Overview of Architecture for REDD+ Transactions (ART) and The REDD+ Environmental Excellence Standard (TREES)

February 2020

Webinar Logistics

- To ask questions:
  - Type questions into '**Chat**' box near bottom of your webinar pane.
  - Questions can be submitted at any time during the webinar.
- Webinar will be recorded and posted to: www.artredd.org

Vision for the Architecture for REDD+ Transactions (ART)

To provide **confidence** needed in the **integrity** of forest emissions reductions to **unlock new, large-scale investments** to **protect and restore forests** and **reward countries** that are delivering those results

ART Overview

- A global voluntary carbon program (architecture) to register, verify and issue high-quality REDD+ emissions reduction credits to countries and jurisdictions to attract REDD+ finance at scale

- ART aims to promote national ambition and contribute to Paris Agreement goals

- Governed and managed by globally recognized, independent, objective experts

How does ART build on existing programs?

- ART builds upon the significant work of other REDD+ initiatives

- ART promotes ambition and includes more precise technical, verification, safeguard and registration requirements

- ART will issue independently verified, serialized REDD+ emission reductions on transparent registry system

ART Governance

ART Board

- Provides strategic guidance and ensures the program's environmental and social integrity
- Oversees ART's implementation in accordance with the evolving UNFCCC processes
- Guarantees strong governance, transparent rules, and processes that assure quality and adequate safeguards

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ART Board

Frances Seymour
Chair

Carlos Nobre
Vice-Chair

Abdon Nababan

Pavan Sukhdev

Agnes Kalibata

Daniel Zarin

William Bumpers

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ART Governance

<u>ART Secretariat</u> (hosted by Winrock International)
- Responsible for the operation of the ART program:
  - Development of *The REDD+ Environmental Excellence Standard* (TREES), verification requirements and registry platform
  - Oversight of registration, verification and issuance of Board-approved TREES emissions reductions on ART registry

<u>Technical Committees</u>
- Three committees of (16) experts provided input: TREES Standard Committee, TREES Verification Committee, TREES Safeguards Committee

Guiding Principles of ART

- Recognize countries with quantifiable emission reductions from slowing, halting and reversing forest cover loss

- Ensure consistency with UNFCCC COP decisions including the Paris Agreement, Warsaw Framework and the Cancun Safeguards

- Embody high environmental integrity

- Promote national ambition and contribute to Paris Agreement goals including progress toward NDCs

- Credit emission reductions at the national level or subnational level as an interim measure

- Set crediting baselines that initially reflect historical emission levels for deforestation and thereafter decline periodically to require higher ambition over time

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The REDD+ Environmental Excellence Standard (TREES)

- Development of TREES guided by the ART Principles

- Promotes ambition and includes precise technical, safeguard, verification and registration requirements, including the avoidance of double counting

- Creates emissions reductions units that are fungible with those from other sectors

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Eligible TREES Participants

- Participant must be a national government or subnational government with national government approval
  - Registration of subnational accounting areas that meet TREES eligibility requirements allowed until December 31, 2030
- The boundaries of subnational accounting shall correspond with one or several administrative jurisdictions no more than one level down from national level
- Subnational areas shall encompass a minimum area of 2.5 million hectares of forest

TREES Emission Reductions

- Emission reduction (ER) credits =

Emission Reduction Credits	=	Crediting Level	−	Annual Emissions	−	Buffer pool	−	Uncertainty	−	Leakage

- After the ERs have been independently verified for conformance with TREES and approved by the ART Board, the Secretariat will issue serialized ERs to the country/jurisdiction in its registry account

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Crediting Level & Emissions

- Crediting level = 5 year historical average of emissions
  - Recalculated at start of each crediting period
- Crediting level valid for five years (i.e., the crediting period)
- Annual emissions monitored and reported as outlined in the Standard

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Uncertainty and Leakage

- Uncertainty
  - 15% uncertainty allowed in reference level data and in annual emissions data, adjustment made if exceeded

- Leakage
  - Applied if subnational accounting area is used
  - 0%-20% based on percentage of a country's forests included in accounting area

Mitigating Reversals

- Reversals
  - Assessment to determine reversal risk and required contribution of credits to buffer pool
  - Maximum level of 25% reversal risk
  - Mitigating factors can lower risk
    - Legislation or executive decrees actively implemented and demonstrably supporting REDD+ (-5%)
    - Low variability of annual forest emissions (-10%)
    - Demonstrated national reversal mitigation actions, plan or strategy developed in alignment with Cancun Safeguard F (-5%)

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ESG Safeguards

- REDD+ activities must be implemented in conformance with the Cancun Safeguards

- TREES outlines 14 themes of the Cancun Safeguards
  - Each theme has a structure, process and outcome indicator

- Participants must initially demonstrate conformance with all structure and process indicators and either demonstrate conformance with the outcome indicators or present a plan to meet them within 5 years

- All indicators must be met by start of second crediting period

Removals

- ART supports rewarding countries that have achieved very low deforestation rates by allowing crediting for removals

- Establishing a reference level for removals needs to be further explored

- ART plans to include an approach for crediting removals in a future version of the TREES when deforestation/degradation emissions are below crediting baseline

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High Forest – Low Deforestation (HFLD) Countries

- ART supports rewarding HFLD countries that maintain low rates of deforestation

- ART intends to establish an approach to credit HFLDs beyond historical levels, for continued low deforestation

- As an interim measure, countries meeting the definition of HFLD will be eligible to have credits tagged to allow greater visibility to the market and buyers

Validation and Verification

- Validation after year 1 of each 5-year crediting period

- Verification required after years 1, 3, 5 of each crediting period
  - Verification optional in years 2 and 4
  - No credits will be issued without verification

- Validation and Verification Bodies (VVB)
  - Accredited by International Accreditation Forum (IAF) organization
  - Submit application to ART
  - COI assessment at each verification
  - Secretariat provides training and oversight to ensure consistency across verification bodies

ART Registry

- A robust, secure and transparent registry system, built for ART process flow and managed by the Secretariat

- Back end user interface allows login account access and upload of TREES documents and information

- Registry front end provides public access to TREES documentation, verification and credit issuance and status (active, retired, canceled)

- Secretariat issues serialized credits to Participant account for transfer or for retirement

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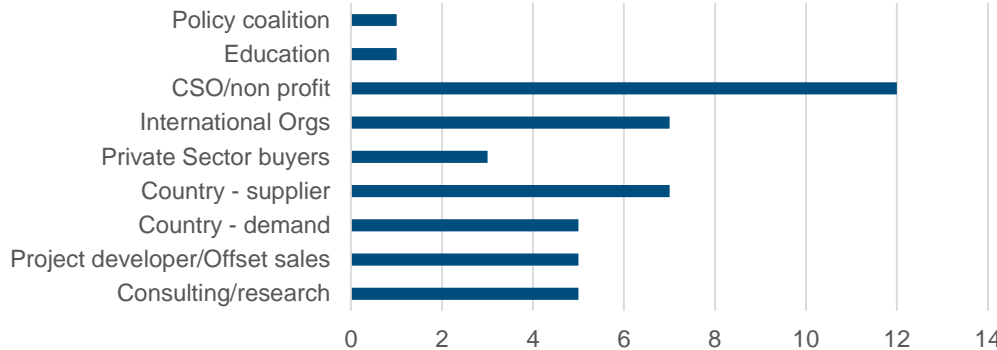Architecture for
REDD+ Transactions

Benefits of Participation in ART

Access to a wide range of potential REDD+ buyers that will have confidence in the integrity of ART emission reductions including:

- Entities in hard to abate sectors such as international aviation and energy

- Corporations with supply chain emissions reduction or zero deforestation commitments

- Corporations that have either voluntary or compliance carbon market commitments

- REDD+ Donors

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TREES Stakeholder Consultation

Comment submitters by organizational type

Chart — Comment submitters by organizational type:
- Policy coalition: 1
- Education: 1
- CSO/non profit: 12
- International Orgs: 7
- Private Sector buyers: 3
- Country - supplier: 7
- Country - demand: 5
- Project developer/Offset sales: 5
- Consulting/research: 5

Public consultation July 29-September 27 2019

778 individual comments received from 46 organizations

Consulting/research	Project developer/Offset sales	Country - demand	Country/Jurisdiction - supplier	Private Sector buyers	International Orgs	CSO/non profit	Education	Policy coalition
Climate Advisors	Permian	GIZ	Brazil	BP	UNEP	Arbor Day Fndtn	Stanford	IETA
Emisseirechten	Wildlife Works	Germany BMZ	Belize	Shell	UNFCCC	CI		
Global Development Incubator	EcoSphere	US State Dept	Guyana	Alliance Bernstein	FAO	TNC		
Sarah Walker	Natural Capital Partners	USDA	Colombia		UNDP	WWF US		
Rock Creek Strategies	South Pole	UK BEIS	Ecuador		World Bank	Cairns Climate Action		
			GCF* (Governors Climate Task Force)		USAID Cambodia	CFRN		
			Peru		GFOI	CodeREDD		
						EDF		
						Plan Vivo Foundation		
						Rainforest Foundation Norway		
						VERRA		
						WCS (Forests for Life)		
						WRI		

*represents 23 jurisdictions from 5 countries

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Publication of TREES

The ART Board reviewed Stakeholder comments and decided on changes to TREES

Published on the ART website:

- TREES v1.0

- Stakeholder comment submissions

- Secretariat response to all comments

- "Statement of Reasons" describing key decisions made in response to comments

What's next?

- ART now "open for business" with the publication of TREES and the launch of the ART Registry

- Secretariat establishing work groups to address approaches for Removals and HFLDs

- Secretariat to submit ART application in March for evaluation by ICAO for approval to supply ERs to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

Thank you

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