidence shall be provided by the jurisdictional proponent establishing program ownership (see the VCS Program document Program Definitions for definition of program ownership), as set out in the VCS Standard. Such program ownership shall be demonstrated with respect to those areas for which the jurisdictional proponent intends to seek VCU issuance.

The physical boundaries of such areas where program ownership is established shall be specified in accordance with the requirements for project location in the VCS Standard. Such boundaries may be equal to or smaller than the boundary of the jurisdictional reference level. Where the jurisdictional proponent has program ownership for an area that is smaller than the boundary of the jurisdictional reference level, all other requirements (e.g., on monitoring) shall continue to apply to all areas included in the jurisdictional reference level.

3.7 (PREVIOUSLY 3.6) PARTICIPATION UNDER OTHER GHG PROGRAMS

[Verra is currently receiving comments for a Proposal for Scaling Voluntary Carbon Markets and Avoiding Double Counting Post 2020 due October 17th, as such a number of requirements in this section will be further reviewed and updated after feedback from the consultation is received]

Concept

(New text) Jurisdictional programs may be registered under both the VCS Program and another GHG program but cannot claim credits for the same GHG emission reduction or removal under the VCS Program and another GHG program.

Requirements

3.7.1 (Previously 3.6.4) [To be updated after consultation] Where jurisdictional REDD+ programs reduce GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading, evidence shall be provided that the GHG emission reductions and removals generated by the jurisdictional program have not and will not be otherwise counted or used under the trading program or mechanism. Acceptable forms of evidence are set out in the VCS Standard. Likewise, where jurisdictional programs have sought or received another form of GHG-related environmental credit, jurisdictional
proponents must follow the requirements set out in the VCS Standard with respect to reporting the details of such credits.

3.7.2 **(Previously 3.6.5) [To be updated after consultation]** Jurisdictional proponents shall not claim credit for the same GHG emission reduction or removal under the VCS Program and another GHG program. Jurisdictional REDD+ programs issuing GHG credits under both the VCS Program and another GHG program shall also comply with the rules and requirements set out in the VCS Program document *JNR Registration and Issuance Process*.

3.7.3 **(Previously 3.6.6) [To be updated after consultation]** Jurisdictional proponents shall deduct from their net GHG benefit (i.e., the total change in GHG emissions minus leakage) the non-permanence risk deduction and any GHG emission reductions and removals achieved or anticipated during the same period by or for other GHG programs or non-VCS Program (standalone) projects encompassing the same jurisdictional boundary (i.e., covering the same or overlapping area(s) and GHG carbon pools and GHG sources).

3.7.4 **(Previously 3.6.7) [To be updated after consultation]** Any GHG emission reductions and removals achieved or anticipated by non-forestry carbon projects (e.g., fuel efficient stove projects) that are associated with significantly reducing pressure on forests within the geographic boundary of the jurisdictional program shall be deducted from the total change in GHG emissions associated with avoided deforestation or degradation across the jurisdictional program area, to prevent double counting. This applies to non-forestry projects (e.g., fuel efficient stove projects) that generate GHG credits under the CDM, VCS Program or any other GHG program.

3.8 **(PREVIOUSLY 3.9) SOCIAL AND ENVIRONMENTAL SAFEGUARDS**

**Concept**

*(New Text)* Jurisdictional programs shall meet relevant safeguards and shall transparently communicate with stakeholders during the program development and implementation processes.

**Requirements**

3.8.1 **(Previously 3.7.2)** Jurisdictional programs shall comply with all UNFCCC decisions on safeguards for REDD+ and any relevant jurisdictional (national and subnational) REDD+ safeguards requirements, taking into account all national and subnational regulations related to safeguards and national or subnational interpretations of the UNFCCC decisions on safeguards for REDD+. The jurisdictional program (or baseline) description shall state how the program meets these requirements. Jurisdictional proponents shall also provide information in

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5 Jurisdictional proponents should refer to the most recent UNFCCC decisions. As of the publication of this document, the most relevant decisions include Decision 1/CP.16, appendix I, paragraph 1; Decision 1/CP.16, paragraph 69; Decision 2/CP.17, paragraph 63; Decision 1/CP.16, paragraph 71(d); Decision 9/CP.19, paragraph 3; Decision 9/CP.19, paragraph 3; Decision 12/CP.17, paragraph 2; Decision 12/CP.17, paragraph 3; Decision 2/CP.17, paragraph 64; Decision 9/CP.19, paragraph 4; and Decision 12/CP.19, paragraph 1.
the monitoring report with respect to how, during the design and implementation of the program, UNFCCC decisions on safeguards and any relevant jurisdictional (national and subnational) REDD+ safeguards requirements have been addressed and respected, met, and in particular how the safeguards have been addressed and respected. Jurisdictional proponents shall report any advances in the jurisdictional information systems created for providing information on how safeguards are addressed and respected, where available.

3.8.2 *(Previously 3.7.2 second paragraph)* Jurisdictional proponents shall ensure such information about addressing compliance with safeguards is made readily accessible to all relevant stakeholders throughout implementation of the jurisdictional REDD+ program. The nature of stakeholder consultations related to the design and implementation of the jurisdictional program, including who was consulted, the manner in which the consultations occurred (including input received and how this was considered) and the outcomes of the consultations, shall be included in the jurisdictional program description. The jurisdictional proponent shall demonstrate that the consultations were conducted in a language and a manner that allowed the effective participation of all stakeholders, with special attention to indigenous peoples and local communities. Additional standards such as the REDD+ Social & Environmental Standards (REDD+SES), Climate, Community & Biodiversity Standards (CCBS), policies of the Green Climate Fund (GCF), and Carbon Fund Methodological Framework of the FCPF and Forest Stewardship Council (FSC) certification may be used, where appropriate, to help provide such information.

3.8.3 *(Previously 3.7.3)* Jurisdictional proponents Jurisdictions following Scenario 2 or 3 shall develop a mechanism for receiving, screening, addressing, monitoring and reporting feedback on grievances and concerns submitted by affected stakeholders relating to the design, implementation and evaluation of the jurisdictional REDD+ program at the local, subnational and national levels. This mechanism shall include use of appropriate means of communication to enable all interested and/or stakeholders to participate. Principle 6.6 of the REDD+ Social & Environmental Safeguards (SES) may be used to guide development of grievance mechanisms.

3.8.4 *(New Text)* Jurisdictional proponents shall build equitable and transparent benefit-sharing systems. These systems shall consider land ownership rights and carbon rights and shall be developed through a participatory process in which stakeholder participation is justifiably representative and transparent, with a special emphasis on local and indigenous communities.

3.9 *(PREVIOUSLY 3.8)* ELIGIBLE ACTIVITIES

**Concept**

*(New text)* Jurisdictional proponents may decide which REDD+ activities as defined by the UNFCCC to include as part of their jurisdictional program.
Requirements

(Previously 3.8.1 - first paragraph) [VCS Program AFOLU categories was removed]

Jurisdictional REDD+ programs and nested projects may include the following VCS Program AFOLU categories:

1) Reduced Emissions from Deforestation and Degradation (REDD).
2) Improved Forest Management (IFM).
3) Afforestation, Reforestation and Revegetation (ARR).

3.9.1 (Previously 3.7.1) Jurisdictional REDD+ programs including crediting options, and jurisdictional reference levels shall be developed and documented in a transparent manner, and in consultation with relevant stakeholders. Relevant stakeholders include, inter alia, project proponents of existing AFOLU projects, private landowners, rural local and/or indigenous communities and indigenous peoples as well as relevant government agencies, private sector, academy representatives and NGOs. Principle 6 of the REDD+ Social & Environmental Safeguards (REDD+ SES); the Guidelines on Stakeholder Engagement in REDD+ Readiness of the Forest Carbon Partnership Facility and/or the UN-REDD Programme may be used to guide the stakeholder consultation process.

3.9.2 (Previously 3.8.1 second paragraph) For the purposes of jurisdictional and nested REDD+, the eligible categories are defined in terms of the UNFCCC REDD+ activities, as follows (see Appendix 2: Comparison of IPCC, UNFCCC and VCS Program Components of REDD+ for a full classification of activities):

1) REDD, including:
   a) Reduced emissions from deforestation (as set out in the VCS Program document VCS Methodology Requirements).
   b) Reduced emissions from degradation (including both REDD and IFM activities focused on avoided degradation, as set out in the VCS Program document VCS Methodology Requirements).

2) Carbon stock enhancement (e.g., ARR\(^6\), assisted natural regeneration and IFM Low-productive to High-productive Forest set out in the VCS Program document VCS Methodology Requirements).

Note - Activities and requirements for wetlands (including peatlands) are set out in Section 3.10.2, on carbon pools. Activities falling under the UNFCCC category of conservation of non-threatened carbon stocks are not eligible under the VCS Program.

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\(^6\) Revegetation activities are not considered part of REDD+ carbon stock enhancements because they do not occur in forests or lead to the establishment of a forest.
3.9.3 *(Previously 3.9.1)* Jurisdictions shall use activity-based accounting\(^7\) to develop their jurisdictional reference level\(^8\).

*Note - Activity-based accounting will not prevent a jurisdiction from accounting for its forests in accordance with IPCC categories of forest converted to non-forest, forest remaining forest, and conversion of non-forest to forest.*

*[References to land-based accounting throughout the document where removed, see the Consultation Overview document for more information.]*

3.9.4 *(previously 3.8.2)* Jurisdictional proponents shall determine which activities set out in Section 3.9.1 will be accounted for within their jurisdictional REDD+ program, noting the following:

1) GHG emissions from deforestation shall always be accounted for, regardless of which other activities are (or are not) included. Accounting for degradation and enhancements is optional.

2) Where jurisdictional proponents are required to account for degradation (due to their participation under other GHG programs or sources of demand (e.g., the Forest Carbon Partnership Facility (FCPF) Methodological Framework (MF))) but do not yet have the capacity or data to account based on IPCC Tier 2 or 3, degradation may be included and accounted for using IPCC Tier 1 methods. Where accounted for using Tier 1 methods, any increase in GHG emissions from degradation compared to the reference level shall be subtracted from the total emission reductions and removals achieved by the jurisdiction. However, any emission reductions and removals accounted for using Tier 1 shall be assumed to be zero in the final emission reductions and removals quantification (i.e., no credits shall be issued based on Tier 1 accounting).

3) Where deforestation is accounted for, but degradation is not, procedures shall be established to account for possible leakage from deforestation to degradation, in accordance with Section 3.13.9.

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\(^7\) The activity-based approach to emissions estimation consists of identifying specific activities occurring on the land that influence GHG fluxes and focusing on the intervention, allowing for differentiation between activities. See Iversen P., Lee D., and Rocha M. (2014). Understanding Land Use in the UNFCCC, Chapter 2.2.3. for more information.

\(^8\) Where requisite precision requirements set out in Section 3.14.11 can be achieved, jurisdictional programs where projects are not directly credited may use land-based accounting approaches. Under land-based accounting, changes within and between all land use categories shall be regularly monitored, using methods to ensure the consistent treatment of land areas over time. Land-based accounting may use sample plots, remote sensing techniques, modeling approaches, or some combination of these to produce an estimate of emissions and removals for the entire geographic area over the specified time period.
3.10 **[PREVIOUSLY 3.9]** SCOPE AND JURISDICTIONAL REDD+ PROGRAM BOUNDARY

**Concept**

*(New text)* The jurisdictional program boundary includes the GHG sources, sinks and carbon pools that are accounted for under a jurisdictional REDD+ program.

**Requirements**

3.10.1 *(Previously 3.9.2)* The relevant carbon pools for REDD+ activities are aboveground tree biomass (or aboveground woody biomass, including shrubs), aboveground non-tree biomass (aboveground non-woody biomass), belowground biomass, litter, dead wood, soil (including peat) and wood products. Jurisdictional proponents may determine which pools and sources will be accounted for. The choice of carbon pools and sources shall be conservative (i.e., pools that are at risk of decreasing, relative to the jurisdictional reference level, due to jurisdictional REDD+ program or project activities shall not be excluded, where deemed above de minimis in accordance with Section 3.10.3)

3.10.2 *(Previously 3.9.4)* Where a jurisdictional program contains forested wetlands, such as peatlands (or forested wetlands would be created by afforestation or reforestation activities and/or by changes in drainage), soil carbon shall be accounted for, at minimum, within such wetland areas, except where deemed de minimis or where it is conservative to exclude the pool, as set out in Section 3.10.3. Where peat is included in the jurisdictional REDD+ program boundary, the rules and requirements with respect to peatlands set out in the VCS Program document VCS Methodology Requirements are applicable for jurisdictional reference level setting and monitoring. Emission factors for wetlands shall be conservative and based on empirical data or other sources published in scientific peer-reviewed literature.

3.10.3 *(Previously 3.9.5)* All significant sources of GHG emissions related to the activities accounted for shall be included, except where a source is deemed de minimis or conservative to exclude. Excluded sources, including emissions from leakage that have not been accounted for (in accordance with Section 3.13.3), shall not collectively represent more than 10 percent of total emissions, and their exclusion shall be adequately justified.

3.10.4 *(Previously 3.9.6)* Specific carbon pools and GHG sources, including those that cause project, jurisdictional or leakage emissions, are deemed de minimis and do not have to be accounted for where together the omitted decreases in carbon stocks (in carbon pools) and increases in GHG emissions (from GHG sources) collectively amount to less than 10 percent of the total

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9 e.g., the IPCC 2013 Supplement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories: Wetlands
10 The VCS Program document VCS Methodology Requirements sets de minimis (insignificance) at 5 percent (i.e., individual emissions sources need not be accounted for where they represent less than 5 percent of total project emissions), and allows methodologies to determine how this is calculated. To allow more flexibility for jurisdictions, significance is defined as 10 percent rather than 5 percent for jurisdictional accounting. While 10 percent is consistent with IPCC guidelines for projects, the IPCC guidelines do not clearly state what significance is at a national level.
3.10.5 (Previously 3.9.7) Specific carbon pools and GHG sources do not have to be accounted for if their exclusion leads to conservative estimates of the total GHG emission reductions and removals generated. Such conservative exclusion may be determined by using tools from an approved GHG program, such as the CDM A/R methodological tool Procedure to determine when accounting of the soil organic carbon pool may be conservatively neglected in CDM A/R project activities, or based upon peer-reviewed literature.

3.11 (PREVIOUSLY 3.10) ADDITIONALITY AND ELIGIBILITY

Concept

(New text) To ensure carbon finance flows to activities that are additional to business as usual, it is critical for jurisdictional programs to demonstrate reductions against a credible reference level as well as implementation of specific strategies, policies and measures to reduce emissions and increase sequestration.

Requirements

3.11.1 (New text) Jurisdictional programs shall enact policies and measures to reduce GHG emissions or increase sequestration compared to the jurisdictional reference level deforestation, forest degradation and carbon stock enhancement (where relevant), including a REDD+ strategy or plan elaborated by the jurisdictional proponent.

3.11.2 (Previously 3.10.1) Additionality is factored into the jurisdictional reference level by taking account of all existing constraints and land areas where deforestation, forest degradation and carbon stock enhancement is feasible given the activities considered in the reference level, as set out in Section 3.12. The onus is on rigorous reference level determination to provide a conservative benchmark for measuring reductions in GHG emissions such that any emission reductions and removals relative to the reference level are considered additional. Relevant policies and measures commitments to reduce GHG emissions or increase sequestration that were enacted before the start of the crediting period shall be included in the reference level estimation, in accordance with Section 3.12. There are no further additionality requirements for jurisdictions.\(^{11}\)

\(^{11}\) Jurisdictional REDD+ programs differ from projects in that there are not specific activities that can be demonstrated to have occurred only due to climate finance. Jurisdictions following Scenarios 2 and 3 are responsible for all GHG emissions that occur within the jurisdictional boundary.
3.12 (PREVIOUSLY 3.11) JURISDICTIONAL BASELINE REFERENCE LEVEL

[As set out in the Consultation Overview, requirements in this section will be further updated after feedback from the consultation is received. Notes are included below to highlight particular sections where further updates are anticipated.]

Concept

(Previously 3.11.1) A jurisdictional reference level shall be established for the purpose of estimating baseline GHG emissions or removals.

Requirements

3.12.1 (Previously 3.11.2) The jurisdictional reference level shall be fixed for a period of 5 to 10 years as defined by the jurisdictional proponent in the jurisdictional program description or reference level description, and shall be updated according to such frequency. Additional rules and requirements with respect to updating jurisdictional reference levels are set out in Section 3.12.18.

3.12.2 (Previously 3.11.3) A jurisdictional reference level may be broken down into any of the broad activities set out in Section 3.9.1. Such reference level may also be further divided into specific (VCS Program) AFOLU activities (see Appendix 2: Comparison of IPCC, UNFCCC and VCS Program Components of REDD+ for a comparative breakdown of these different activities).

3.12.3 (Previously 3.11.3 – second paragraph) Activities may overlap spatially within a given jurisdictional reference level period where measures are in place to ensure that the emission reductions and/or removals achieved by one activity are not counted towards the emission reductions and/or removals achieved by another activity (i.e., that no double counting occurs).

Where broad UNFCCC REDD+ activities are divided into specific AFOLU activities, the following applies:

1) Deforestation activities (both planned and unplanned) shall be comprehensively accounted for (e.g., a jurisdictional proponent shall not select only large-scale commercial deforestation, as described in Section 3.11.13, or ignore such deforestation).

2) Degradation and carbon stock enhancement do not need to be comprehensive, and individual activities may be included. For example, within the category of degradation a jurisdictional proponent may elect to include timber harvesting but not fuelwood collection, or afforestation may be included but not the enhancement of stocks of existing forests.

3.12.4 (Previously 3.11.4) Jurisdictional proponents shall demonstrate how the development of the jurisdictional reference level has achieved, or is expected to achieve, consistency with the

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12 Dividing the reference level amongst further activities may provide jurisdictional proponents with flexibility and potential cost savings in carbon accounting.
National Forest Monitoring System (NFMS) to the extent possible. Where the forest definition (and other relevant definitions) are different from those used by the government in the national GHG and forest inventories, the jurisdictional proponent shall include a justification of the difference.

Historical GHG Emissions and Removals

[See Consultation Overview for more information on potential updates to this section.]

Activity-Based Accounting

3.12.5 (Previously 3.11.5) A historical level of GHG emissions across the historical reference period shall be calculated for each selected activity. Such historical level shall form the basis of the reference level projection as set out in Section 3.11.13.

3.12.6 (Previously 3.11.6) Historical rates for gross deforestation shall be determined using one of the following methods:

1) [To be updated after consultation] Remote sensing (RS) imagery following Section 3.12.8 below
2) [To be updated after consultation] Sampling methods

3.12.7 (Previously 3.11.6 second paragraph) [To be updated after consultation] Historical rates for all other activities may (optionally) use RS imagery. Examples of other data sources that may be used include surveys, relevant statistics and inventories. Historical activity data may be based on other data sources including social surveys, governmental and non-governmental records. Such data sources may be used where it can be demonstrated (e.g., through ground verification surveys) that they yield conservative activity rates.

3.12.8 (Previously 3.11.8) Where remote sensing imagery is used to estimate activity rates, the following applies:

1) The most recent point in time of the historical series shall be within two years of the start date of the (current) jurisdictional reference level period. The LULC map created from this most recent data point shall serve as the benchmark map, indicating which areas are forest and non-forest at the start of the jurisdictional reference level period.
2) Calculated rates of LULC change shall be gross rates (i.e., not including any reforestation or natural regeneration that may have subsequently occurred).

[This section will be updated to reflect the latest science and best practice. Please see the Consultation Overview for more details.]

3.12.9 (Previously 3.11.10) Activity data shall be converted to GHG emission levels using an emission/removal factor, noting the following:

1) Jurisdictions may reference the IPCC 2006 Guidelines for National GHG Inventories to establish procedures for quantifying GHG emissions/removals, in particular with
respect to the development of emission factors associated with the following carbon pools:

a) Litter.
b) Dead wood.
c) Soil.
d) Belowground biomass.

Emission factors for aboveground biomass shall be derived from direct measurement of sample plots in the field with quantifiable uncertainty.

2) [To be updated after consultation] Calculated GHG emission and removal factors shall meet the uncertainty requirements set out in Section [to be established, see Consultation Overview]. in the VCS Standard, mutatis mutandis. Locations of new field measurements used to calculate carbon stocks shall be selected without bias (i.e., plots shall be allocated using a statistically valid method). Allocation may be random or systematic and it shall be demonstrated that measurements are representative of all included areas. Existing inventory data may be used as long as it can be demonstrated that the data are accurate and representative of existing strata within the jurisdiction.

3) Field measurements used to calculate carbon stocks shall have been collected within 10 years prior to the start of the (current) jurisdictional reference level period.

[This section will be updated to reflect the latest science and best practice. Please see the Consultation Overview for more details.]

3.12.10 Default data (e.g., from IPCC or those established in the scientific literature) may be used for minor pools in the determination of GHG emission and removal factors, where minor pools are defined as pools representing less than 15 percent of the total carbon stock.

Baseline Reference Level GHG Emission Reductions and Removals

[This section will be updated after the consultation. Please see Section 2 of the Consultation Overview for more details.]

3.12.11 (Previously 3.11.12) Jurisdictional proponents shall develop a jurisdictional reference level for the current jurisdictional reference level period. The jurisdictional reference level shall be based on the historical annual average GHG emissions or removals over the period of 4 to 6 years ending within two years of the start of the current jurisdictional reference level period.

Note – Verra is currently exploring methodologically robust and credible options to establish jurisdictional reference levels with increasing trends where they are justified by national circumstances, such as in the case of high forest low deforestation countries and countries with legacy emissions (e.g. countries with cumulative emissions from peatland decomposition).

3.12.12 (New text) In Jurisdictions where the annual average of the estimated historical emissions would represent emissions above those that could be caused by the loss of the remaining forest lands under threat within the jurisdictional boundaries during the reference level period, a negative adjustment factor or a decreasing linear extrapolation of the historical
trend in emissions shall be used to construct the reference level so as to avoid an overestimation of emissions.

[Removed references the development of alternative reference levels (Previously 3.11.12)]

3.12.13 Where no reference level has been established under the UNFCCC for the purposes of crediting or compensation in a market-based mechanism, alternative jurisdictional reference levels shall be identified and developed based on the historical reference period, and may be adjusted as noted below. The jurisdictional proponent shall select the most plausible jurisdictional reference level scenario, or a scenario that is more conservative than the most plausible,\(^\text{13}\) and shall provide justification of the criteria and procedures used to determine the selected scenario. The following applies to the development of jurisdictional reference levels:

3.12.14 Jurisdictional proponents shall, at a minimum, develop two alternative jurisdictional reference levels for the current jurisdictional reference level period based on the historical annual average GHG emissions or removals over the period of 4 to 6 years ending within two years of the start of the current jurisdictional reference level period following:

1. The historical annual average GHG emissions or removals over the period of 8 to 12 years ending within two years of the start of the current jurisdictional reference level period;

2. The historical trend of GHG emissions or removals (which may be increasing or decreasing) based on land use changes over at least the 10 years ending within two years of the start of the current jurisdictional reference level period;

3. For both historical annual average and historical trend reference levels,\(^\text{13}\); historic annual average and historical trend activity rates are sufficient for developing the deforestation component of an alternative reference level scenario (i.e., it is not necessary to calculate GHG emissions to select the jurisdictional reference level scenario).

4. Alternative reference level scenarios may include modeled adjustments to reflect national or subnational circumstances (i.e., reference level options may include alternatives beyond those required in Section 3.11.12(1) above). For example, deforestation projections may be based on changes in variables that influence deforestation such as GDP, access to forests, commodity prices, population growth or other variables for which credible projections are available. Such adjustments shall be justified, for example, by demonstrating that there is greater certainty in projection of the correlated independent variable than direct projection of deforestation; and/or, the trends in the independent variable precede trends in deforestation. Committed national (and subnational) policies and development plans can also be used to justify adjustments.\(^\text{14}\) For subnational jurisdictions, adjustments may be justified using data from analogous jurisdictions within the same country that historically

\(^{13}\) For example, where a jurisdiction applying the FCPF MF is required to use the historical average, but an increasing trend is more plausible, the jurisdiction may elect to use the more conservative historical average to fulfill the MF requirement.

\(^{14}\) The 2011 Meridian Institute report “Guidelines for REDD+ Reference Levels: Principles and Recommendations.” may be used as guidance for appropriate adjustments.
have experienced drivers and agents of deforestation and/or degradation, landscape configuration, and socio-economic and cultural conditions similar to those facing the participating jurisdiction during the projected reference level period.

6) **Note** – Methodologies, including VCS Program methodologies, may be used by jurisdictions to guide jurisdictional reference level development, where appropriate.

Projection of the spatial location of deforestation activities across a jurisdictional reference level period (i.e., a geographical allocation of the total amount of deforestation within the jurisdiction), shall be addressed as follows:

The jurisdictional reference level shall take into account any relevant commitments by the jurisdictional government to reduce GHG emissions or enhance carbon stocks within the jurisdiction that are not intended to be financed via market mechanisms, including certain types of nationally determined contributions (NDCs) nationally appropriate mitigation actions (NAMAs) that are undertaken as a jurisdiction’s independent or supported commitment to reduce emissions, such that there is no double counting.

3.12.13 (Previously 3.11.12 - 5) In order to ensure that reference level emissions are not overestimated due to events that are unlikely to reoccur in the jurisdictional REDD+ program scenario (i.e., in the next 5 to 10 years), instances of forest loss in the historical reference period shall be excluded from the calculation and projection of the rate of deforestation and associated GHG emissions in the reference level where they represent either of the following:

1) Large infrastructure projects (i.e., more than 1,000 ha of forest loss from the footprint of the infrastructure itself, such as the flooding for a new dam or footprint of a new mine). Note that roads are not considered large infrastructure. This requirement is only relevant to infrastructure that is not part of a pattern that will likely be replicated in the future (i.e., it is unlikely to reoccur in the period in which the reference level is valid).

2) Large (i.e., more than 1,000 ha) forest loss due to geological (e.g., volcano or landslide) or weather-related (e.g., hurricane) impacts that have a return interval of greater than 10 years. Where areas of loss are not contiguous, it shall be demonstrated that all affected areas are associated with the same natural disturbance event.

3) Where excluded, the area associated with this historical loss shall be clearly identified and future removals from the area shall not be included in the jurisdiction’s accounting, until such time as the forest has recovered to a state similar to that which existed prior to the disturbance. Where recovered, the area may be included in the jurisdictional reference level when such reference level is updated.

3.12.14 (Previously 3.11.12 - 6) Significant future GHG emissions from large unavoidable infrastructure projects (e.g., from deforestation related to planned hydroelectric projects) may be included in the jurisdictional reference level under the following circumstances:
1) Committed forest loss is expected to exceed 1,000 ha;
2) The committed activity is included in official development plans and has received all
   approvals required for the activity to commence; and,
3) Either the activity causing the GHG emissions has already commenced (e.g.,
   construction is underway) or it can be demonstrated that at least 80 percent of
   required finances are in place.
4) The area associated with this future loss shall be clearly identified when the
   jurisdictional reference level is developed, and any future GHG emissions or removals
   associated with the area shall be accounted for.

3.12.17 3.12.15 (Previously 3.11.12 - 7) It is considered as good practice to separate large-
        scale commercial deforestation from all other deforestation (see the VCS Program document
        Program Definitions for the definition of large-scale commercial deforestation) where it
        collectively exceeds 10 percent of historical deforestation in the historical reference period.
        The rate of such large-scale commercial deforestation shall be based on historical analysis and
        shall be calculated separately from the rate of all other deforestation.

3.12.18 3.12.16 (Previously 3.11.12 - 8) [To be updated after consultation] Where carbon would
        have been lost in the reference level due to land use conversion or disturbance, GHG emissions
        from soil carbon, belowground biomass, wood products and dead wood carbon pools generally
        occur over a period of time following the event. It shall not be assumed that all GHG emissions
        from these carbon pools occur instantaneously or within a short period of time.

3.12.19 3.12.17 (Previously 3.11.12 - 9) [To be updated after consultation] Jurisdictional
        proponents shall use appropriate methods to reliably establish the pattern of carbon loss over
        time using empirical evidence, such as studies that use primary data or locally calibrated
        models, or shall apply an appropriate decay model (such as a linear or exponential decay
        function) that is scientifically sound, based on empirical evidence and not likely to overestimate
        early carbon losses. Jurisdictional proponents may use an approach based on the optional
        default decay rates in the VCS Program document VCS Methodology Requirements.

[Removed references related to using a UNFCCC or another GHG program reference level for domestic
or international compliance (Previously 3.11.13) – see the Consultation Overview for using a reference
level developed under other program for nesting.]

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15 The rationale for the rules and requirements separating out large-scale commercial deforestation reference levels where
crediting occurs directly to projects (i.e., in Scenario 1 and suggesting it as best practice in Scenario 2) is that such deforestation
may bias spatial reference levels and subsequent project level carbon accounting for all other types of deforestation. This is
because future large-scale commercial deforestation activities are typically less constrained by location than other
deforestation activities, and it is difficult to project with accuracy when a particular area would be deforested for large-scale
commercial purposes. Projecting the location of such deforestation would mean choosing in advance which landowners are
eligible for crediting, taking away the right and incentive of some landowners to be rewarded for choosing not to convert their
lands. This issue is not relevant where only the jurisdictional proponent is credited (., Scenario 3), since the total number of
credits claimed by the jurisdictional proponent will not be influenced. Large-scale commercial deforestation has been defined
to ensure that separating out such areas should be simple (and low cost) to undertake, based on historical remote sensing
imagery.
Where a reference level has been established under the UNFCCC or another GHG program for domestic or international compliance, the following applies:

1) Where the reference level (or reference level) has been accepted and approved under the UNFCCC for the purposes of generating GHG emission reductions for market-based mechanisms, such reference level may be used for the jurisdictional REDD+ program. Where the reference level has been established under another VCS Program GHG program, or has been submitted but not accepted and approved for market-based mechanisms under the UNFCCC, the (non-VCS Program) jurisdictional reference level shall be compared against the jurisdictional reference level determined using the steps set out in Section 3.11.12. The more conservative of the compared reference levels shall be adopted as the (VCS Program) jurisdictional reference level.

2) Where the jurisdictional reference level (or reference level) to be used under the VCS Program was established under the UNFCCC or another GHG program the following applies:
   a) The (VCS Program) jurisdictional reference level shall be valid for the same period of time as the reference level, reference emission level or reference level under the UNFCCC or the other GHG program.
   b) Any data used to separate such (VCS Program) jurisdictional reference level into lower-level reference levels (i.e., into subnational jurisdictional reference levels or project reference levels) shall be consistent with data used to develop the UNFCCC or the other GHG program reference level. All activities included in the UNFCCC or the other GHG program jurisdictional reference level shall be included in the (VCS Program) jurisdictional reference level.
   c) Where jurisdictional proponents choose to include additional activities that are not included under such (non-VCS Program) reference level, a separate jurisdictional reference level for the additional activities may be developed. In addition, jurisdictional proponents may further divide the jurisdictional reference level into activities identified in Section 3.8.1, where the sum of the reference levels for each of the activities remains equal to the UNFCCC or the other GHG program reference level.
   d) Where a UNFCCC or other GHG program jurisdictional reference level was established, the (VCS Program) jurisdictional reference level shall use the activity rates and emission factors that were the basis for such reference level.

Nesting and Updating Jurisdictional Baselines Reference Levels

[This section may be updated after the consultation.]

Jurisdictional reference levels shall be updated and revalidated every 4 to 6 5 to 10 years, as determined by the jurisdictional proponent. This update frequency provides flexibility to align with political cycles and reporting under the UNFCCC, and it is considered good practice to update more frequently where deforestation
dynamics are more fluid. The following jurisdictional reference level components shall be updated:

1) The GHG emissions and removal factors that are more than 10-6 years old shall be updated, calculated in accordance with Section 3.11.13;

2) The activity rates shall be updated, noting the following:
   a) The activity rate for large-scale commercial deforestation shall be updated using procedures that are consistent with those used in the initial jurisdictional reference level development.
   b) Activity rates for all other deforestation shall be updated by adjusting the previous reference level to reflect any changes in variables that influence deforestation, such as GDP, access to forests, commodity prices or population growth. Such adjustment factors shall be based on empirical data available at the time the jurisdictional reference level is updated.
   c) The activity rate for all other activities shall be updated using procedures that are consistent with those used in the initial jurisdictional reference level development.

3) For any activity, the historical rate may be adjusted to add back in the GHG emissions reductions (or to subtract out the removals) achieved by the jurisdictional REDD+ program during current and previous reference level periods. Such adjustments may be made only where such emission reductions or removals are attributable to the jurisdictional program.

4) The spatial component (i.e., the specific location of reference level activity), where applicable, shall be updated taking into account any areas that were targeted for REDD+ activities in the previous jurisdictional reference level period, to prevent double counting of the same reduction on the same area.

Where an applicable reference level is approved under the UNFCCC after a VCS Program jurisdictional reference level has been registered, and where the VCS Program jurisdictional REDD+ program will continue, the VCS Program jurisdictional reference level shall be updated and harmonized with the UNFCCC reference level and revalidated within 18 months of the UNFCCC approval.

3.12.22
(Previously 3.11.18) The scope of the jurisdictional reference level may be broadened at any time (i.e., not only at the 4 to 6 to 10-year periodic update) to include either additional REDD+ activities set out in Section 3.9, GHG emission sources and/or carbon pools. Where such updates are undertaken separate from required periodic updates, only the additional pools or activities and associated emission factors, where necessary, may be updated. All other reference level elements (such as unrelated emission factors) shall be updated only as part of required periodic updates.

3.12.23
(Previously 3.11.19) Where the scope of the jurisdictional reference level has been expanded in advance of the required periodic update, the entire reference level shall be

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16 Allowing such adjustments is intended to remove the perverse incentive to delay early REDD+ action due to the risk that success would result in being penalized with a lower reference level in future program crediting periods.
updated at the subsequent periodic update (i.e., all activities shall be updated, not only those activities included in the scope of the original jurisdictional reference level).

3.12.24 3.12.21  (Previously 3.11.20) The scope of the jurisdictional reference level may be narrowed at the time of reference level update only where it can be demonstrated that the category, activity or carbon pool to be removed is (or has become) insignificant, or that it is conservative to exclude it and this will remain the case for the duration of the new jurisdictional reference level period.

3.13  (PREVIOUSLY 3.12) LEAKAGE

Concept

(New text) Leakage is the net change of anthropogenic GHG emissions that occurs outside the program boundary and is attributable to program activities.

Requirements

General

3.13.1 (Previously 3.12.1) All relevant leakage from the jurisdiction shall be quantified. The three types of leakage (activity shifting, market leakage and ecological leakage) described in the VCS Program document VCS Methodology Requirements shall be considered. In addition, jurisdictions shall quantify any leakage from deforestation to degradation in accordance with Section 3.13.9(3)(c)(iii) and any leakage to wetland areas in accordance with Sections 3.13.5 and 3.13.9(3)(d).

3.13.2 (Previously 3.12.2) Leakage occurring outside the host country (i.e., international leakage) does not need to be accounted for or deducted from a jurisdictional program country’s domestic GHG emission reductions and removals\(^\text{17}\), noting, however, the requirements with respect to international leakage set out in Section 3.13.7.

3.13.3 (Previously 3.12.3) Leakage that is deemed *de minimis* in accordance with Section 3.10.3 does not need to be included in GHG emissions accounting.

3.13.4 (Previously 3.12.3) GHG emissions from leakage may be determined either directly from monitoring, or indirectly when leakage is difficult to monitor directly but where scientific knowledge or research provides credible estimates of likely impacts. Jurisdictional proponents may apply the Jurisdictional and Nested REDD+ (JNR) Leakage Tool or may develop their own methods to account for such leakage.

\(^\text{17}\) This follows established precedent under the UNFCCC and the VCS Program, is practical, and avoids the political and technical challenges of assessing international leakage and determining attribution.
3.13.5 (Previously 3.12.4) Where a jurisdiction contains non-forested wetlands, including peatlands, the jurisdictional proponent shall identify the potential for leakage from forested wetlands to non-forested wetlands (e.g., where GHG emissions increase or removals decrease on non-forested wetlands). Such leakage risk shall be mitigated, and procedures shall be established to account for any such leakage in accordance with Section 3.13.9. Emission factors for wetlands shall be conservative and based on empirical data or other sources published in scientific peer-reviewed literature.

3.13.6 (Previously 3.12.5) Jurisdictions shall not account for positive leakage (i.e., where GHG emissions decrease or removals increase outside the project or jurisdictional REDD+ program area due to project or jurisdictional program activities, respectively), although such emission reductions and removals will be captured (and may be credited) in the broader accounting level in which they occur, assuming that the relevant level is registered under the VCS Program or another GHG program.

National Jurisdictional Programs (Scenarios 2 and 3)

3.13.7 (Previously 3.12.6) National jurisdictional programs following Scenario 2 or 3 shall identify potential sources of international leakage and mitigate leakage risk where practicable (within the country), following steps 1 and 2 set out in Section 3.13.9 on subnational leakage, but are not required to monitor and account for such leakage, as set out in Section 3.13.1.

Subnational Jurisdictional Programs (Scenarios 2 and 3)

3.13.8 (Previously 3.12.7) Subnational jurisdictional programs following Scenario 2 or 3 shall establish procedures to quantify all significant sources of leakage outside the jurisdictional boundaries.

3.13.9 (Previously 3.12.8) Where subnational jurisdictions may be credited directly, leakage outside a subnational jurisdictional program shall be addressed as follows:

1) Jurisdictional proponents shall identify the reference level drivers of deforestation or degradation and their potential for leakage.
2) Jurisdictional proponents shall develop and implement appropriate measures to avoid or reduce the risk of leakage where possible, taking into account the feasibility of such implementation within the jurisdictional boundaries, or where relevant, in neighboring jurisdictions.
3) Any residual leakage (i.e., after implementing mitigation measures) shall be accounted for as follows:
   a) Where leakage from one jurisdictional program may result in an increase in GHG emissions in another jurisdictional program within the same country registered under the VCS Program or another GHG program, each jurisdictional proponent shall be fully responsible for GHG emissions and reductions within its own jurisdictional program boundary, regardless of whether some emissions are the result of leakage from the other jurisdiction. Jurisdictional proponents are not required to monitor or account for any leakage in neighboring jurisdictions.
b) Where there is a national REDD+ program in place that includes countrywide leakage monitoring and a framework for determining and assigning leakage impacts, subnational jurisdictional programs shall use the leakage estimates attributed to them according to the national framework.

c) Where leakage from the jurisdictional program may result in an increase in GHG emissions in a neighboring jurisdiction that does not have monitoring in place or is not registered under the VCS Program or another GHG program, such increase in GHG emissions in the neighboring jurisdiction shall be accounted for using one or more of the following methods:

i) A leakage belt or other method (e.g., directly tracking displaced deforestation agents) of monitoring and accounting for leakage outside the jurisdiction, using a VCS Program methodology or tool, or a method developed by the jurisdiction. A leakage belt is an area surrounding the border of the jurisdiction that is subject to monitoring in order to quantify any leakage. Leakage mitigation activities may or may not be carried out within the leakage belts. Jurisdictions shall demonstrate that the leakage belt is correctly placed and sufficiently large to capture displaced activities, or that the leakage belt is used in conjunction with other methods such that all potential leakage is captured. Where a jurisdictional REDD+ program uses a leakage belt method for monitoring and reporting leakage a reference level for the leakage belt shall be established. Portions of the leakage belt falling in neighbouring jurisdictions shall be excluded from the leakage belt where a neighbouring jurisdictional program is registered under the VCS Program or another GHG program.

ii) The A leakage deduction tool for estimating leakage potential (i.e., JNR Leakage Tool). Additional tool(s) may be developed in the future by the VCS Program or by a third-party subject to approval via the VCS Program methodology approval process.

iii) For activity shifting leakage within the jurisdiction, identification of likely shifts in activities and monitoring of such activities that are not included in the jurisdictional reference level but that are at risk of causing leakage (e.g., where deforestation is accounted for and degradation is not, leakage may occur from areas that would have been deforested, causing degradation).

d) Where the host country contains forested or non-forested wetlands, including peatlands, procedures shall be established to account for any leakage to such wetlands from the jurisdiction, in accordance with this Section 3.13.9. Emission factors for wetlands shall be conservative and based on empirical data or other sources published in scientific peer-reviewed literature.

4) Any resulting leakage, either monitored or estimated, shall be subtracted from the total jurisdictional GHG emission reductions and removals achieved by the jurisdiction during the monitoring period.
3.14 **[PREVIOUSLY 3.13]** QUANTIFICATION OF GHG EMISSION REDUCTIONS AND REMOVALS

**Concept**

*(New text)* Net GHG emission reductions/removals are determined as the difference between the GHG emissions and removals from GHG sources, sinks and carbon pools in the jurisdictional reference level scenario and the jurisdictional REDD+ program scenario.

**Requirements**

3.14.1 *(Previously 3.13.1)* Jurisdictional proponents shall establish procedures for quantifying net GHG emission reductions and removals (the net GHG benefit), which shall be determined as the difference between the GHG emissions and removals from GHG sources, sinks and carbon pools in the jurisdictional reference level scenario and the jurisdictional REDD+ program scenario (including any emissions resulting from the implementation of jurisdictional program activities), minus leakage.

3.14.2 *(Previously 3.13.3 - 3)* Where only a single national or subnational jurisdiction may be credited, jurisdictional proponents shall do the following:

1) Conduct monitoring in accordance with Section 3.14.
2) Estimate and deduct for leakage in accordance with Section 3.13.
3) Apply the VCS Program document *JNR Non-Permanence Risk Tool* and deduct GHG credits to be contributed to the jurisdictional pooled buffer account as determined by the tool.
4) Complete verification in accordance with the procedures set out in VCS Program document *JNR Validation and Verification Process*.
5) Complete registration and issuance in accordance with the procedures set out in VCS Program document *JNR Registration and Issuance Process*.

3.14.3 *(Previously 3.13.2)* The full rules and procedures with respect to assignment of buffer credits are set out in the VCS Program document *JNR Registration and Issuance Process*.

3.15 **(PREVIOUSLY 3.14)** MONITORING

*(Some requirements in this section may be modified based on the updates on the reference level section after the consultation.)*

**Concept**

*(Previously 3.14.1)* Jurisdictions shall establish criteria and procedures for monitoring, and specify the data and parameters to be monitored, in accordance with the VCS Standard.
Requirements

3.15.1 (Previously 3.14.2) Jurisdictions shall monitor the activities and carbon pools and GHG emission sources that were selected in the jurisdictional reference level using the same or demonstrably equivalent methods to those used to set such reference level.

3.15.2 (Previously 3.14.6) The geographic area to be monitored shall be the entire forested area of the jurisdiction, though certain areas may be excluded, as follows:

1) Where they are determined not to have been impacted by the jurisdictional REDD+ program’s activities (including leakage from those activities) following coarse-scale analysis;
2) Where they have been excluded due to a significant natural disturbance or large-scale infrastructure project excluded in accordance with Section 3.12.1; or
3) Where their exclusion is otherwise permitted in accordance Section 3.5.4.

3.15.3 (Previously 3.14.8) Monitoring and verification shall be conducted at least once per reassessment period (e.g., every 4 to 6) every five years, starting from the program start date or the end of the last monitoring period, as applicable.

3.15.4 (Previously 3.14.9) Jurisdictional REDD+ programs shall undertake monitoring according to the following methods:

1) Land-use changes shall be determined according to IPCC Approach 3\(^{18}\) for deforestation.
2) Degradation and enhancements in forest carbon stocks (including afforestation, reforestation and revegetation) may be monitored using direct methods (e.g., remote sensing or forest inventory) or indirect methods (e.g., survey data or statistical data on timber harvesting).
3) Any proxies used to measure land use change shall be transparently documented, and it shall be demonstrated that they are strongly correlated with actual land use change and that they can serve as an equivalent or better method (e.g., in terms of reliability, consistency or practicality) to determine land use change than direct measurement of land use change itself.
4) Any change in drivers of deforestation or degradation shall be considered to aid land use change analysis (e.g., changes in significance of drivers, changes in location of drivers) and any related changes to stratification based on such change shall be documented.
5) IPCC Tier 2 or higher methods shall be used to establish GHG emission factors, and jurisdictions shall document the precision level for each emissions factor. Defaults (e.g., IPCC or those established in the scientific literature) may be used for carbon pools representing less than 15 percent of total carbon stocks. Emission factors used in monitoring shall be consistent with those used to set the reference level.

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\(^{18}\) See the most recent version of the GOFC-GOLD Sourcebook for further information on Approach 3.
6) Community-based monitoring methods are encouraged where appropriate and results of such monitoring shall be subject to the same accuracy assessment and uncertainty deductions as all methods.

7) Leakage monitoring, where applicable, shall follow the same requirements as project or activity class area monitoring.

3.15.5 *(Previously 3.14.10)* The jurisdictional monitoring report describes all the data and information related to the monitoring of GHG emission reductions and removals. The jurisdictional proponent shall use the JNR Monitoring Report Template and adhere to all instructional text within the template.

3.15.6 *(Previously 3.14.11)* The verification period of the jurisdictional monitoring report shall be a distinct time period that does not overlap with previous verification periods.

*[See the Consultation Overview for information related to the uncertainty requirements.]*

3.15.7 *(Previously 3.14.12)* IPCC guidelines, and accuracy and uncertainty may be quantified using Monte Carlo methods. Such assessment shall clearly state the assumptions, parameters and procedures that have significant uncertainty, and describe how such uncertainty shall be addressed. In addition, the following applies:

1) The accuracy of forest versus non-forest classification shall be at least 75 percent.

2) The accuracy of indirect GHG emission calculations (e.g., those based on areas of deforestation concessions, volumes of timber or fuel wood collected) shall be at least 75 percent.

Where land-based accounting is elected by jurisdictions following Scenario 2 or 3, historical emissions shall be calculated from changes in stocks with a confidence interval of 95 percent. Where the width of the confidence interval exceeds 50 percent of the estimated value, an appropriate confidence deduction shall be applied. 19

Note - The 50 percent threshold takes precedence over the thresholds set out in the VCS Standard, though all other requirements set out the VCS Standard with respect to uncertainty apply.

4) Where activity-based accounting is elected, the GHG emission and removal factors shall have a precision that meets the requirements set out in the VCS Standard.

For example, in Province A significant deforestation pressure exists in a given stratum. Field monitoring is conducted to develop an emission factor for activity-based accounting. The carbon stock is equivalent to 550 tCO2/ha, post deforestation land use is pasture with no remnant trees and clearance does not involve biomass burning.

19 An example of a type of land-based approach is the US Government’s Forest Inventory and Analysis (FIA) program which forms the basis for US reporting to the UNFCCC. The FIA costs US$80 million each year and achieves at the State level (large jurisdiction) a sampling error equivalent to the 67% confidence level, as opposed to the 95% confidence level required for projects by the VCS Standard. It should be noted that even at this high cost the US FIA does not include interior Alaska where access is limited, as is the case in many areas of tropical forests.
High measurement effort is applied and the 95 percent confidence interval is equal to 20 percent of the mean (110 tCO2e/ha), which is within the allowable 30 percent (as set out for activity-based accounting in the VCS Methodology Requirements VCS Standard) and so no deductions are required.

Alternatively, a lower measurement effort could be applied and the resulting uncertainty is reflected in a 95 percent confidence interval equal to 50 percent of the mean (275 tCO2e/ha). Given the allowable uncertainty of 30 percent of the mean (165 tCO2e/ha), an appropriate (i.e., conservative) uncertainty deduction could be based on the half width of the confidence interval: \((275 - 165)/2 = 55\). This would give an emission factor in the reference level case of \(550 - 55 = 495\) tCO2e/ha, and in the monitored case \(550 + 55 = 605\) tCO2e/ha.

3.15.8 (Previously 3.14.13) Where measurement plots or data from research plots are used to calibrate belowground biomass, soil carbon and dead wood decay models, sound and reliable methods for monitoring changes in carbon stocks shall be used, as set out in VCS Program document VCS Methodological Requirements.

3.15.9 (Previously 3.14.14) Monitoring reports shall cover the entire jurisdiction, and any leakage belts where applicable, and shall be verified at least every five years from the program start date.

3.16 (PREVIOUSLY 3.15) NON-PERMANENCE RISK AND NATURAL DISTURBANCES

[The requirements in this section may be updated as a result of the ongoing work that Verra is undertaking to update the AFOLU and JNR Non-Permanence Risk Tools.]

Concept

(New text) Non-permanence risk in jurisdictional REDD+ programs is addressed through the use of a jurisdictional risk analysis and pooled jurisdictional buffer pool. Buffer credits are cancelled to cover carbon known, or believed, to be lost.

Requirements

3.16.1 (Previously 3.15.1) Jurisdictional proponents of REDD+ programs and nested projects shall prepare a non-permanence risk report in accordance with the VCS Program document JNR Non-Permanence Risk Tool. Non-permanence risk reports shall be prepared using the JNR Non-Permanence Risk Report Template, which may be included as an annex to the jurisdictional program description or monitoring report, as applicable, or provided as a stand-alone document.

3.16.2 (Previously 3.15.2) Buffer credits shall be deposited in the jurisdictional pooled buffer account based upon the non-permanence risk report assessed by the validation/verification body. Buffer credits are not VCUs and cannot be traded.
3.16.3 *Previously 3.15.2* Jurisdictional proponents may choose to contribute a higher proportion of credits than that determined by the VCS Program JNR Non-Permanence Risk Tool (e.g., to soften the impact of any need to repay the buffer in the event of a reversal in the future). Any deduction of additional buffer credits must take place after the quantity of buffer credits determined by the application of the JNR Non-Permanence Risk Tool has been deducted from the jurisdiction’s net GHG benefit.

3.16.4 *Previously 3.15.4* Recognizing that non-permanence risk ratings may change over time, jurisdictional REDD+ proponents and nested projects shall perform their non-permanence risk analysis at every verification event. Jurisdictional programs and projects that demonstrate their longevity, sustainability and ability to mitigate risks are eligible to receive back a portion of the withheld buffer credits, which are released from the jurisdictional pooled buffer account and issued as VCUs. The full rules and procedures with respect to the release of buffer credits are set out in the VCS Program document *JNR Registration and Issuance Process*.

3.16.5 *Previously 3.15.5* Assessment of non-permanence risk analyses may be conducted by the same validation/verification body that conducts validation or verification of the jurisdictional REDD+ program or project, and at the same time. The rules and requirements for the process of assessment by validation/verification bodies are set out in the VCS Standard.

3.16.6 *Previously 3.15.6* Where an event occurs that is likely to qualify as a loss event (see the VCS Program document *Program Definitions* for definition of loss event) and VCUs have been previously issued, the jurisdictional program entity(s) that has experienced a potential loss (i.e., the project proponent(s) or jurisdictional proponent(s)) shall notify Verra of the loss within 30 days of discovery of the event, and prepare and submit a loss event report to the Verra registry, as follows:

1) The loss event report shall be prepared using the *appropriate project or jurisdictional VCS Program Loss Event Report Template*. It shall include a conservative estimate of the loss of previously verified emission reductions and removals due to losses in carbon stocks from the project or jurisdiction, based on monitoring of the full area affected by the loss event.

2) The loss event report shall be accompanied by a loss event representation signed by the project or jurisdictional proponent as appropriate, and representing that the loss estimate is true and accurate in all material respects. The template for the loss event representation is available on the Verra website.

3) The loss event report shall be submitted to the Verra registry within two years of the date of discovery of the loss event. Where a loss event report is not submitted within two years of the date of discovery of the loss event occurred, the project or jurisdiction shall no longer be eligible to issue VCUs, except where it can be demonstrated the loss was not detected (e.g., it was detected at the subsequent monitoring event, that may have been more than two years after the event).

4) The Verra registry shall put buffer credits from the jurisdictional pooled buffer account on hold, in an amount equivalent to the estimated loss stated in the loss event report.
3.16.7 (Previously 3.15.7) At the verification event subsequent to the loss event, the monitoring report shall restate the loss from the loss event and calculate the net GHG benefit for the monitoring period in accordance with Section 3.14.2. In addition, the following applies:

1) Where the net GHG benefit of the jurisdiction, compared to the reference level, for the monitoring period is negative, taking into account emissions, removals and leakage from all (VCS Program) activities within the jurisdiction (e.g., REDD and ARR), a reversal has occurred and buffer credits equivalent to the reversal shall be cancelled from the jurisdictional pooled buffer account, as follows:
   a) Where the total reversal is less than the number of credits put on hold after the submission of the loss event report, the Verra registry shall cancel buffer credits equivalent to the reversal. Any remaining buffer credits shall be released from their on-hold status (though remain in the jurisdictional pooled buffer account).
   b) Where the reversal is greater than stated by the loss event report, the full amount of buffer credits put on hold in response to the submission of the loss event report shall be cancelled, and additional buffer credits from the jurisdictional pooled buffer account shall be cancelled to fully account for the reversal.

2) Where the net GHG benefit for the monitoring period is positive, taking into account emissions, removals and leakage from all (VCS Program) activities within the jurisdictional program boundaries (i.e., all losses have been made up over the monitoring period), a reversal has not occurred and buffer credits put on hold after the submission of the loss event report shall be released from their on-hold status (but shall remain in the jurisdictional pooled buffer account).

3) Where the loss is due to natural disturbance (see the VCS Program document Program Definitions for definition of natural disturbance), except for those associated with certain geologic and weather-related events, as set out in Section 3.15.5 (noting that both are also excluded from reference levels), the following applies:
   a) All GHG emissions (including anthropogenic and non-anthropogenic) shall be accounted for.
   b) Where GHG emissions resulting from natural disturbances are significant (i.e., accounting for more than five percent of total emission reductions and removals generated within the jurisdictional program boundaries during a given monitoring period) and infrequent (i.e., not captured in the jurisdictional reference level period), affected areas shall be identified, and gross emissions from these disturbances shall be accounted for by cancelling the same number of buffer credits from the jurisdictional pooled buffer account. Such natural disturbance emissions will be accounted for and addressed through the buffer, rather than being subtracted from the net emissions reductions and removals generated within the jurisdictional program boundaries. This will prevent such losses from affecting the number of credits available to REDD+ jurisdictional and project proponents.
   c) Removals (e.g., sequestration) from regrowth (whether natural or assisted) in the area affected by such natural disturbances shall be monitored and accounted for. Any
emissions reductions or removals achieved from such areas shall be contributed to the jurisdictional buffer pool, to replenish the pool, rather than issued as tradable credits (VCUs).

d) To maintain solvency of the buffer, no more than 20 percent of the credits contributed to the pool by the jurisdictional proponent will be cancelled in a single year due to reversals from natural disturbances. Instead, natural disturbance losses individually or collectively exceeding this 20 percent threshold shall be compensated for over time; cancelling up to 20 percent of the buffer pool each year until the loss has been fully accounted for.

3.16.8 (Previously 3.15.8) At a verification event where a reversal has occurred, the following applies:

1) In order to track performance across the entire jurisdiction, any buffer credits cancelled from the jurisdictional pooled buffer account shall be logged as subtractions from the net total number of credits the jurisdictional program entity that experienced the reversal has contributed to date to the jurisdictional pooled buffer account.

2) Jurisdictions or projects where reversals have occurred shall make up any buffer shortfall (i.e., net deficit) that has occurred due to the loss by replenishing the jurisdictional pooled buffer account with future GHG credits before being issued further VCU s. As such replenishments are made, the buffer tracking logs of all the affected jurisdictional levels (as set out in Section 3.15.8(1) above) shall be credited accordingly.

3) Where 25 percent of the deficit from a reversal recorded in a single monitoring report is paid back, and where there are no prior reversals for which the buffer account has not been fully replenished, jurisdictional proponents may request VCU issuance for 50 percent of subsequent GHG emissions reductions or removals achieved and shall contribute 50 percent to the jurisdictional pooled buffer account until the buffer has been fully replenished (for all credits cancelled due to the reversal).20

Note: Where a jurisdiction is not crediting projects has a single crediting level (i.e., under Scenarios 1 and 3) there is no credit shortfall risk within the jurisdictional program, with all VCU s going to either the projects (in Scenario 1) or the jurisdiction (in Scenario 3). There may, however, be a credit shortfall risk in Scenario 3 associated with a jurisdictional proponent not transferring benefits or GHG credits down to lower levels where there is a reversal or underperformance within the jurisdiction, but this risk is transferred to and assumed by the jurisdictional proponent and its participants.

3.16.9 (Previously 3.15.9) As set out for projects in the VCS Program document Registration and Issuance Process, Where a project or a jurisdictional proponent fails to submit a verification report within five or ten years from the previous verification event, a percentage of buffer credits are put on hold under the conservative assumption that the carbon benefits

20 After experiencing reversals, it is important to promote continued jurisdictional participation in the REDD+ program (and reduce default risks), where continued progress is demonstrated towards reducing emissions. Therefore, jurisdictional programs are permitted to repay the buffer account over time, rather than fully replenishing the account immediately.
represented by buffer credits held in the AFOLU and jurisdictional pooled buffer accounts may have been reversed or lost in the field. Where a project or jurisdictional proponent fails to submit a verification report within 15 years of the previous verification event, buffer credits are cancelled under the same assumption. The full rules and requirements with respect to the cancellation and holding of buffer credits are set out in the VCS Program document Registration and Issuance Process.

3.16.10 *(Previously 3.15.11)* Any remaining balance of buffer credits is cancelled at the end of the project crediting period or program crediting period.

3.16.11 *(Previously 3.15.12)* Although buffer credits are cancelled to cover carbon known or believed to be lost, the VCU's already issued to projects and jurisdictional programs that subsequently experience a reversal are not cancelled and do not have to be cancelled. Rather, all VCU's issued to REDD+ projects and jurisdictional programs, as with all projects, are permanent. The VCS Program approach provides environmental integrity because the AFOLU and jurisdictional pooled buffer accounts are managed to ensure losses from jurisdictional REDD+ program failures are covered, and the net GHG benefits across the entire pool of REDD+ projects and jurisdictional programs will be greater than the total number of VCU's issued.
4 (NEW SECTION) NESTING REQUIREMENTS

4.1 OVERVIEW OF NESTING

This section sets out the rules and requirements for REDD+ projects and lower-level jurisdictional programs that are nesting into a jurisdictional program or jurisdictional reference level, as well as requirements for the development of jurisdictional reference levels to enable nesting. Nesting is possible at the program level and project level:

1) **Program nesting:** Lower-level jurisdictional programs (e.g. a provincial program) nesting into a higher-level jurisdictional program (e.g. a national program) or into a higher-level jurisdictional reference level (including reference levels that are part of a non-JNR jurisdictional program); and

2) **Project nesting:** Projects nesting into a VCS JNR jurisdictional program or into a jurisdictional reference level (including reference levels that are part of a non-JNR jurisdictional program).

Nesting implies, by definition, the coordination of actors at different levels of REDD+ implementation. Higher-level jurisdictional programs must establish certain requirements and program elements in order to enable nesting of lower-level jurisdictional programs and projects; lower-level jurisdictional programs and projects must in turn follow those requirements in order to nest. Therefore, for each of the two nesting options set out above, this document establishes requirements for both the jurisdictional proponent in charge of developing and registering a program or reference level, and for the programs and projects aiming to nest into such higher-level program or reference level.

Nested jurisdictional programs and projects must follow the rules and requirements set out in this document and must also follow the VCS Standard and the applied methodology, except where the requirements set out in this document conflict with the VCS Standard or applied methodology, in which case this document takes precedence.

4.2 JURISDICTIONAL REFERENCE LEVELS

**Concept**

As set out in Section 2.1, above, jurisdictional reference levels enable REDD+ project nesting through allocation to lower-level programs and REDD+ projects located within the geographic boundary of the reference level to be used as their baselines. Jurisdictional proponents may develop and register jurisdictional reference levels independently from a jurisdictional program under the VCS Program.

21 Where certain requirements apply to both projects and lower level jurisdictions, such requirements apply *mutatis mutandis* (e.g., where the term “project” is used it shall be understood as “lower-level jurisdictional program”), unless otherwise noted.
Jurisdictional proponents developing and registering a jurisdictional reference level shall prepare a jurisdictional reference level description, which describes the reference level requirements.

Requirements

4.2.1 (New text) Jurisdictional reference levels registered for the purpose of nesting lower-level jurisdictional programs and projects shall be developed following the requirements set out in Section 3.11 and this Section 4.

4.2.2 (New text) Jurisdictional proponents that are only registering a reference level shall complete the JNR Reference Level Description Template. The jurisdictional proponent shall adhere to all instructional text within this template.

4.2.3 (New text) All information in the jurisdictional reference level description and any accompanying documents shall be presumed to be available for public review, though program sensitive information may be protected, as set out in the VCS Program document JNR Registration and Issuance Process, where it can be demonstrated that such information is program sensitive. Information in the jurisdictional reference level description and any accompanying documents related to the determination of the reference level scenario shall not be considered to be program sensitive and shall be provided in the public versions of the documents.

4.3 CREDITING PERIOD

Concept

(New text) The project crediting period is the time period for which GHG emission reductions or removals generated by a project or jurisdictional program are eligible for issuance as VCUs. The crediting period for nested projects and lower-level jurisdictional programs is restarted once they apply an allocated baseline or reference level, respectively.

Requirements

4.3.1 (New text) For VCS projects that were registered prior to the registration of the jurisdictional reference level or the jurisdictional program they have nested into, the first nested crediting period shall begin on the start date of the first allocated baseline.

Note – The allocated baseline must be incorporated into the project description and validated in order to change the crediting period start date for such already registered VCS REDD+ project.
4.4  NESTING LEVELS

Concept

(Previously 3.5.6) The higher-level jurisdictional proponent is responsible for determining how nesting of lower-level jurisdictional programs and projects occurs within the higher-level jurisdictional program, subject to grandparenting requirements.

Requirements

Higher-Level Jurisdictional Programs

4.4.1  (New text) Where governments have established national or jurisdictional nesting rules, these shall take precedence over the requirements set out in this document, as long as they comply with the requirements for allocation set out in the JNR Allocation Tool.

4.4.2  (Previously 3.5.6 - second paragraph) A country shall have no more than two registered jurisdictional levels (e.g., national and state, or state and municipality).

4.4.3  (Previously 3.5.8 - 3) Where a nested project straddles a jurisdictional program boundary, the jurisdictional programs shall decide how to encompass such projects for nesting and set out the requirements for grandparenting rules, as described in Section 4.8.3.

4.4.4  (Previously 3.5.3) Where the geographic boundary of a jurisdictional program or reference level is modified, the jurisdictional proponent shall determine how lower-level jurisdictions and projects shall be nested, in accordance with subject to the grandparenting requirements set out in Section 4.8.3.

[Details of requirements of pre-existing project crossing the jurisdictional boundary of the jurisdiction in which it becomes nested (Previously 3.5.9) were deleted.]

1) Where the project proponent has received written approval or no-objection from all relevant government representatives with authority over the forests where the project is located (including from every jurisdiction with a jurisdictional baseline registered under the VCS Program or eligible to register a jurisdictional baseline under the jurisdictional REDD+ program that overlaps with the project boundary) the boundary of the subnational jurisdiction that contains the greatest percentage area of the project shall be extended to include the project.

2) Where the jurisdiction that has the greatest percentage area of the project has not registered a jurisdictional reference level under the VCS Program the project may be excluded from both jurisdictions and continue as an independent project, subject to the VCS Program Standard and VCS Methodological Requirements, or may become part of the registered jurisdiction where the jurisdiction approves inclusion of the project.

3) Where no approval has been secured to include the entire project area in one jurisdiction, the project shall be divided along jurisdictional boundaries (i.e., the project shall be split
into two or more independent projects). Each portion shall be treated as an independent project, noting the following:

a) Where each portion of the project falls within a jurisdiction with a registered jurisdictional REDD+ program, each portion of the original project shall be incorporated within the respective jurisdiction.

b) Where one or more portions of the project fall within a jurisdiction with a registered jurisdictional REDD+ program, and one or more portions of the project fall within a jurisdiction with no registered jurisdictional program, all portions falling within the registered jurisdictional program shall be incorporated within the applicable jurisdiction, and all portions not within a registered jurisdictional program may continue as an independent project subject to the VCS Standard and VCS Methodological Requirements, and shall be revalidated and registered as independent projects.

4. Where one or more portions of the project continue as independent projects not operating under a jurisdictional REDD+ program, such areas shall be revalidated and registered as independent projects.

Projects and Lower-Level Jurisdictional Programs

4.4.5 (New text) Projects and lower-level jurisdictional programs shall follow the requirements the higher-level jurisdictional program has set out, in accordance with the requirements set out in Section 4.8, below.

4.5 ELIGIBLE ACTIVITIES

Concept

(New text) Jurisdictional proponents determine which activities developed by projects and lower-level jurisdictions will be accounted for within the jurisdictional program or reference level.

Requirements

Higher-Level Jurisdictional Programs

4.5.1 (Previously 3.8.2) Jurisdictional proponents shall determine which activities developed by projects and lower level jurisdictions (as set out in Section 3.9.1) will be accounted for within their jurisdictional REDD+ program or jurisdictional reference level.

Projects and Lower-Level Jurisdictional Programs

4.5.2 (Previously 3.8.3) Projects nested into a jurisdictional program or reference level may carry-out REDD+ activities not included in the jurisdictional program or reference level as independent

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22 Where the grandparenting period has expired, the requirements for nested projects will be addressed on a case-by-case basis.
projects, following the project-level requirements set out in the VCS Standard\textsuperscript{23}. In such cases, the geographic areas of the two activities shall not spatially overlap in the same time period.

4.6 SCOPE

Concept

Jurisdictional proponents shall determine which GHG sources, sinks and pools may be accounted for nesting under the jurisdictional REDD+ program or reference level.

Requirements

Higher-Level Jurisdictional Programs

4.6.1 (New text) Jurisdictional proponents shall determine which carbon pools and GHG sources shall be accounted for by projects and lower level jurisdictions nested into their jurisdictional REDD+ program or reference level.

4.6.2 (Previously 3.9.7) The higher-level jurisdictional proponent shall establish criteria and procedures to determine if a carbon pool or GHG source may be conservatively excluded, including the criteria and procedures by which lower level jurisdictional proponents and project proponents may make such determination such as the CDM A/R methodological tool Procedure to determine when accounting of the soil organic carbon pool may be conservatively neglected in CDM A/R project activities, as set out in Section 3.10.5.

Projects and Lower-Level Jurisdictional Programs

4.6.3 (Previously 3.9.3) Nested lower-level jurisdictional programs and projects may include additional carbon pools that are not accounted for by the higher-level program or reference level as independent projects, and, where included, shall follow the requirements set out in Section 3.10 for lower-level jurisdictions and the VCS Standard for projects.

\textsuperscript{23} For example, a project nested into a jurisdictional program covering only deforestation may develop an avoided degradation project and generate both GHG emission reductions from deforestation (accounted for within the jurisdictional REDD+ program) and emission reductions from degradation (accounted in accordance with the VCS Standard) in the same project boundary.
4.7 REFERENCE LEVELS AND ALLOCATION TO NESTED LOWER-LEVEL JURISDICTIONS AND PROJECTS

[As set out in the Consultation Overview, requirements in this section will be further updated after feedback from the consultation is received.]

Concept

(New text) Nested projects and lower-level jurisdictions estimate their project baselines and jurisdictional reference levels, respectively, through the allocation of portions of the higher-level jurisdictional reference level based on the deforestation or degradation risks projected over their jurisdictional and project boundaries during the validity period of the reference level.

Requirements

Higher-Level Jurisdictional Programs

4.7.1 (New text) Where a jurisdictional reference level is developed and registered under the VCS Program for the purposes of allocating the reference level to nested lower-level jurisdictional programs and/or projects under the VCS Program, the jurisdictional proponent shall follow the requirements set out in Section 3.12 to develop the jurisdictional reference level.

4.7.2 (New text) Where a jurisdictional proponent has developed a reference level under, or with the intention of submitting it to a non-VCS GHG program or for another purpose (e.g., for FCPF or the UNFCCC), the jurisdictional proponent shall either:

1) Develop a new reference level following the requirements set out in Section 3.12, above;
   or,
2) Use the data from the original reference level as the input for the JNR Allocation Tool, which will reestimate the reference level to comply with the JNR Requirements.

Projects and Lower-Level Jurisdictional Programs

4.7.3 (New text) The allocation of higher-level jurisdictional reference levels to projects and lower-level jurisdictions for planned and unplanned deforestation and degradation shall be done through the application of the JNR Allocation Tool.

4.7.4 (New text) Projects and lower level jurisdictions that include reduced emissions from deforestation shall nest using the jurisdictional reference level and allocation tool.

4.7.5 (New text) Activities that are associated with reduced degradation (e.g., IFM logged to protected forest) shall nest if there is a relevant government reference level. If the jurisdiction does not have a relevant reference level as set out in Section 3.12, projects shall continue to use VCS project methodologies without needing to nest or align under a jurisdictional reference level until the jurisdiction establishes a relevant reference level.
4.7.6 *New text* Activities that are associated with carbon enhancements (i.e. some IFM activities and ARR activities) shall nest as follows:

1) Where a relevant government reference level exist for enhancement activities, projects will need to align their data (e.g., baseline carbon stock estimates and growth rates) and measurement methods to the extent feasible, to those that were used in the development of the jurisdictional reference level for the project to be considered nested.

2) Where a relevant government reference level does not exist, projects may continue to use VCS project methodologies without needing to nest or align under a jurisdictional reference level until the jurisdiction establishes a relevant reference level.

3) Applying the *JNR Allocation Tool* (carbon enhancement activities may be included in a future version of the tool).

4.8 **GRANDPARENTING**

*Concept*

*New text* Where a project or lower-level jurisdictional program is transitions from being standalone to being nested under a jurisdictional program, it must follow the grandparenting requirements set out by the higher-level jurisdictional program.

*Requirements*

**Higher-Level Jurisdictional Programs**

4.8.1 *New text* The jurisdictional proponent is responsible for determining the grandparenting rules for projects and lower-level jurisdictions to nest.

**Projects and Lower-Level Jurisdictional Programs**

4.8.2 *New text* Projects and lower-level jurisdictions shall apply the grandparenting rules set out by the jurisdictional proponent.

4.8.3 *Previously 3.11.14* Where a reference level is registered at a higher level (independently or as part of a jurisdictional program) after the registration of a project baseline or jurisdictional reference level at a lower level (independently or as part of a program) (e.g., where a subnational jurisdictional reference level has been registered and a national jurisdictional reference level is subsequently registered), the following applies:

1) The lower-level jurisdictional reference level shall be grandparented and remain valid for 18 months, and the project baseline shall be grandparented and remain valid for the number of years remaining before it is due to be updated (e.g., where the project baseline is valid for 6 years and a higher-level reference level is registered in year 4 after the project start date, the baseline remains valid for the 2 years remaining before it would have been due for update), before being replaced by the higher-level jurisdictional reference level.

Projects and lower-level jurisdictions may choose to adopt the higher-level jurisdictional
reference level at any point prior to the end of the grandparenting period. During such grandparenting period the lower-level jurisdiction or project may use its original reference level or baseline respectively for calculating GHG emission reductions and removals (i.e., prior to any leakage calculations).

2) Where the project baseline or lower-level jurisdictional reference level has a different scope (i.e., different REDD+ category or carbon pools are included) than the higher-level reference level, the rules and requirements in sub-section 1) above only apply to those activities or pools overlapping with the higher level.

3) Where individual activities or pools are not overlapping, any activities or pools within the project baseline or lower-level jurisdictional reference level that are not included in the higher-level reference level (e.g., where the lower level includes carbon stock enhancement or degradation, but the higher level does not) may continue as independent (standalone) project or jurisdictional activities. Standalone project activities shall follow the requirements set out in the VCS Program document VCS Methodology Requirements and Section 3 for lower-level jurisdictions.

4.8.4 *(Previously 3.11.17)* Where a jurisdictional reference level has not been updated (e.g., where such reference level has expired), projects and subnational jurisdictional programs that have been nested into it may continue to use the project baselines and lower-level jurisdictional reference levels allocated from the higher-level jurisdictional reference level for a grace period of 18 months after such jurisdictional reference level expires. Any registered project proponents or lower-level jurisdictional program proponents shall develop and register a project baseline or a new lower-level reference level and shall register it prior to the expiration of the grace period. The effective date of the new project baseline or lower-level reference level shall be the expiration date of the higher-level jurisdictional reference level.

4.8.5 *(Previously 3.11.20)* Where the scope of the higher-level jurisdictional reference level is narrowed at the time of reference level update the category, activity or carbon pool removed, a project baseline or a lower-level jurisdictional reference level may be developed and registered to allow such projects and lower-level jurisdictional programs to continue claiming GHG emission reductions and removals from such eliminated activities.

4.8.6 *(Modified from previously 3.11.21)* Where any relevant grandparenting period has expired and projects or lower-level jurisdictional programs are nested within a higher-level jurisdictional reference level, nested project baselines and lower-level jurisdictional reference levels shall be updated and revalidated, noting the following:

1) Where a lower-level jurisdictional reference level is nested within a higher-level jurisdictional reference level, the frequency of update of the former reference level allocation shall follow the frequency of update of the latter. Allocated lower-level reference level updates shall be completed and validated within a grace period of 18 months following the update of the higher-level jurisdictional reference level. The updated jurisdictional reference level shall be used to estimate any GHG emission reductions and removals occurring during such grace period.
2) Where the project is nested within a jurisdictional program, the allocated project baseline shall be updated and validated within a grace period of 18 months after the jurisdictional reference level is updated.

3) Where a lower-level jurisdictional program becomes nested within a higher-level jurisdictional or reference level (registered independently or as part of a program), the lower-level jurisdictional program shall adopt all relevant activities and carbon pools included in the higher-level reference level and these components of the lower-level reference level shall be updated and validated within 18 months of the registration of the higher-level reference level.

4.9 OWNERSHIP

[As set out in the Consultation Overview, a number of requirements in this section will be further reviewed and updated after feedback from the consultation is received.]

Concept

(New text) Project and jurisdictional proponents of nested projects and lower-level jurisdictional programs shall demonstrate that they have the legal right to control and operate program activities. Higher-level jurisdictional proponents are responsible for determining program ownership over for different jurisdictional program elements and levels.

Jurisdictional proponents shall demonstrate that they have the legal right to control and operate program activities.

Requirements

Higher-Level Jurisdictional Programs

4.9.1 (Previously 3.6.2) [To be updated after consultation] Where a higher-level jurisdictional REDD+ program is registered subsequent to a lower-level jurisdictional program, the higher-level jurisdictional proponent shall determine which jurisdictional level is accorded program ownership over which elements of the program (i.e., over which areas, activities or policies), in consultation with lower-level jurisdictional proponents noting the requirements for stakeholder involvement set out in Section 3.8.

Projects and Lower-Level Jurisdictional Programs

4.9.2 (Previously 3.6.3) [To be updated after consultation] Nested projects shall follow the ownership rules and requirements set out in the VCS Standard and lower-level jurisdictional programs shall follow the requirements set out in Section 3.6.
4.10 LEAKAGE

Concept

Jurisdictional proponents are responsible for determining how leakage between nesting levels is addressed and accounted for.

Requirements

Higher-Level Jurisdictional Programs

4.10.1 (Previously 3.12.9) Higher-level jurisdictional proponents may determine how leakage from lower-level jurisdictional programs and project activities within the boundaries of the higher-level jurisdictional program is addressed.

4.10.2 (Previously 3.12.10) Where projects and jurisdictional programs may be directly credited, higher-level jurisdictional programs shall set out clear policies and procedures for withholding leakage from projects or lower-level jurisdictions to ensure that total GHG emission reductions and removals across the higher-level jurisdictional program boundaries be calculated appropriately. Higher-level jurisdictional programs may require that projects apply the leakage requirements set out in the VCS Program document VCS Methodology Requirements to calculate project leakage. Leakage policies set by the jurisdictional program shall be developed in accordance with the stakeholder involvement requirements set out in Section 3.8.

Projects and Lower-Level Jurisdictional Programs

4.10.3 (Previously 3.12.1 second paragraph) A project nested into a jurisdictional program or reference level shall apply the leakage requirements set out in the VCS Standard to calculate project leakage unless the jurisdictional program has set alternative leakage rules.

4.10.4 (Previously 3.12.11) Leakage from projects that have the potential to displace GHG emissions outside the boundaries of the jurisdictional program or into which they are nested shall account for such leakage.

[Leakage belt overlap (Previously 3.5.9) was deleted]

Projects that are adjacent to or within the vicinity of other projects such that their project or leakage areas overlap, may agree among themselves on the boundaries of their leakage belts, where such agreements avoid gaps and overlaps, and account for leakage within the agreed boundaries. Where in the future any project under such an agreement has not submitted a verification report for more than five consecutive years or such project’s crediting period has ended, the remaining project(s) shall follow VCS Program document AFOLU Requirements for stand-alone projects covering leakage monitoring, accounting and reporting, or where more than one project from such an agreement remains, the continuing projects may renegotiate an agreement.

24 Such an approach provides the greatest flexibility and allows jurisdictional proponents to choose an option they deem appropriate to their jurisdiction’s circumstances. This gives jurisdictional proponent’s the flexibility to develop their own policies or procedures, which may include any of the options set out in Section 3.13.9.
Where projects that are adjacent to or within the vicinity of other projects such that their project or leakage areas overlap do not define leakage belts to avoid overlap or gaps with other registered VCS Program projects (e.g., where the leakage belt area of the project includes the area or part of the areas of other VCS Program projects or their leakage belts), the following applies:

Where the leakage belt of new Project B overlaps with the project area of one or more already registered VCS Program projects (referred to individually and collectively as Project A), the following applies:

Project B’s leakage accounting shall exclude the project area of Project A.

An excluded area shall again be included in the leakage belt area of Project B where Project A has not submitted a verification report for more than five consecutive years, or when it ends its project crediting period under the VCS Program Program. Any changes shall be noted in the subsequent monitoring report.

2) Where the leakage belts of two or more projects overlap and the same carbon pools are being monitored for the purpose of estimating leakage, the amount of leakage attributed to each project may be calculated as follows for the overlapping pools, where projects agree to conduct monitoring on the same (or similar) schedule:

Each project shall estimate the amount of leakage that occurred per GHG emission reduction or removal generated by their project to determine the leakage ratio for each project, based on the non-overlapping leakage areas.

The estimated leakage ratio shall then be used to apportion the amount of leakage between the projects, as monitored to have occurred in the areas of overlapping leakage belts. Where the amount of leakage estimated in the overlapping areas is different based on each project’s monitoring results the highest estimate shall be used. For example, where two projects each have 1 tCO2e deducted for every 10 GHG emission reductions or removals generated, the leakage monitored in the overlapping areas will be divided equally between the projects. Where Project A has a ratio of 2 leaked to 10 emission reductions or removals generated, and Project B has a ratio of 1 leaked to 10 emission reductions or removals generated, Project A will assume twice as much leakage in the overlapping area as Project B. For example, where Project A estimated 900 tCO2e leaked in the overlapping areas and Project B estimated 500 tCO2e, the amount of leakage will be assumed to be 900 tCO2e. In such a case, 600 tCO2e shall be assigned to Project A and 300 shall be assigned to Project B.

3) Where the leakage belts of two or more projects overlap, or where different carbon pools are monitored by projects within overlapping leakage areas, each project shall be responsible for individually monitoring and accounting for such pools, as applicable to their project.
4.11 QUANTIFICATION OF GHG EMISSION REDUCTIONS AND REMOVALS

Concept

[Concept text will be included in the final version of this document.]

Requirements

Higher-Level Jurisdictional Programs

4.11.1 (Previously 3.13.3 - 3) Where there is direct crediting to nested lower-level jurisdictions or nested projects, the number of GHG credits issued to the higher-level jurisdictional proponent is determined by subtracting out the buffer credits from the net GHG benefit associated with the jurisdictional program, and subtracting any GHG emission reductions and removals issued (or to be issued) to nested levels (projects and lower-level programs), where appropriate. The buffer credits are calculated by multiplying the non-permanence risk rating, determined in accordance with the VCS Program document JNR Non-Permanence Risk Tool, by the total number of GHG credits that may be issued to the jurisdictional program only.

4.11.2 (Previously 3.13.3 second paragraph) The full calculation process for determining the number of GHG credits nested jurisdictional programs and projects may be issued is as follows:

1) Project and/or jurisdictional proponents shall calculate the total GHG credits a nested project or nested lower-level jurisdictional program may be issued according to the following procedure:
   a) Conduct monitoring as set out in Section 3.15.
   b) Estimate and deduct for leakage in accordance with Section 3.13
   c) Deduct any emission reductions and removals achieved or anticipated by grandparented lower-level activities during the (higher-level) monitoring period\(^{25}\).
   d) Apply the appropriate non-permanence risk tool and deduct GHG credits to be contributed to the jurisdictional pooled buffer account as determined by the tool.
   e) Complete verification in accordance with the procedures set out in the VCS Program document JNR Validation and Verification Process.
   f) Where jurisdiction-level monitoring results are used to reconcile any discrepancies between monitoring levels (as set out in Section 4.12.1), projects and lower-level jurisdictional programs shall use the higher jurisdiction-level monitoring results from the same period at least every five years to reconcile any discrepancies in accordance with Section 4.12.6\(^{26}\).

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\(^{25}\) Grandparented lower-level activities receive credits directly from the Verra registry during their grandparenting period.

\(^{26}\) For example, a subnational jurisdictional program with nested projects conducts monitoring and verification for the period 1 January 2010 to 31 December 2014, and a nested project has issued credits for the period 15 May 2009 to 31 December 2011. Where the project subsequently conducts monitoring, it aligns with the jurisdictional program and conducts monitoring for the period 1 January 2012 to 31 December 2014. The project uses the jurisdictional monitoring results to reconcile any discrepancies and subtracts (or adds) any change in emission reductions and removals as indicated by jurisdictional monitoring (compared to project monitoring results) from (or to) the total GHG emission reductions and removals achieved by the project.
4.12 MONITORING

[As set out in the Consultation Overview, a number of requirements in this section will be further reviewed and updated after feedback from the consultation is received, including requirements on uncertainty.]

Concept

(New text) Jurisdictional proponents are responsible for establishing a monitoring system to ensure there is alignment of project-level and jurisdictional-level GHG accounting, as well as avoidance of double counting of credited emission reductions and removals.

Requirements

Higher-Level Jurisdictional Programs

4.12.1 (Previously 3.14.4) Incorporating lower-level monitoring results (e.g., from projects or lower-level jurisdictions) into higher-level monitoring is considered best practice. Where the project or lower level jurisdiction have more accurate GHG emissions or removal factors, it is recommended that such factors are incorporated at the higher level at the subsequent jurisdictional reference level update. Lower-level monitoring results from activities such as deforestation or afforestation can be used directly as part of high-level monitoring, and where such lower-level results are incorporated into higher-level monitoring results, there should not be any differences in GHG emission reductions and removals estimated at lower and higher levels.

4.12.2 (Previously 3.14.4 – second paragraph) For other activity types (such as reductions in degradation) where lower and higher levels may use different data and methods to estimate ex-ante GHG emission reductions and removals, total GHG emission reductions and removals from the lower-level (within the same boundary, i.e., scope and carbon pools) shall be deducted from the higher-level’s total emissions reductions and removals, to prevent any double counting.

27 For example, where a subnational jurisdictional program with nested projects conducts monitoring and verification for the period 1 January 2010 to 31 December 2014, and a nested project has previously issued credits for the period 15 May 2009 to 31 December 2011, the project monitoring results from 1 January 2010 to 31 December 2011 shall be incorporated in the jurisdictional program’s results. Where the project subsequently conducts monitoring, it aligns with the jurisdictional program and conducts monitoring for the period 1 January 2012 to 31 December 2014. Project results are incorporated into the jurisdictional monitoring results for the monitoring period.
4.12.3 *(Previously 3.14.4 – third paragraph)* To prevent discrepancies, the highest-level registered jurisdictional REDD+ program within a country shall determine which level of monitoring results will be used to reconcile any discrepancies between levels. For example, a jurisdiction may choose to designate the jurisdictional program or the project-level monitoring results to be used for reconciliation.

4.12.4 *(Previously 3.14.4 – fourth paragraph)* Where there are inconsistent results between higher- and lower-level monitoring, the selected level shall be used for both levels, on the assumption that selected level data are more accurate.

4.12.5 *(Previously 3.14.4 – fifth paragraph)* Where higher-level jurisdiction-level monitoring results are used to reconcile any discrepancies between monitoring levels and this reconciliation results in a negative number of GHG emission reductions and removals at the lower-level jurisdictional program or project level, a reversal will be assumed to have occurred within the project or the lower-level program boundaries. Where lower-level monitoring results are used to reconcile any discrepancies between monitoring levels and this reconciliation results in a negative number of GHG emission reductions and removals at the jurisdictional level, a reversal will be assumed to have occurred within the jurisdictional program boundaries that was not captured by the higher-level monitoring.

4.12.6 *(Previously 3.14.5)* The higher-level jurisdictional program description shall state which level has been selected to be used for data reconciliation. The selected level may be updated (e.g., where a different level has achieved a greater level of accuracy or precision) at the subsequent reference level update. Where the selected level has been changed, it shall be stated in the monitoring report and shall apply for future monitoring periods (only).

Projects and Lower-Level Jurisdictional Programs

4.12.7 *(Previously 3.14.7)* Monitoring results from higher levels may be used by lower levels where there is overlap in activities and boundaries. Such monitoring data may be used when they meet the minimum requirements in terms of accuracy and precision set out in Section [to be defined after consultation] or shall be refined as necessary to achieve such accuracy and precision.

4.12.8 *(New text)* Where higher-level monitoring results are not accurate enough, projects may use project-level monitoring. As set out in Section 4.12.1, above, the higher-level jurisdictional program may adopt monitoring results from lower-level jurisdictional programs and projects for relevant areas.

4.12.9 *(Previously 3.14.15)* Nested projects and nested lower-level jurisdictional REDD+ programs may undergo periodic monitoring and verification, and request issuance of credits, at different

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28 A jurisdiction will be able to reach a high level of precision (low level of uncertainty) across the entirety of the forest area. However, for any subset of this area (such as a project area) uncertainty will likely be higher. This is due to the subset area only representing a proportion of collected ground data and to the reality that land use mapping and likely remote sensing will often be a higher resolution for a project area than for the full forest estate of a jurisdiction.
4.13 NON-PERMANENCE RISK AND NATURAL DISTURBANCES

[The requirements in this section may be updated as a result of the ongoing work that Verra is undertaking to update the AFOLU and JNR Non-Permanence Risk Tools.]

Concept

(New text) Non-permanence risk in jurisdictional REDD+ programs that include nested projects or lower-level jurisdiction is addressed through the use of a jurisdictional risk analysis and pooled jurisdictional buffer pool.

Requirements

Higher-Level Jurisdictional Programs

4.13.1 (New text) Higher-level jurisdictional programs shall follow requirements for non-permanence risk and natural disturbances as set out in Section 3.16.

4.13.2 (Previously 3.15.3) Where the jurisdictional proponent has not and does not intend to seek VCU issuance (i.e., where projects are nested in a jurisdictional program in which the jurisdictional proponents have chosen not to seek VCU issuance), the jurisdictional proponent shall deposit buffer credits into the jurisdictional pooled buffer to cover potential reversals in non-project areas. The portion of credits that shall be deposited will be determined in accordance with the VCS Program document JNR Non-Permanence Risk Tool.

Projects and Lower-Level Jurisdictional Programs

4.13.3 (New text) Projects shall follow non-permanence risk and natural disturbances as set out in the VCS Standard, except where requirements in this section and Section 3.16 take precedence. Lower-level jurisdictional programs shall follow requirements in this section and Section 3.16.

1) Projects nested under a VCS jurisdictional program shall deposit buffer credits into the jurisdictional pooled buffer account.

2) Projects nested under a VCS jurisdictional reference level, or a non-VCS jurisdictional program or reference level shall deposit credits into the AFOLU pooled buffer account.

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29 For example, where a jurisdictional proponent conducts monitoring and verification every five years starting in 2015, nested projects that receive credits directly from the Verra registry may conduct monitoring more frequently, but they shall also report to the jurisdiction in the intervals used by the jurisdictional proponent and reconcile monitoring results.

30 Where the requirements set out in Section 3.16 use the term “jurisdictional program” and “jurisdictional proponent”, it may be appropriate to read this as “project” and “project proponent” respectively.
3) Lower-level jurisdictional programs shall deposit buffer credits into the jurisdictional pooled buffer account.

4.13.4 *(Previously 3.15.1)* Nested jurisdictional REDD+ programs and projects shall prepare a non-permanence risk report and deposit buffer credits into the jurisdictional pooled buffer account and/or AFOLU pooled buffer account in accordance with requirements set out in Section 3.16 and the VCS Standard, respectively, at both validation and verification.31

4.13.5 *(Previously 3.15.2)* Projects and lower-level jurisdictional programs registered prior to the registration of a higher-level VCS jurisdictional REDD+ program that includes the project or program area shall transfer their existing buffer credits to the jurisdictional buffer pool once such a higher-level jurisdictional program has been registered.

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31 Where higher-level jurisdictional programs and lower-level programs or projects are not validated and verified simultaneously, having their initial risk assessments validated at the time of validation will assist VCU buyers and sellers by providing a more accurate early indication of the number of VCU programs and projects are expected to generate.
5 GOVERNMENT APPROVAL, VALIDATION AND VERIFICATION REQUIREMENTS

5.1 APPROVALS

5.1.1 Where any domestic regulations governing government approval of any element covered by the jurisdictional REDD+ program exist (such as government approval of a jurisdictional reference level or approval of projects), evidence that such domestic regulation has been complied with shall be provided. Where such regulations are in place, they may substitute for the rules and requirements set out below. Where any element requiring approval is not covered by domestic regulation, the following applies:

1) With respect to the approval of jurisdictional reference levels, the following applies:
   a) Where the entity submitting a jurisdictional reference levels for registration is the national-level jurisdictional approval authority, or a subnational-level jurisdiction that has legislated control or authority over the jurisdiction covered by such reference level (including control over forest and environmental management), there is no requirement to show evidence of approval from higher levels of government (e.g., the national government does not need to provide a no-objection letter; see VCS Program document Program Definitions for definition of no-objection letter). For example, a subnational government agency with control over forest and environmental management may register the jurisdictional REDD+ program or jurisdictional reference level without a no-objection response from the national government. However, such jurisdictional proponents shall follow the stakeholder consultation requirements set out in Section 3.8, including consultation with any national jurisdictional approval authority.
   b) Where the jurisdictional proponent has not legislated control or authority over the jurisdiction covered by the reference level, the jurisdictional proponent shall secure a no-objection letter from the appropriate authority(s). For example, a subnational jurisdiction without full control over forest and environmental management may submit a jurisdictional reference level for registration where such jurisdictional proponent has received a no-objection letter from the appropriate authority(s). Alternatively, an NGO (or other implementation partner) may submit a jurisdictional reference level for registration where it has been recognized as the authorized representative of the jurisdiction and demonstrates it has received a no-objection letter.
   c) Where nested projects can be credited directly, they shall follow any approval procedures set out under the jurisdictional REDD+ program. Where no such approval
procedures have been set out, projects shall secure a no-objection letter from the jurisdictional approval authority.

d) Where projects are located within the boundary of a jurisdictional reference level only, they shall follow any approval procedures set out in relevant laws and regulations. Where no such laws or regulations exist, at a minimum, a statement of no objection is required from a relevant government authority.

5.2 VALIDATION AND VERIFICATION OF NON-PERMANENCE RISK ANALYSIS AND JURISDICTIONAL PROGRAMS

5.2.1 The non-permanence risk analysis shall be assessed by a validation/verification body in accordance with the VCS Standard.

5.2.2 The full validation and verification process for jurisdictional REDD+ programs is set out in the VCS Program document JNR Validation and Verification Process.

(New text) Note – jurisdictional reference levels that are developed independently from a full jurisdictional program are only require to undergo validation.

5.3 REGISTRATION

5.3.1 Jurisdictional REDD+ programs, including reference levels registered only for nesting, may only be submitted to the VCS Program Verra registry by jurisdictional government entities or agencies that qualify as jurisdictional proponents (see definition of jurisdictional proponent). National jurisdictional proponents may register national and/or subnational jurisdictional programs. Subnational jurisdictional proponents may register only their own jurisdiction’s program. Note that reference levels (or other parts of the jurisdictional program) may be developed by non-governmental organizations or other partners, but such partners may not submit such elements for registration, unless they have been designated as the authorized representative by the jurisdiction.

5.3.2 The full rules and requirements with respect to the registration of jurisdictional REDD+ programs are set out in the VCS Program document JNR Registration and Issuance Process.
APPENDIX 1 JURISDICTIONAL AND NESTED CREDITING PATHWAYS

This section describes the different crediting options and associated requirements for jurisdictional programs and nested REDD+ projects. There are distinct requirements for registration, GHG accounting, monitoring and VCU issuance for each crediting option.

The following crediting options are described in more detail, below:

**Jurisdictional Programs**: VCU may be issued directly to the jurisdictional program- and/or to nested projects or lower-level jurisdictional programs.

**Jurisdictional Reference Levels (only)**: VCU may be issued to nested projects or lower-level jurisdictional programs only.

**Projects nested into a non-VCS JNR program or reference level**: VCU may be issued to nested projects or lower-level jurisdictional programs only.

A1 Jurisdictional Program with Direct Crediting to Nested Projects or Lower-Level Jurisdictional Programs

Where jurisdictional proponents choose this crediting option, the following applies:

**Registration**

A1.1 Jurisdictional proponents shall develop and register a jurisdictional program baseline and in accordance with Section 3.11 and the VCS Program document JNR Registration and Issuance Process, respectively.

A1.2 Jurisdictional proponents may register a jurisdictional reference level baseline simultaneously with a full jurisdictional program (including program elements as described in Section 3.2.2) or register the jurisdictional baseline and jurisdictional program sequentially. Where the baseline is registered in advance of the jurisdictional program, project development in the jurisdiction shall operate according to Section 4.2, until the jurisdictional program is registered.

**GHG Accounting**

A1.3 GHG emission reductions and removals shall be accounted for across the entire jurisdictional program boundaries (i.e., across all included carbon pools, activities and areas) and GHG credits may be claimed by the jurisdictional and/or project proponents for emission reductions and removals achieved at their respective level.

A1.4 Where a jurisdictional baseline has been registered, projects or lower-level jurisdictional proponents nested within the higher-level jurisdictional program boundaries shall use the...
baselines or reference levels, respectively, resulting from the application of the JNR Allocation Tool by the higher-level jurisdictional proponent apply the higher-level jurisdictional reference level and the allocation tool baseline to the relevant project activities or to the lower-level jurisdictional program, following baseline requirements (including those related to grandparenting), set out in Sections 3.11.14 and 3.11.15, in order to and may register such projects or lower-level jurisdictional programs.

Monitoring

A1.5 Monitoring shall be conducted across the entire higher-level jurisdictional program boundaries (i.e., across all included carbon pools, activities and areas) and may also be conducted at lower jurisdictional programs and project levels, as set out in Section 3.15.

Crediting

A1.6 VCUs for GHG credits for emission reductions and removals achieved by each level, after accounting for leakage (where required, as set out in Section 3.13) and any non-permanence risk buffer withholding, may be issued directly to the entity with rights over such reductions and removals.

A1.7 A higher-level jurisdictional proponent following Scenario 2 may allow crediting to projects and lower-level jurisdictional programs only (i.e., where the higher-level jurisdictional proponent chooses not to claim credit for GHG emission reductions and/or removals achieved in non-project areas), or may allow crediting to both non-projects and lower-level jurisdictional programs as well as to the remaining areas within the jurisdictional boundaries of the higher-level jurisdictional program. If crediting to areas within the jurisdiction as well as to projects, in this case, jurisdictional proponents may establish internal allocation or benefit-sharing mechanisms to share benefits or further distribute GHG credits to stakeholders in the jurisdiction.

Box 1: Example of Jurisdictional Program with Direct Crediting to Nested Projects or Lower-Level Jurisdictional Programs

For example, in the first crediting option, a jurisdictional program is developed for Province B. The government of Province B wants to stimulate investment into projects by the private sector but does not want to request issuance of VCUs for GHG emission reductions and/or removals achieved in non-project areas within the jurisdiction. The government of Province B does, however, intend to conduct monitoring across the jurisdiction and seeks to ensure that project leakage and any reversals (see the VCS Program document Program Definitions for definition of reversal) within the jurisdiction are accounted for and that environmental integrity is maintained at the jurisdictional level, and may be rewarded for jurisdictional performance under another program or agreement.

Project and lower-level jurisdictional proponents apply and allocate the reference level that was registered as part of the higher-level jurisdictional program and register their projects and lower-level jurisdictional programs (applying additional rules established by the jurisdiction, as set out in Section 3.2). Both project and lower-level jurisdictional proponents and the higher-level jurisdictional proponent conduct monitoring and leakage assessments and apply the relevant non-permanence risk tool to determine their buffer withholding requirements. All jurisdictional programs and projects undergo verification and contribute buffer credits to the
jurisdictional buffer pool but only the project and lower-level jurisdictional proponents request issuance of VCU.

In the second crediting option, for example, the government of Province C develops a jurisdictional program. The government of Province C intends to request issuance of VCU for GHG emission reductions and removals achieved across the entire jurisdiction by the REDD+ policies and programs it implements, and seeks to stimulate private-sector investment in projects and lower-level jurisdictional programs. Therefore, the government of Province C develops a jurisdictional program that allows crediting to both the jurisdiction and projects and lower-level jurisdictional programs simultaneously. Projects and lower-level jurisdictional programs are allocated portions of the registered higher-level jurisdictional reference level through the application of the JNR Allocation Tool and are registered following the requirements in Section 3 and the additional rules established by the government of Province C. Both the government of Province C and those of lower-level jurisdictional programs and project proponents conduct their respective monitoring and leakage assessments, and apply the relevant non-permanence risk tool, contribute buffer credits to the jurisdictional buffer pool and request issuance of VCU.

A2 Jurisdictional program with crediting only to the jurisdictional program and no direct crediting of nested projects or lower-level jurisdictional programs

Where jurisdictional proponents choose this crediting option, the following applies:

Registration
A2.1 Jurisdictional proponents shall develop and register a jurisdictional reference level baseline and jurisdictional program, which may include a benefit-sharing mechanism (to distribute GHG credits or other benefits to stakeholders or projects within the jurisdiction), in accordance with Sections 3.2, 3.12 and the VCS Program document JNR Registration and Issuance Process, respectively.

GHG Accounting
A2.2 GHG emission reductions and removals shall be accounted for across the entire jurisdictional program boundaries (i.e., across all included carbon pools, activities and areas) and GHG credits may be claimed only by the jurisdictional proponent for emission reductions and removals achieved across the jurisdiction (i.e., all credits run through the jurisdiction and no projects or lower-level jurisdictional proponents may request issuance of GHG credits directly from the Verra registry/VCS). Jurisdictional proponents may allocate GHG credits or benefits across the jurisdiction, as set out in their internal allocation or benefit-sharing mechanism, and in accordance with the safeguards set out in Section 3.8.

Monitoring
A2.3 Monitoring shall be conducted across the entire jurisdictional program boundaries (i.e., across all included carbon pools, activities and areas).
Crediting

A2.4 GHG credits VCs for emission reductions and removals achieved by all levels within the jurisdiction, after accounting for leakage and any non-permanence risk, shall be issued directly to the jurisdictional proponent.

Box 2: Example of Jurisdictional program developed under the VCS Program with crediting only to the jurisdictional program and no direct crediting of nested projects or lower-level jurisdictional programs

For example, a jurisdictional program is developed for Province D. The government of Province D intends to claim VCs across the entire jurisdictional program boundary for the emission reductions achieved by the policies and programs it implements. The government implements a payment for ecosystem services system that involves paying for the protection of forest under threat along with the conservation of less threatened forests. The government develops a jurisdictional program and internal allocation or benefit-sharing mechanism that documents such plans and demonstrates program ownership. The government conducts leakage assessments and monitoring, undergoes verification and requests issuance of VCs. The government then either allocates such VCs to participants in the domestic REDD+ program or sells the VCs and uses proceeds to fund the payment for the ecosystem services system. The jurisdictional proponent applies the internal allocation or benefit-sharing mechanism, following the requirements for stakeholder involvement as set out in Section 3.8.

A3 Jurisdictional reference level (only) with direct crediting only to nested projects or lower-level jurisdictional programs

Where jurisdictional proponents choose this crediting option, the following applies:

Registration

A3.1 Jurisdictional proponents (or authorized representatives, see the VCS Program document Program Definitions for definition of authorized representative) may develop and register a jurisdictional reference level baseline, as set out in Section 3.12 and the VCS Program document Jurisdictional and Nested REDD+ (JNR) Registration and Issuance Process, and allocate it to lower-level jurisdictional programs and projects within the boundaries of the registered reference level by applying the JNR Allocation Tool. Where this document (the Jurisdictional and Nested REDD+ (JNR) Requirements) refers to the registration of a jurisdictional program element, such registration may be completed by either the jurisdictional proponent or the authorized representative.

GHG Accounting

A3.2 Where the jurisdictional reference level baseline has been registered and allocated, lower-level jurisdictional and project proponents acting within the boundaries of the such jurisdiction shall apply the resulting lower-level jurisdictional reference levels and project baselines for the quantification of their GHG emission reductions estimations.
Appendix 1 Jurisdictional and Nested Crediting Pathways

following the reference level baseline requirements set out in Section 3.11. C, and allocation tool requirements set out in Section XX.

A3.3 Where the jurisdictional reference level baseline has been registered and allocated, lower-level jurisdictional program and project proponents acting within its boundary shall follow the JNR Requirements, Section 4, and the VCS Standard and VCS Methodology Requirements, and the applied (project) methodology, respectively, including requirements related to monitoring, leakage, non-permanence risk and the calculation of total GHG emission reductions and removals.

Monitoring

A3.4 No monitoring is required at the jurisdictional level and no GHG credits shall be issued for areas outside of project areas (i.e., no VCUs shall be issued for GHG emission reductions and removals achieved in non-project areas within the jurisdiction).

5.3.3 This scenario also applies where a national jurisdictional reference level is developed and registered, and a subnational jurisdictional program is developed, using the national jurisdictional reference level, but with crediting only to the subnational jurisdiction. In such case, there is no accounting or crediting at the national level, and a subnational jurisdictional proponent may develop and register a subnational jurisdictional program.

Box 3: Example of Jurisdictional reference level (only) developed under the VCS Program with direct crediting only to nested projects or lower-level jurisdictional programs or projects

For example, a jurisdictional reference level is developed for Province A, where a number of projects are about to be registered. The government of the province registers the reference level and applies the JNR Allocation Tool to define the baseline for each of the projects located within the boundaries of the reference level. Each individual project within the province uses the baseline resulting from the allocation of the jurisdictional reference level in accordance with Sections 3.12 and 4.7. Projects are then developed, validated, registered, monitored and verified in accordance with the VCS Standard and the applied methodology (with the exception of the section on baseline development since the project will instead use the one resulting from the allocation), and may request issuance of VCUs. The government of Province A does not conduct monitoring and cannot seek issuance of VCUs. Note that projects may also be registered prior to the registration of a jurisdictional reference level, in which case they shall be subject to the grandparenting requirements set out in Section 4.8.
A4 Jurisdictional programs or reference levels developed under another GHG program with crediting to nested projects or lower-level jurisdictional programs

Where projects or lower-level jurisdictional programs are nested into a jurisdictional program or jurisdictional reference level developed under another (i.e., non-VCS) GHG program, the following applies:

Registration

A4.1 (New text) Where a jurisdictional reference level has been registered, independently or as part of a jurisdictional program, or has been submitted and assessed in another GHG Program (e.g., FCPF), it may be allocated to lower-level jurisdictional programs and projects registered under the VCS Program where it complies with the requirements for reference levels contained in Section 3.12, above.

A4.2 (New text) Where these requirements are not met, the jurisdictional proponent may use the JNR Allocation Tool to estimate the reference level using the data of the original reference level as an input, together with additional data, if necessary. The resulting reference level shall comply with all relevant requirements, including those related to uncertainty deductions.

A4.3 (New text) Where the reference level meets the requirements set out in Section 3.12, above, the steps described for option 3, above, shall be applied.

Box 5: Example of jurisdictional programs or reference levels developed under another GHG program with crediting to nested projects or lower-level jurisdictional programs

For example, Province E registers a jurisdictional program under a non-VCS program. Province E wants to stimulate investment into projects by the private sector and is allowing for nested projects. Province E follows all the requirements set out by the other program (e.g., monitoring, leakage, non-permanence) and may be rewarded for jurisdictional performance under the other program or agreement. The jurisdictional proponent develops a reference level that complies with the requirements for reference levels, as set out in Section 3.12, and is allocated to projects within the jurisdiction. Each individual project within the province uses the registered jurisdictional reference level as set out in Sections 3.12 and 4.7. Projects are then developed, validated, registered, monitored and verified in accordance with VCS Standard and the applied methodology (not including the baseline requirements), and may request issuance of VCU.

Jurisdictional proponents shall demonstrate that the jurisdictional reference level complies with the quality requirements in accordance with Section 3.11. When the jurisdictional reference

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32 Note that in this case, the use of the JNR Allocation Tool is proposed as an alternative to reduce the efforts and possible costs for the jurisdictional proponents of estimating their FREL, but proponents may choose to re-estimate it following their own methods, as long as the resulting reference level complies with the requirements set out in Section 3.X.
level does not comply with the requirements, a deduction shall be applied as set out in Section XX.

Where the jurisdictional reference level complies with the quality requirements, projects within such jurisdiction shall allocate the jurisdictional reference level to the relevant project activities, following the allocation tool requirements set out in Section XX. Where the jurisdictional reference level does not comply with the quality requirements, and the deduction is too big, projects will remain as standalone until the jurisdiction complies with the requirements set out in Section XX to be used for project nesting.

Projects within such jurisdiction shall follow VCS Standard and VCS Methodology Requirements document, and the applied (project) methodology, including requirements related to monitoring, leakage, non-permanence risk and the calculation of total GHG emission reductions and removals, unless the jurisdictional program defines how to address these for nesting.

Monitoring may be conducted across the entire jurisdiction in accordance with the other program’s requirements and may also be conducted at lower jurisdictional and project levels, as set out in Section 3.14.

GHG credits for emission reductions and removals achieved by each level may be issued directly to the entity with rights over such reductions and removals.

**Jurisdictional reference level developed under another GHG program with crediting only to lower-level jurisdictions or projects**

Where jurisdictions follow this scenario, the following applies:

Jurisdictional proponents may develop and register a jurisdictional reference level under a non-VCS program. Jurisdictional proponents shall demonstrate that the jurisdictional reference level complies with the quality requirements in accordance with Section 3.11. When the jurisdictional reference level does not comply with the requirements, a deduction shall be applied as set out in Section XX.

Projects within such jurisdiction shall allocate the jurisdictional reference level to the relevant project activities, following the requirements set out in Section XX.

Projects within such jurisdiction shall follow VCS Standard and VCS Methodology Requirements, and the applied (project) methodology, including requirements related to monitoring, leakage, non-permanence risk and the calculation of total GHG emission reductions and removals.

- No monitoring is required at the jurisdictional level and no GHG credits shall be issued for areas outside of project areas (i.e., no VCUs shall be issued for GHG emission reductions and removals achieved in non-project areas within the jurisdiction).

For example, a jurisdictional reference level is developed for Province F. The jurisdictional proponent shall demonstrate that it complies with the quality requirements set out by Verra. Each individual
project within the province uses the registered jurisdictional reference level in accordance with Sections 3.11.14 and 3.11.15. Projects are then developed, validated, registered, monitored and verified in accordance with VCS Standard and VCS Methodology Requirements and the relevant methodology (not including the baseline baseline requirements), and may request issuance of VCUs. The jurisdictional proponent does not conduct monitoring and does not seek issuance of VCUs. Note that projects may also be registered prior to the registration of a jurisdictional reference level and in such case shall be subject to the grandparenting requirements set out in Section 3.11.14.
## APPENDIX 2 COMPARISON OF IPCC, UNFCCC AND VCS PROGRAM COMPONENTS OF REDD+

<table>
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<tr>
<th>IPCC Categories</th>
<th>UNFCCC REDD+ Activities</th>
<th>Broad VCS Program Jurisdictional and Nested REDD+ Activities</th>
<th>Major Activities</th>
<th>Broad VCS Program Project Activities</th>
<th>Specific VCS Program Project Activities</th>
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<tr>
<td>Conversion of forest to</td>
<td>RED</td>
<td>Reducing Emissions from Deforestation</td>
<td>Reducing deforestation (conversion of forest to non-forest).</td>
<td>REDD (Reduced Emissions from Deforestation and Degradation)</td>
<td>APD (avoided planned deforestation)</td>
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<tr>
<td>non-forest</td>
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<td></td>
<td>APD + RWE (avoided planned deforestation plus wetland restoration)</td>
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<td></td>
<td>APD + CIW (avoided planned deforestation and wetland conservation)</td>
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<td></td>
<td>AUD (avoided unplanned deforestation)</td>
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<td></td>
<td>AUD + RWE (avoided unplanned deforestation plus wetland restoration)</td>
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<td></td>
<td></td>
<td>APD + CIW (avoided planned deforestation and wetland conservation)</td>
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<tr>
<td>Forests remaining as</td>
<td>REDD</td>
<td>Reducing Emissions from Degradation</td>
<td>Reducing emissions from forests remaining forests.</td>
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<td>AUDD (avoided unplanned degradation)</td>
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<tr>
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<td>AUDD + RWE (avoided unplanned degradation plus wetland restoration)</td>
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<td></td>
<td></td>
<td></td>
<td>AUDD+ CIW (avoided unplanned degradation and wetland conservation)</td>
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<tr>
<td>Conversion of non-forest to forest</td>
<td>REDD+ (Sustainable management of forests and enhancement of forest carbon stocks)</td>
<td>Enhancement of forest carbon stocks</td>
<td>Increasing removals from forests remaining forests</td>
<td>IFM (Improved Forest Management)</td>
<td>RIL (reduced impact logging)</td>
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<td></td>
<td>LtPF (logged to protected forest)</td>
<td>ERA (extended rotation age)</td>
<td>IFM + RWE (improved forest management plus wetland restoration)</td>
<td>LtHP (low productive to high-productive forest)</td>
<td>ARR (Afforestation, Reforestation and Revegetation)</td>
</tr>
<tr>
<td></td>
<td>IFM + CIW (improved forest management and wetland conservation)</td>
<td>Increasing conversion to forests.</td>
<td>ARR + RWE (afforestation, reforestation and revegetation plus wetland restoration)</td>
<td>ARR (afforestation, reforestation and revegetation)</td>
<td>ARR + RWE (afforestation, reforestation and revegetation plus wetland restoration and wetland conservation)</td>
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## APPENDIX 3 DOCUMENT HISTORY

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>Comment</th>
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Standards for a Sustainable Future

- Verified Carbon Standard
- Climate, Community & Biodiversity Standards
- Sustainable Development Verified Impact Standard