Proposed revisions to JREDD+ components of IC-VCM Assessment Framework on Additionality and Permanence

- As currently drafted, many of the Assessment Framework (AF) criteria undermine jurisdictional REDD+. These criteria should be updated to accurately reflect, and not undermine or disregard, attributes of jurisdictional scale programs and what makes them high-quality.
- Jurisdictional approaches to crediting (not just REDD+) are vastly different from project scale crediting and have not been well examined throughout the proposed criteria, even though jurisdictional and nested REDD+ activities may already meet or be on the path to soon meeting, the conditions to be deemed additional and/or permanent and CCP-compliant in many areas.
- Therefore, the criteria should be updated to accurately reflect and acknowledge the attributes of jurisdictional scale efforts that make credits from these programs high-quality, including that they improve additionality and permanence, uphold stringent environmental and social safeguards, and generate various social, environmental, cultural, and biodiversity co-benefits. Otherwise, the IC-VCM runs the risk of excluding jurisdictional scale REDD+ programs.
- Specifically:
    - Additionality: A more appropriate approach to assessing the additionality of jurisdictional REDD+ programs than the current AF text is one that is performance based (e.g., performance threshold approach) and considers the history of REDD+ and results-based finance.
    - Permanence: Section 9.2a of the AF should recognize jurisdictional scale approaches as legitimate “alternative approaches” which take an approach to assessing permanence that is more fitting to their circumstances and should consider alternative incentives for compensation mechanisms other than a time-bound approach.

Additionality (Section 8 of AF)

The AF should revise the additionality criteria so that they are more suitable to jurisdictional-scale REDD+ approaches, and recognize the substantial investments of time, resources, and political will that have been made to lay the foundation for the transformation of the economic development pathway in forested countries and a shift to low-carbon development. **A more appropriate approach to assessing the additionality of jurisdictional REDD+ programs than the current AF text is one that is performance based (e.g., performance threshold approach) and considers the history of REDD+ and results-based finance.**

- As part of a performance threshold approach to additionality, all JREDD+ activity proponents must submit a REDD+ implementation plan outlining new and ongoing REDD+ activities to the carbon-crediting program. Only reported, monitored, and third-party independently verified emissions that are below the historical crediting level, or above the removals crediting level, are additional and eligible to receive credits. The crediting level must be updated prior to the start of any new crediting period, and it must be more stringent (i.e., lower for reductions, higher for removals) than the previous crediting level, to ensure that performance must keep improving and therefore continues to be additional.

- The history of REDD+ and results-based finance must be considered in the additionality criteria. Participation in a REDD+ readiness or implementation funding program (e.g., UN-REDD, FCPF, or FIP) should count as an expectation for carbon credits instead of simply "Phase 3" performance-based finance as these three phases were never split apart.
- A time limit to exclude such consideration should be removed from Criterion 8.8. We recommend deleting the time limit, expanding the definition of results-based finance, and allowing results-based finance to be included in the future for the “full” threshold.

Permanence (Section 9 of AF)

The AF’s **Section 9.2a should recognize jurisdictional scale approaches as legitimate “alternative approaches”** which take an approach more fitting to their circumstances in assessment of permanence requirements and should consider alternative incentives for compensation mechanisms other than a time-bound approach.

- The criteria should recognize that scale, including jurisdictional extent and duration in time, as well as sectoral coverage, should be central to evaluating environmental robustness of any emissions reductions. Therefore, at minimum, jurisdictional approaches, referring to the level at which policies get set (i.e., national and/or on administrative level down subnational jurisdictions), to implementation (which include nested site-scale activities) should be recognized for reducing risk of reversals, and there should be explicit consideration of the role of jurisdictional implementation, monitoring, and accounting to both mitigate and address the risk of reversals.
- The AF should acknowledge that all sectors are subject to risk of reversals— instead of singling out the land sector as being particularly vulnerable to reversals – and what matters is how these risks are managed.
- Instead of a time-bound approach, the focus should be on providing governments with the incentives they need to continue performing (e.g., recouping uncertainty deductions over time, increasing removals credits over time) so that there is a clear pathway for them to reduce emissions and increase removals.

Rationale for suggestions

Additionality (Section 8 of AF)

Additionality is meant to demonstrate whether an activity, reduction, or removal would have taken place under business as usual (BAU) or if it’s “additional” due to a crediting program. **The current approach to assessing additionality is not appropriate for jurisdictional-scale REDD+ programs** as it does not recognize the wide-ranging, long-standing, multilateral efforts that have contributed to the development of REDD+ policies and mechanisms, could present challenges to low-capacity countries, and could introduce a selection bias against the land sector[1].

[1] Please note that any references to the “land sector” include forests.

- Proposing financial viability (Criteria 8.7) as an indicator to assess additionality is not appropriate in the context of a jurisdictional REDD+ program, and not necessarily reflective of credit quality. It is an artifact of project scale additionality tests and misunderstands how governments make decisions. The large scale and fundamental governance structure of jurisdictions that participate in JREDD+ (i.e., national or sub-national governments) is partly why properly implemented JREDD+ activities are additional – jurisdictions *already have the power to implement JREDD+ activities but historically have not done so without JREDD+ incentives.*
- The financial viability additionality approach is unduly complex and could present significant challenges to low-capacity countries, which already face complex processes for crediting their mitigation contributions. Some of the proposed criteria are difficult to assess for certain sectors or activities which, in addition to introducing a selection bias into the process, burden the beneficiaries in a way that limits the delivery of benefits, restricts scale, and potentially leads to inequitable outcomes, since the poorest and most vulnerable will find these obstacles the most challenging to overcome.
- Properly implemented JREDD+ programs are additional because developing forested countries, as they undergo economic development, can *EITHER* participate in REDD+ programs (which involves setting conservative baseline/reference levels, implementing national monitoring and JREDD+ activities, and verifying performance to deliver high-scale ER/R results), *OR* not participate in REDD+ and continue the same historical emissions trajectory, often increasing land sector emissions. Jurisdictions are *actively* choosing to participate in a REDD+ program, with the eventual expectation that they will receive payment for their performance, rather than continuing along a development pathway that *does not* protect or enhance forests. By virtue of participating in a JREDD+ process, they show intent to generate ER/Rs for payment and/or credits.

Permanence (Section 9 of AF)

The AF's permanence criteria fail to adequately consider the impacts of scale, the long-standing government and local stakeholder partnerships as well as policy and legal reforms fundamental to JREDD+ programs, and the buffer and deductions requirements of jurisdictional REDD+ standards on the risk of reversals, and therefore fail to explicitly recognize the role of jurisdictional REDD+ as a legitimate alternative approach. The AF unjustly singles out mitigation activities in the land and forest sector as having material risk of reversals when, in fact, mitigation outcomes from all sectors are vulnerable to reversals.

- Research has shown that large scale approaches are less impacted by the risk of reversals. The larger the spatial scale of reductions and the longer the program persists, the more risks of shocks (e.g., fires, fraud, policy reversals) can be pooled across locations, actors, and time periods; anticipated risks can also be factored into a conservative jurisdictional baseline at a large enough scale. This pooling reduces the likelihood that idiosyncratic reversals at any one place or time will impact the net climate benefits recognized under a program.
- Reducing large-scale deforestation while meeting underlying economic demand requires new production systems and social/institutional infrastructure that once created are not easily undone. Such systemic changes reduce the chance of reversals and increase the chances of progressively larger net cumulative benefits compared to BAU.

- The risk of reversals is not unique to the land sector. Mitigation outcomes from all sectors are vulnerable to risks of reversals. The current criteria imply unique risk that could deter buyers from investing in nature-based mitigation and would have devastating implications for the world's ability to achieve a safe climate future.
- The 50 - 100-year requirement for the compensation mechanism (i.e., buffer) is not realistic for JREDD+ programs; governments, landowners and agricultural producers will not, and in some cases cannot, sign an obligation for 100 years, nor does tying a buffer pool to a timeframe, as opposed to a percent of total credits, indicate high-quality.

The AF's **Section 9.2a should recognize jurisdictional scale approaches as legitimate "alternative approaches"** which take an approach more fitting to their circumstances in assessment of permanence requirements and should consider alternative incentives for compensation mechanisms other than a time-bound approach.

- The criteria should recognize that scale, including jurisdictional extent and duration in time, as well as sectoral coverage, should be central to evaluating environmental robustness of any emissions reductions. Therefore, at minimum, jurisdictional approaches, referring to the level at which policies get set (i.e., national and/or on administrative level down subnational jurisdictions), to implementation (which include nested site-scale activities) should be recognized for reducing risk of reversals, and there should be explicit consideration of the role of jurisdictional implementation, monitoring, and accounting to both mitigate and address the risk of reversals.
- Additionally, safeguard requirements of jurisdictional REDD+ programs, which include getting buy-in from stakeholders over entire national areas or jurisdictions, increase likelihood that activities will be permanent. The AF criteria should acknowledge that government and stakeholder partnerships and long-term legal and policy reforms that are fundamental to jurisdictional REDD+ contribute to permanence; they do not hinder it.
- Instead of a time-bound approach, a crediting program should focus on providing governments with the incentives they need to continue performing (e.g., recouping uncertainty deductions over time, increasing removals credits over time) so that there is a clear pathway for them to reduce emissions and increase removals.
- The typical jurisdictional REDD+ approach entails requiring deductions from what is eligible for crediting, to reinforce the integrity of what is issued as a conservative volume of credits. So, jurisdictional approaches require buffer pool contributions that are tied to the overall estimated risk of non-permanence, meaning that this volume of contributions is inherently conservative and accounts for any future risk of reversal. In other words, *even if the participant leaves the program, that jurisdiction already contributed the "probability of non-permanence" of its credits to the buffer pool i.e., it did not actually receive all the credits that it generated.* This can be implemented as an additive contribution, so that any reversal during a monitoring period results in ever higher contributions to sufficiently replenish the buffer pool. Any reversals are compensated by withdrawing the participant's contributions to the buffer pool, or from future issuances to that participant.
- Existing JREDD+ methodologies, such as those offered by ART TREES, incentivize continuously renewed contracts for program participants. For example, while the TREES crediting period is in 5-year increments, if the jurisdiction wishes to continue participating in the program, the next

crediting period must occur immediately following the previously ended one, ensuring longer monitoring. Alternatively, if a jurisdiction leaves ART and wishes to return at a future date, it must provide a monitoring report for all the interim years that it was not in the program – *and compensate the buffer pool for any reversals that occurred during the time that it was not a participant.* This is a feature of the program design that serves as an incentive for continued performance and manages the treatment of any reversals.

- Jurisdictional REDD+ activities ensure permanence based on a combination of factors: buffer pool capitalization requirements tied to probability of future reversals; scale of decision-making at the highest administrative political boundary and scale of geographic participant size; shorter (e.g., 5-year) crediting periods with incentives for renewal of jurisdictional participation in the crediting program.