VERRA Standards for a Sustainable Future

Unlocking Private Sector Finance for Sustainable Landscape Management:

Structuring ways for national REDD+ payments to reward local producers of emission reductions

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Agenda

1. VERRA… What we do in REDD+
2. How does jurisdictional and project accounting need to work to reward local producers?
3. Real example of rewarding local producers
4. Some guidance on constructing a jurisdictional baseline
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7. Problems with using a poorly constructed jurisdictional baseline and inappropriate project allocation
8. A well-designed allocation approach will allow REDD+ projects to integrate & remain viable

VERRA…What we do in REDD+

Verra develops and manages **standards and frameworks** to vet environmental and sustainable development efforts, build their capacity and connect them to funding.

Verified Carbon Standard
A VERRA STANDARD

REDD+ Project-scale

Total Registered REDD+ Projects	Total Estimated VCUs by year	Countries with REDD+ VCS projects
58	44,157,743	23

Verra is revising its framework for jurisdictional REDD+ programs and nested projects (JNR)

How does jurisdictional and project accounting need to work to reward local producers of the emission reduction?

Payments by Results, international buyers

Country with National REDD+ Strategy

1. Warsaw Framework.
2. Nested approach agreed with public-private projects.
3. Benefit Sharing Plans (BSP).
4. Everything else…

Normally BSP considers an **X%** distribution based on carbon results (MRV) compared to the baseline.

Projects

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Real example of rewarding local producers

Project scale: Mataven REDD+ Project (Colombia)

Health: 5 medical attention centers in indigenous communities with difficult access.

Forest control: Strengthening of the Indigenous Forest Guard (300 people).

Silvopastoral program: 1,126 head of cattle delivered.

Education: Scholarship of 100% of the cost for 97 university students and technicians.

Important to emphasize that benefits do not have to be always ***monetary*** but ultimately a successful REDD+ program needs to incentivize the actors actually making the reductions/removals.

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https://www.selvamatavenredd.org/index.php/es/

Some guidance on constructing a jurisdictional baseline

In addition to the well-known rules, guidelines and requirements of different initiatives such as UNFCCC, VCS JNR, FCPF's Methodological Framework, among others, it is important to consider the following:

1. Balance between rigor/conservativeness and matching the on-the-ground reality to ensure finance (alternatives based on average, trend, modeling).

2. Consider the heterogeneity of deforestation and forest degradation in the countries.

3. Consider previous carbon accounting efforts (REDD+ projects, site-specific activities, among others).

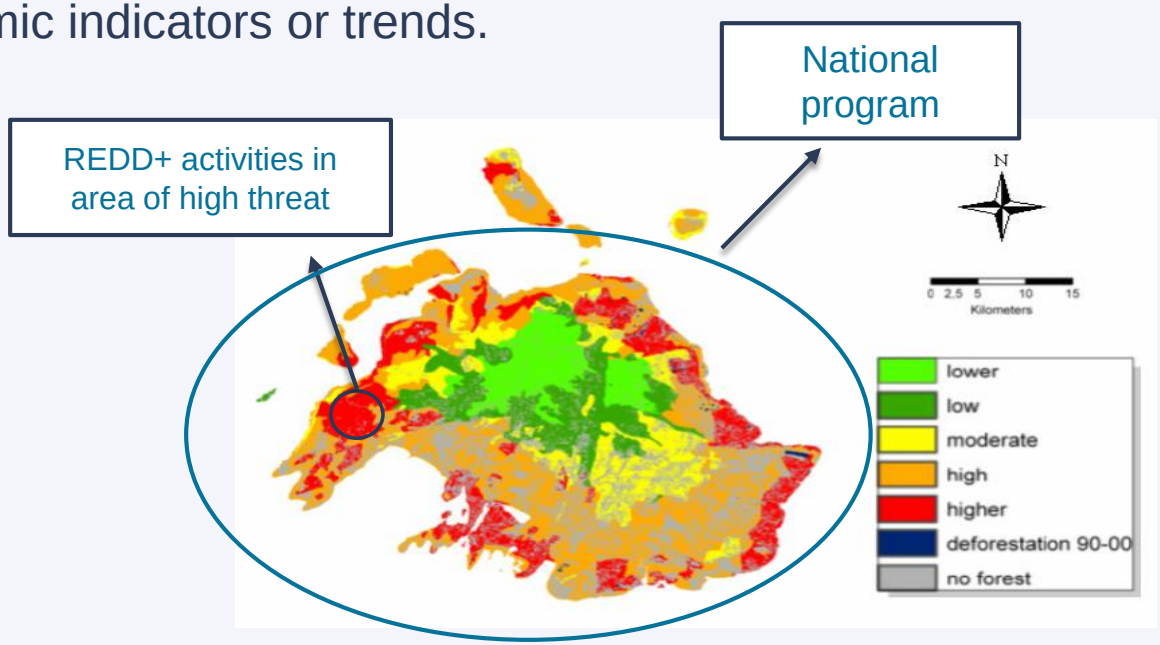
One solution (maybe difficult) is constructing the baseline by strata properly and then allocate

Some important issues to consider

1. Evaluate jurisdiction by drivers, tenure types, etc.
2. Stratify the jurisdiction according to dynamics of deforestation.
3. Define and quantify adjustments to be made by strata to adjust for future dynamics different from historical.
4. Create strata specific FRELs.
5. Apply risk-based models (where appropriate) assign FREL within strata to the project/site level.

What is allocation approach?

1. Could provide a means to “divide” up the jurisdictional baseline deforestation or degradation, recognizing smaller areas (e.g. at district or municipality level) with different relative threats, thereby strengthening the viability of a REDD+ program and ensuring resources are delivered to those areas most in need.
2. Beyond technical considerations, such an allocation may involve negotiations with government and consider relevant political factors, socio-economic indicators or trends.



Some example methods of allocation

Use the **straight average** of total historical emissions divided by hectares of remaining forest.

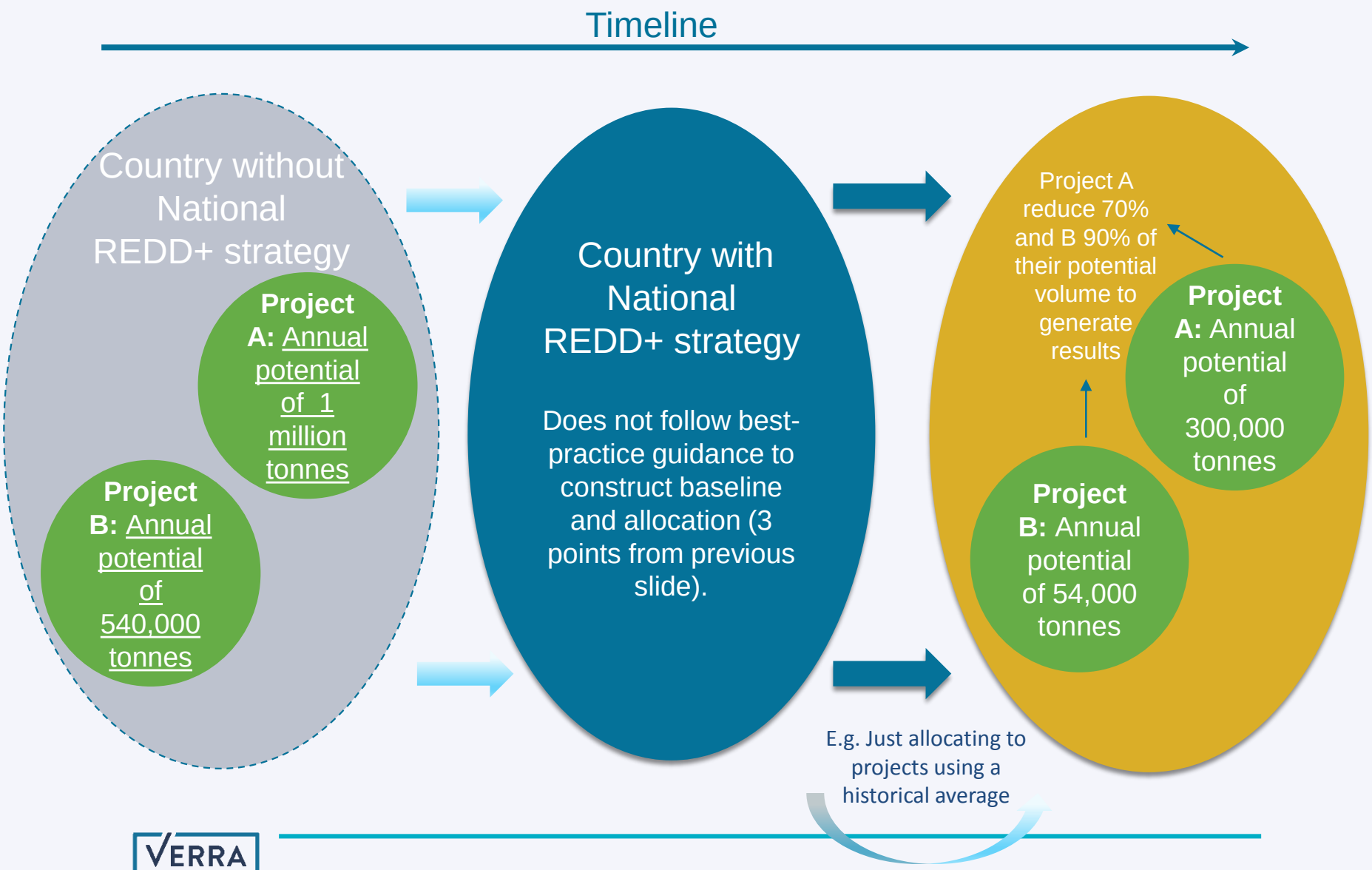
Advantages	Disadvantages
• Simple and quick.	• Poor approach for private sector nested projects. • Incentive is placed where threat is low, and will unlikely lead to overall reductions in emissions. • Transfer of wealth.

Some example methods of allocation

Apply at project level a **risk-weighted allocation** of total jurisdictional emissions taking into consideration level of threat to remaining forest.

Advantage	Disadvantage
• Simple approach after initial allocation map or other system is created. • Better approach for private sector nested project investment. • Attracts higher investment to areas of higher threat – which should lead to better overall performance in reducing emissions.	• More complex initially to establish rules for weighting threat.

Problems with using a poorly constructed jurisdictional baseline and inappropriate project allocation



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A well-designed allocation approach will allow REDD+ projects to integrate & remain viable, by:

Ensuring alignment with ***government objectives and NDC/REDD+ accounting.***

Continuing involvement of local communities which play key role in implementing ***on-the-ground activities that actually stop deforestation and degradation*** & generate important social & environmental benefits.

Incentivizing much-needed ***private sector investment*** with potential to meet demand from CORSIA and other emerging markets.

Facilitating ***transparent & equitable benefit*** sharing to those reducing emissions in high threat areas; this helps transform the forest economy and ensures long-term viability of REDD+ programs.

Thank You

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