



# Carbon Market Policy

The Emergence of Jurisdictional  
REDD+ & Predictions for 2023



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Allister Furey  
Co-founder & CEO

Carmen Alvarez Campo  
Senior Policy Associate

Polly Thompson  
Policy Associate

# Intro

- 2023 – a big year for VCMs
- **JREDD+ is a priority to understand**
  - The importance of NBS and REDD+
  - Implications for credit quality
  - Impact on market supply
  - Complexity due to intersections with wider policy

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## 1. The emergence of jurisdictional REDD+

- a. REDD+ 101
- b. Challenges of project-based REDD+
- c. Other approaches to REDD+
- d. JREDD+ standards
- e. JREDD+ intersection with the broader carbon market and climate policy context

## 2. Predictions for 2023

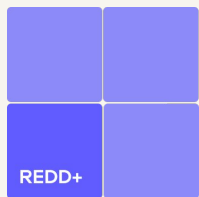
- a. What did we see in 2022?
- b. What are we expecting for 2023?

# The emergence of jurisdictional REDD+

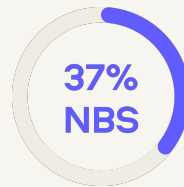
# REDD+ 101

## REDD+

**Reducing Emissions from Deforestation and forest Degradation:** activities that reduce greenhouse gas emissions from deforestation and forest degradation, alongside wider activities including sustainable management of forests, and the conservation and enhancement of forest carbon stocks.



**REDD+ is the single biggest project type in VCMs.** As of 2022, almost 400 million REDD+ credits had been issued on VCMs, representing a quarter of all voluntary credits ever issued.



We need nature: **37% of mitigation efforts needed by 2030** could come from **NBS**.



Sylvera's carbon credit crunch report revealed that **31% of Sylvera-rated REDD+ credits are tier 1** (high quality), while 25% are tier 3 (very low quality).



# The challenges of project-based REDD+

To work out how many credits to issue, we need to know:

1. What would have happened without the project?
2. How much carbon is stored in the protected trees?
3. How long will these trees remain standing and storing carbon?

**Baseline emissions** - The project forecasts the loss of 5 trees between T0 and T3 due to deforestation and forest degradation that would have occurred in absence of the REDD+ project



**Project emissions** - Despite project activities, some deforestation took place between T0 and T3, and 3 trees were lost. For simplicity, no leakage took place in this example



**Carbon credits** - The project successfully prevented the loss of 2 trees between T0 and T3 as only 3 trees were lost, or simply, no leakage took place in this example



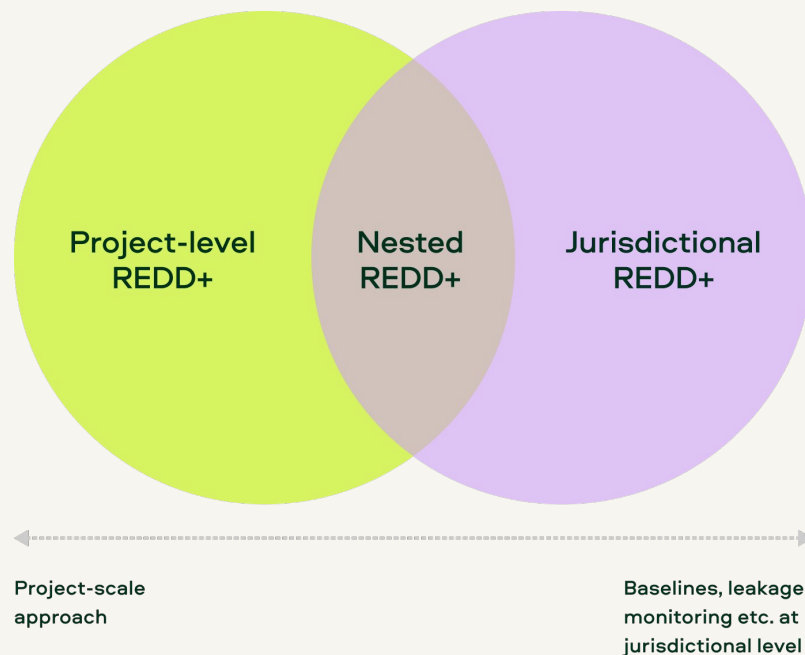
# Other approaches to REDD+

## Jurisdictional REDD+

REDD+ activities that occurs under a (sub)national REDD+ strategy. Accounting, such as baselining and deforestation monitoring, are done at a national scale.

## Nested REDD+

When a stand-alone project is 'integrated' into the jurisdictional REDD+ programme accounting frameworks. There are different approaches to nesting.



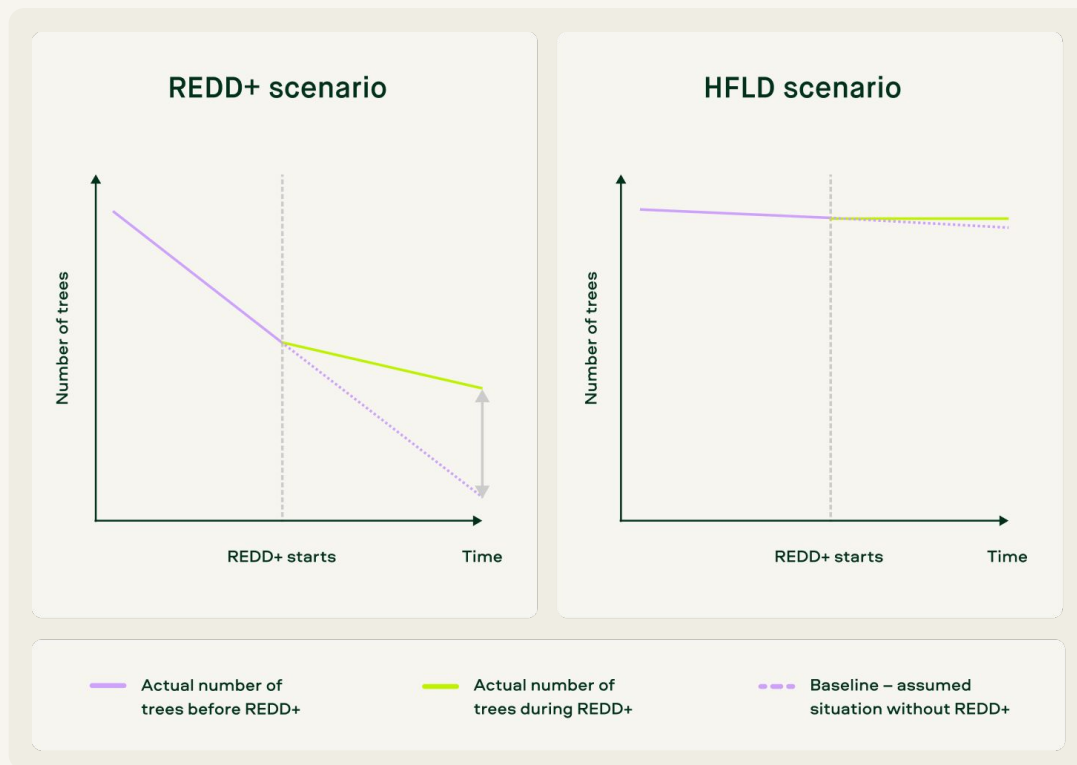
# Comparing approaches

	Project-level REDD+	Nested REDD+	Jurisdictional REDD+
<b>Framework</b>	Independent standards (e.g. Verra, Plan Vivo) or national methodologies	Independent standards (e.g. Verra JNR)	To date mostly national or international frameworks (e.g. FCPF); Independent standards emerging (e.g. ART TREES)
<b>Funding</b>	To date, mostly through VCMs	Nested projects are only beginning to be developed	To date, mostly result-based financing; beginning to access VCMs
<b>Pros</b>	<ul style="list-style-type: none"> <li>- Often easier to implement</li> <li>- Established track record</li> <li>- Local context and needs considered</li> </ul>	<ul style="list-style-type: none"> <li>- Better monitoring of leakage</li> <li>- More reliable baselines</li> <li>- Easier transition than JREDD+</li> </ul>	<ul style="list-style-type: none"> <li>- Economies of scale e.g. MRV</li> <li>- Leakage monitoring</li> <li>- More reliable baselines</li> <li>- Land rights more clearly addressed</li> </ul>
<b>Cons</b>	<ul style="list-style-type: none"> <li>- Baselines often inflated</li> <li>- Hard to monitor leakage</li> </ul>	<ul style="list-style-type: none"> <li>- Methodologies yet to be proven</li> <li>- Ignores local drivers of deforestation</li> </ul>	<ul style="list-style-type: none"> <li>- Complex to manage</li> <li>- Challenging to obtain enough samples to set baselines</li> <li>- Benefit sharing risks</li> </ul>



# HFLD

- High forest, low deforestation jurisdictions
- Rewards historical success preventing deforestation
- But do not meet usual additionality criteria
  - Are HFLD credits equivalent to others in the market?
  - Should they be used for offsetting?



# JREDD+ Standards



Verified Carbon  
Standard



ART  
Architecture for  
REDD+ Transactions



Type & scale	Project REDD+	✓	✗	✗	✗
	Nested REDD+	✓	✓	✓	✗
	JREDD+	✓	✓	✓	✓
	HFLD provisions	✗	✓	✓	✓
Market Figures	Number of projects/ programs listed	>1,800 projects	15 ERPAs	16 programs	5 jurisdictions
	Total credits to date (MtCO <sub>2</sub> e)	>900	0.27 (Tranche A)	33	9
	JREDD+ credits to date (MtCO <sub>2</sub> e)	0	0.27 (Tranche A)	33	9
Acceptance	ICROA endorsed	✓	✗	✓ Conditional	✗
	CORSIA eligible	✓ Only some methodologies	✓	✓	✗ Rejected twice

# JREDD+ intersection with the broader carbon market and climate policy context

## 1. VCMs

- a. Individual REDD+ projects transition
- b. Supply/demand balances
- c. Government's new role

## 2. CORSIA

- a. Strong JREDD+ demand signal
- b. Contribution to JREDD+ general acceptance

## 3. NDCs

- a. LULUCF included in 90% of NDCs
- b. JREDD+ results used towards meeting NDCs

## 4. Article 6

- a. REDD+ expected to be eligible (not *avoidance*)
- b. Interest in JREDD+ for 6.2

# Predictions for 2023

# The market for JREDD+

	2022	2023
Type of finance	Start of the transition from RBP to market mechanisms	Transition towards market mechanisms continues
Supply	Supply materialised	Supply pool grows
Demand	Clear demand signal	Demand increases and gets more sophisticated
Prices	Willingness to pay increased	Prices raise
Standards	<ul style="list-style-type: none"> <li>• ART TREES very active but subject to criticism</li> <li>• VCS JNR has not listed any programs</li> <li>• FCPF Carbon Fund framework approved by CORSIA</li> <li>• REDD.plus is still unpopular, Xpansive partnership broke</li> </ul>	<ul style="list-style-type: none"> <li>• Project level methodologies align with nesting approaches</li> <li>• ART TREES revision of HFLD</li> <li>• VCS might include HFLD adjustments</li> <li>• FCPF Carbon Fund framework consolidates</li> <li>• Limited REDD.plus issuances</li> </ul>

# Sylvera's Jurisdictional REDD+ Intelligence Product Suite

A rating framework for JREDD+ programs is on the way. In the meanwhile we have developed several products to help our clients understand and navigate the JREDD+ space.



**JREDD+ Country Assessment**



**JREDD+ Methodology  
Comparison**



**JREDD+ Program Tracker**





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