

CONSULTATION OVERVIEW

1 BACKGROUND

The VCS *Jurisdictional and Nested REDD+ (JNR) Requirements*, which provide rules for REDD+¹ programs and for projects to nest into a registered VCS JNR program or reference level, were originally developed and released in 2012. Since that time, many governments have established forest-related Nationally Determined Contributions (NDCs) under the Paris Agreement and/or forest reference emission levels (FRELs) that have been assessed by the UNFCCC or other independent bodies (e.g., related to results-based payment schemes) as part of their national (or in the interim, subnational) REDD+ programs. These FRELs are typically not part of VCS JNR-registered programs and have not been developed with spatially-explicit projections of deforestation and/or degradation, which present challenges for VCS REDD+ project nesting.

Recognizing the importance of aligning VCS project activities with government REDD+ programs and ensuring projects are well placed to meet post-2020 market opportunities, Verra is developing further guidance for governments and projects on REDD+ project nesting, as well as additional requirements for projects covering a range of circumstances (e.g., where there *is* and where there *is not* (yet) a formalized government-led approach).

Such guidance and requirements will help to ensure that finance continues to flow to critical mitigation activities at all levels, including VCS REDD+ project activities, while also ensuring that projects support the development and implementation of government-led REDD+ programs and can advance countries toward meeting post-2020 commitments while enabling greater GHG mitigation ambition. Providing workable, practical and credible pathways for project integration into (eventual) national REDD+ programs is essential and timely for both projects and governments for the following reasons:

- REDD+ projects efficiently drive private-sector finance to high-impact, on-the-ground mitigation that goes beyond what government policies and programs can tackle alone. This is especially important to ensure continued finance to early stage jurisdictions such as Least Developed Countries. REDD+ projects have an important role to play in jurisdictions with weak governance, where it will take a significant amount of time to build and strengthen institutions and implement effective government REDD+ programs.
- Site-specific project activities, with direct community engagement and establishment of clear carbon rights (which can generate significant benefits for communities), have proven to be highly effective at stopping deforestation and degradation, maximizing climate and sustainable development outcomes in a credible way.

¹ REDD+ includes reduced emissions from deforestation and degradation (REDD), improved forest management (IFM) and afforestation/reforestation/revegetation (ARR) activities, as defined under the VCS Program.

- REDD+ project baselines are more robust where they are embedded in conservative national (or in the interim, subnational) reference levels. Projects that are transparently and robustly aligned with national (or subnational) REDD+ reference levels and other REDD+ program elements are also likely to be accepted much more readily into emerging market mechanisms (such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSlA)), which will provide both the projects and REDD+ programs with longer-term financing certainty.

Proposed VCS nesting updates are flexible and respect government sovereignty. Governments may at any point establish their own nesting requirements, meanwhile, proposed VCS Program requirements provide an actionable pathway forward for projects, until such policies are established and clear.

Verra encourages governments, project proponents and other relevant stakeholders with any questions or comments on REDD+ nesting, or those with an interest in testing forthcoming requirements in specific, real cases, to reach out through secretariat@verra.org.

2 CONSULTATION

For the above reasons, Verra is developing new requirements for REDD+ project nesting which will eventually be included in the VCS Standard and other relevant VCS Program documents. Most of our proposals in this consultation are high-level concepts as we would like to use early-stage input from our stakeholders to help guide the development of a more detailed set of requirements. We anticipate testing these concepts with a range of projects and governments over the next few months as we further develop the details of proposed VCS Program requirements (and develop associated guidance for governments), to assess their workability and rigor in real scenarios, and to also undertake a detailed assessment of the potential financial impacts for projects.

This Consultation Overview is designed to highlight the major high-level concepts that Verra is considering in order to better enable VCS REDD+ project nesting and the development of jurisdictional REDD+ programs. Section 3, below, sets out an indicative timeline for the development, consultation and eventual release of the updated requirements and guidance. Section 4 includes links to the two consultation documents and a brief description of the concepts included within each document. Note that the Nested Guidance for VCS REDD+ Projects released in July 2019 will eventually be replaced by these updated and new requirements, once they are finalized and released.

Specifically, the proposals cover the following:

- 1) Updates to the *JNR Requirements* to streamline and bring stronger alignment between the VCS JNR rules and requirements, and other GHG programs.
- 2) Updates (eventually to the *VCS Standard* and other relevant VCS Program documents) relevant to aligning project baselines with government reference levels, including approaches for the allocation of reference levels to support project nesting within a jurisdiction.
- 3) Updates (eventually to the *VCS Standard* and other relevant VCS Program documents) relevant to other nesting issues beyond baseline alignment such as monitoring, grandparenting, safeguards and government approvals.

We encourage stakeholders to review each of the consultation documents, including the key questions sections. Please provide comments in any form, including by email or by preparing formal documents, and send those to secretariat@verra.org by **31 January 2020**.

After the consultation, we will use the input and feedback provided on these high-level concepts to develop proposed requirements to address these issues. We are planning to hold a second consultation on these draft requirements. As always, please let us know if you have any questions as you engage in this consultation. We look forward to your feedback.

3 INDICATIVE TIMELINE OF CONSULTATION AND DEVELOPMENT PROCESS

Start of first public consultation	2 December 2019
End of first public consultation	31 January 2020
Consideration of comments and feedback	February – March 2020
Tentative start of second public consultation ²	April 2020
Broad engagement and testing with stakeholders and governments	January – May 2020
Tentative release date of final requirements and guidance	June 2020

4 CONSULTATION DOCUMENTS

<u>Proposed Updates to the JNR Requirements</u>	This document includes proposed updates to the <i>JNR Requirements</i> that will affect jurisdictional program and reference level requirements.
<u>Proposed Updates to REDD+ Project Nesting Requirements</u>	This document includes the considerations related to the VCS Program rules and requirements related to REDD+ project nesting.

² We plan to include more detailed proposals in the second consultation, including a draft allocation tool and specific proposed rules text.