ART
Architecture for
REDD+ Transactions

EXECUTIVE
SUMMARY:

THE
REDD+
ENVIRONMENTAL
EXCELLENCE
STANDARD

*Architecture for REDD+
Transactions (ART) Program*

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EXECUTIVE SUMMARY: THE REDD+ ENVIRONMENTAL EXCELLENCE STANDARD (TREES)

FEBRUARY 2020

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ABOUT ARCHITECTURE FOR REDD+ TRANSACTIONS (ART) PROGRAM

The Architecture for REDD+ Transactions (ART) has been developed to achieve the environmental integrity needed for REDD+ emission reductions (ERs) at national and jurisdictional scale. ART provides a credible standard and rigorous process to transparently register, verify, and issue REDD+ emission reduction credits that ensure environmental and social integrity. ART aims to unlock new long-term financial flows to protect and restore forests.

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1 INTRODUCTION

This Executive Summary provides only the key requirements of TREES. This summary should not be considered a replacement for reviewing TREES in its entirety.

1.1 DESCRIPTION OF ART PROGRAM AND TREES STANDARD

The purpose of the Architecture for REDD+ Transactions (ART) is to promote the environmental and social integrity and ambition of greenhouse gas (GHG) emission reductions (ERs) and removals from the forest and land use sector to catalyze new, large-scale finance for REDD+ and to recognize forest countries that deliver high-quality REDD+ emissions reductions and removals.

The REDD+ Environmental Excellence Standard (TREES) TREES includes the required technical elements as well as environmental, social and governance safeguard requirements, verification requirements and provisions to avoid double counting.

1.2 ART GOVERNANCE

ART is governed by a Board that provides strategic guidance and ensures the program's environmental and social integrity. The Board will oversee implementation of the ART program and ensure it is in accordance with emerging UNFCCC processes.

The ART Secretariat, hosted by Winrock International, is responsible for the operation of the ART program. The Secretariat will oversee the implementation of the ART Program, including the registration, verification and issuance of Board approved TREES emission reductions on the ART registry.

1.3 ART CYCLE

The following flow chart outlines the steps a Participant will follow once the Participant has applied for and been preliminarily approved for an ART Registry account. All documents are submitted through the ART Registry.
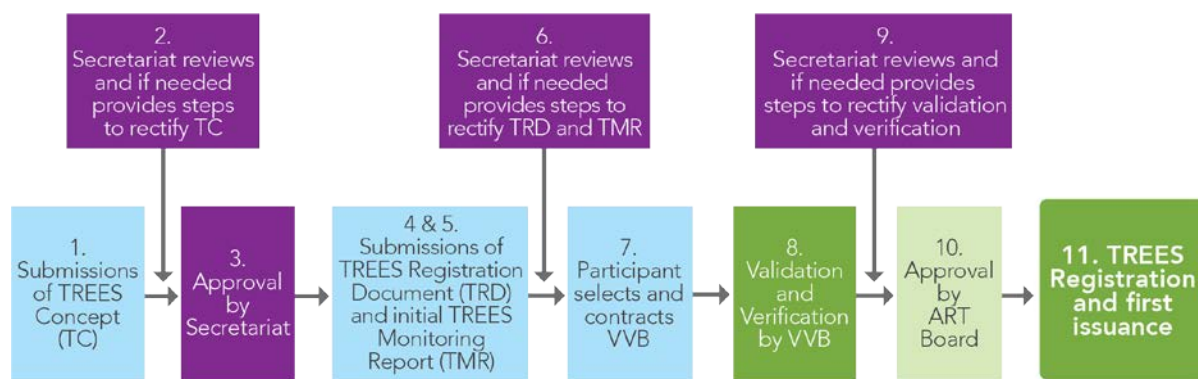
2 ELIGIBILITY/APPLICABILITY/KEY REQUIREMENTS

2.1 ELIGIBLE ENTITIES

A key requirement of TREES is that a Participant must be a national government or a subnational government with national government approval.

The national government may register a subnational accounting area which meets certain eligibility requirements until December 31, 2030 at which time, the Participant must transition to a national-scale accounting area. Subnational governments may participate directly until December 31, 2030 after which time only national governments will be eligible as Participants.

The boundaries of subnational accounting must correspond with one or more administrative jurisdictions no more than one administrative level down from national level; AND

Participating subnational jurisdiction(s) must encompass at least 2.5 million hectares of forest.

2.2 ELIGIBLE ACTIVITIES

TREES will quantify the GHG Emission Reductions (ERs) below the crediting level associated with the prevention or slowing down of deforestation and emissions associated with forests remaining forests.

Emission removals associated with reforestation, afforestation, enhancement of forest carbon stocks, or improved forest management are not eligible for crediting under this version of TREES. ART plans to include an approach for crediting removals when deforestation/degradation emissions are below the crediting baseline in a future version of TREES.

Similarly, ART supports rewarding High Forest Low Deforestation 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 in the ART Registry to allow greater visibility to the market and buyers.

3 EMISSIONS REDUCTIONS

Participants will determine the number of emission reduction credits by determining the crediting level, subtracting annual emissions, subtracting the required buffer pool contribution, adjusting for uncertainty if necessary and, in cases where the accounting area is subnational, taking a deduction for leakage.

| ER Credits | = | Crediting Level | − | Annual Emissions | − | Buffer pool | − | Uncertainty | − | Leakage |
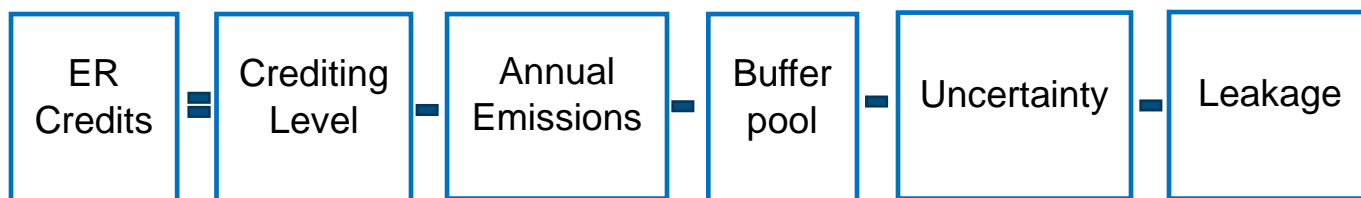
The emission reductions and supporting data, documentation and calculations are then independently verified for conformance against TREES. Upon approval by the ART Board, the Secretariat then issues serialized ERs to the Participant in its ART Registry account.

3.1 CALCULATING A TREES CREDITING LEVEL

The initial crediting level is established by calculating a 5-year historical average of forest emissions. The five-year period must end directly prior to the start of the crediting period. In instances where appropriate data is available, the crediting period may begin up to four years prior to the date the Participant submits its initial documentation to ART.

Each crediting period is five years in length. At the start of each new crediting period, the 5-year historical baseline must be recalculated in order to determine the new crediting level for the crediting period.

3.2 MONITORING

Annual emissions are monitored and reported as outlined in TREES.

3.3 UNCERTAINTY

TREES provides an uncertainty allowance of 15% in both the crediting level data and the annual emissions data. If the uncertainty for the crediting level exceeds 15%, the crediting level must be reduced by the corresponding amount. If the uncertainty for the annual emissions exceeds 15% uncertainty, the annual emissions total must be increased by the corresponding amount.

3.4 LEAKAGE

If a Participant submits a subnational accounting area, a leakage assessment must be conducted. TREES includes four categories for leakage based on the percentage of a nation's forests included in the subnational accounting area with corresponding leakage deductions ranging from 0-20%.

3.5 REVERSALS

TREES defines a reversal to be when a Participant's annual emissions exceed the crediting level. Participants must contribute a percentage of emission reductions at each issuance into a program-wide buffer pool to insure against future reversals. The maximum risk rating under TREES is 25% but can be lowered through three mitigation options.

If a Participant experiences a reversal, credits from the buffer pool will be retired to compensate for the emissions associated with the reversal. If a Participant leaves ART at any time, all remaining buffer pool credits will be retired.

4   ENVIRONMENTAL, SOCIAL, AND GOVERNANCE SAFEGUARDS

All REDD+ activities under TREES must be conducted in accordance with the Cancun Safeguards. The TREES Safeguards Committee unpacked the Cancun Safeguards into 14 key thematic safeguard areas. Each theme has a structure, process and outcome indicator.

In the first crediting period, Participants must conform with all structure and process indicators. In addition, they must either conform with or provide a plan for conforming with the outcome indicators. Conformance with all indicators must be demonstrated by the first verification of the second crediting period.

5 VALIDATION AND VERIFICATION

The TREES Standard requires validation to occur after year 1 of each 5-year crediting period and verification to occur after years 1, 3, 5 of each crediting period. Verification will be optional following years 2 and 4 of each crediting period. However, no credits will be issued without verification. Validations and Verifications will be conducted in accordance with the TREES Validation and Verification Standard. A Conflict of Interest Assessment will be required prior to beginning verification and will be approved by the Secretariat to ensure objective, third-party audits.

6 DOUBLE COUNTING

Any credits exported from a country for use by another Party or non-Party to meet compliance commitments requires approval from the host country and appropriate corresponding adjustments as outlined in Section 13 of the TREES Standard.

7 REGISTRY REQUIREMENTS

ART operates a robust, secure, transparent online registry system (the ART Registry) for the management of the ART process, documentation flow and to track credit issuance, transfer and/or retirement. No off-Registry transactions are permitted.