

Template for report and accounts for organisations under the Climate and Forest Initiative funding scheme for civil society

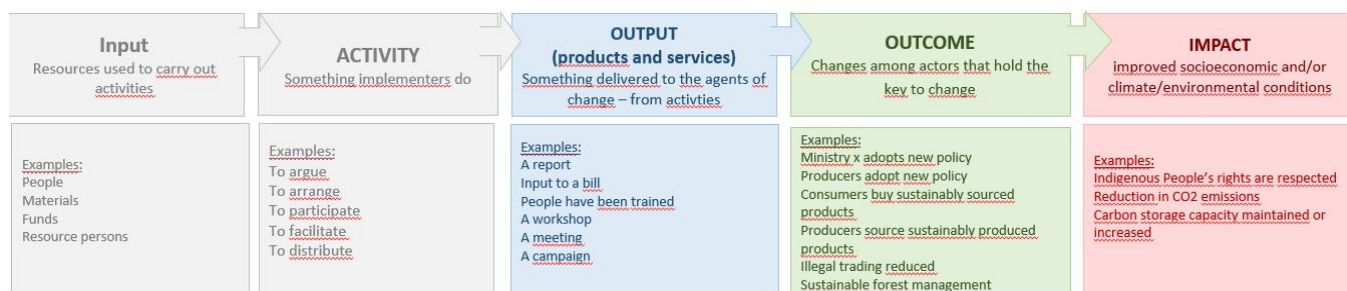
2013-2015

1. General Project Information:

- 1.1 Name of recipient organisation: Verified Carbon Standard Association (VCSA)
- 1.2 Reporting year: 2015
- 1.3 Agreement Number: QZA-0476 QZA- 13/0100
- 1.4 Name of project: Developing and piloting integrated Jurisdictional and Nested REDD+ (JNR) accounting and verification frameworks linked to new sources of finance
- 1.5 Country and region in the(se) country if applicable: Acre, Brazil; Costa Rica; Peru; Democratic Republic of the Congo (Mai Ndombe)
- 1.6 Financial support to the project from Norad for last calendar year 2015: \$614,953
- 1.7 Thematic area: The main relevant category is **Category 4**: Creating global consensus on REDD+, in particular to 'Options for quickly and significantly scaling up demand and supply of emission reductions/removals from REDD+.' Also relevant is **Category 3**: Analysis, concept and methodology development that contribute to planning and implementation of REDD+.

2 Please describe the project's progress for the whole grant period

Result chain:



- 2.1 Please repeat the **project's target group(s)** and the baseline for the target group at the start of the project (from the approved project document).

Host governments

National and subnational governments (and partner organizations) are important actors in leading implementation of jurisdictional-scale REDD+ programs to harmonize emission reductions/removals and establish eventual national-level accounting frameworks. Host governments need to have the access, capacity and ability to adopt jurisdictional-level REDD+ accounting frameworks. Jurisdictional REDD+ pilot activities will help to inform governments of the various options for accounting for emission reductions/removals at multiple jurisdictional scales and provide them with a means to robustly verify these carbon benefits.

International policymakers

International policymakers (UNFCCC negotiators, bi/multi-lateral donors, compliance market regulators) are important actors in promoting jurisdictional REDD+ in emerging regulatory frameworks and accelerating its adoption into UNFCCC fund- and/or market-based systems. Policy makers must set the rules and requirements for results-based payments and/or market mechanisms associated with Phase 3 REDD+ development. International policymakers need examples and demonstrations of effective jurisdictional REDD+ accounting mechanisms to inform the development of regulatory and policy frameworks. Successful jurisdictional REDD+ pilot activities will help build confidence in REDD+ and provide valuable lessons to decision makers and negotiators about how REDD+ accounting could be addressed in emerging international policy frameworks.

Civil society organizations (CSOs)

CSO partners can provide useful guidance, capacity building and technical support to governments and to other civil society actors and local communities. CSOs facilitate collaboration with local and indigenous groups and help to ensure their rights are respected. CSO technical support of governments helps build capacity and advances their readiness to participate in a future UNFCCC framework. CSOs need guidance to provide valuable technical support and coordination with stakeholders and governments. Acting as key intermediaries in JNR piloting will help ensure transfer of knowledge and allow CSOs to engage governments, policy makers and investors to drive forward REDD+ action on the ground.

Private investors and developers

Investors and project developers (private sector and CSO) are important actors in supporting and investing in REDD+ activities, currently at the project scale, but potentially in government REDD+ programs. Investors seek high-quality, fungible emission reductions/removals that will be recognized in voluntary and regulatory markets, and are drawn to investment opportunities that are of significant scale and have the potential to be integrated into national accounting regimes. Private investors and developers need to recognize how subnational activities fit and are accounted for under broader national approaches, and to see value in supporting REDD+ jurisdictional programs. JNR piloting will demonstrate how private actors can engage in REDD+ activities at different scales and be rewarded for their success, reducing uncertainty and helping to scale up investment.

2.2 Please repeat the project's **desired impact** (from the approved project document).

The ultimate goal to which this project will contribute is the development of a global framework for REDD+ that provides sufficient guidance and incentives for countries to effectively reduce emissions from deforestation and forest degradation. By leveraging the VCS JNR framework, the project aimed to link the development of national and subnational REDD+ policies and programs, and catalyze new financing for REDD+ that leverage existing and emerging results-based funding mechanisms and investment. The piloting of JNR aimed to increase the confidence of policymakers, donors and investors in REDD+, contributing to the scaling-up of activities that effectively tackle deforestation and forest degradation,

significantly reduce global emissions, and generate positive benefits for local and indigenous communities.

2.3 Is the project still relevant for the desired impact? (Yes/No) If No, please give a short explanation. Yes.

2.4 **Main outcome(s).**

a) Please repeat the project's planned outcome(s) (effect on project's target group(s), beneficiary (-ies)) (from the approved project document).

JNR piloting, in cooperation with key civil society partners and host governments, aimed to advance the development and implementation of robust jurisdiction-wide REDD+ accounting frameworks that integrate policy, program and project approaches for reducing emissions, and support national objectives and strategies. Key lessons learned from JNR pilots were disseminated through exchange and learning events and publications and aimed to inform the evolution of other REDD+ programs and international climate policymaking. Finally, the project aimed to build confidence in REDD+ and its ability to generate high-quality verified emission reductions at the jurisdictional scale, ideally catalysing significant new climate finance from investors, donors and other results-based funders for supporting and scaling up REDD+ activities.

b) Please report on all outcomes from the project document:

- i. What changes have been achieved with reference to the baseline? **See tables below.**
- ii. Please report on the key indicators used to document that the desired change has occurred. **See tables below.**
- iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets. **See text below tables.**
- iv. If outcomes are not yet achieved, please explain why, and in addition, how the outputs will lead to the desired outcome and when **See text below tables.**
- v. Are the outcomes expected to be sustainable? **See text below tables**

Outcome 1: Pilot jurisdiction-wide accounting frameworks developed

Inputs	Activities	Outputs	Outcomes	Impacts and Key indicators used to document change has occurred
Acre, Brazil				
<p>Activities were undertaken in collaboration with VCS, Institute of Climate Change and Regulation of Environmental Services (IMC), Earth Innovation Institute (EII), IPAM Brazil, Acre Science Committee, South Pole and other relevant stakeholders.</p> <p>Inputs included:</p> <ul style="list-style-type: none"> - EII/IPAM staff time for supporting the IMC with technical expertise, identifying options to fill gaps and implementing solutions. <p>VCS staff time for providing technical and programmatic guidance, including via teleconference and in-person meetings to inform key government and other stakeholders on JNR technical issues and to discuss harmonization between national and subnational policies and strategies.</p>	<p>EII supported IMC in improving, finalizing and translating the JNR Program Description, and producing a near-complete draft of the JNR Monitoring Report for Acre's first monitoring period (2006 – 2010), to enable eventual verification and issuance of credits under VCS JNR.</p> <p>IMC continued working closely with VCS registry provider Markit in the development of a customized frontend registry system for Acre State.</p>	<p>Final version of JPD already went through the process to receive stakeholder comments. Near final draft of Monitoring Report, addressing any key issues and gaps raised.</p> <p>Work plan laying out necessary steps to register Acre's REDD+ jurisdictional baseline and program and generate verified emission reductions under JNR.</p>	<p>Good progress made to advance documentation needed for registration and issuance of jurisdictional credits for Acre's program. Valuable piloting lessons captured and used to inform other pilot jurisdictions and local, national and international policymakers.</p>	<p>Well-designed (publicly available) JPD¹, and Monitoring Report (in draft, not yet public), comprehensive and robustly accounting for REDD+ program in Acre that will generate high-quality emission reductions, build confidence in REDD+ and help scale up REDD+ globally, link to emerging markets and other funding sources, as well as contribute positively to local communities, forest-dependent people and indigenous groups.</p> <p>Safeguards² are adhered to that ensure appropriate stakeholder consultation undertaken and that benefits will reach local communities.</p> <p>Lessons learned from Acre will help inform other countries on the options for effectively nesting project activities³.</p>

¹ Available at: <http://www.vcsprojectdatabase.org/services/publicViewServices/downloadDocumentById/17710>

² See REDD+ Social and Environmental Safeguards reporting at: <http://www.redd-standards.org/countries/latin-america/state-of-acre-brazil>

³ See Winrock guidance document on nesting (funded by IDB and this grant) at: <http://www.v-c-s.org/just-released-new-guidance-for-nesting-redd-projects/>

Costa Rica				
<p>Activities undertaken in collaboration with VCS, IUCN, FONAFIFO and other relevant stakeholders.</p> <p>Inputs included:</p> <ul style="list-style-type: none"> - IUCN overall coordination of outreach and discussion on technical and political issues. - VCS staff time for providing technical and programmatic guidance, including via teleconference and in-person meetings to inform key government and other stakeholders on JNR technical and political issues. - Winrock support (consulting staff time) to drafting Costa Rica JPD 	<p>Stakeholder outreach and consensus building around JNR among relevant stakeholders in Costa Rica.</p> <p>JNR gap assessment at the national level completed which included development of a draft JPD, and development of a draft national methodological framework to provide guidelines on forest carbon transactions (via domestic and international voluntary and regulated markets) under Costa Rica's Carbon Neutrality Program.</p> <p>Provided inputs into ERPD and ER Program Design process, to ensure harmonization with the JNR Requirements and the FCPF MF.</p>	<p>JNR gap assessment completed including development of work plan and timeline to close identified gaps and implement solutions, setting out the necessary steps to develop and register Costa Rica's REDD+ jurisdictional baseline and program using the JNR framework.</p> <p>JNR taken into consideration in ERPD and ER program design discussions.</p> <p>Draft JPD completed, including summary of progress made to implement identified solutions in accordance with work plan</p> <p>Report completed detailing options for harmonization of VCUs and Costa Rica Carbon Units (CCUs)</p> <p>Working meeting held and report completed outlining recommendations for supporting/advancing accounting of Costa Rica's land-based NAMAs and assessment of sustainable landscapes</p>	<p>Good progress made to advance development of pilot jurisdiction-wide accounting framework for Costa Rica and linking REDD+ to broader landscape accounting and sustainable landscape assessment.</p> <p>Valuable piloting lessons captured and used to inform other pilot jurisdictions and local, national and international policymakers, especially regarding diversifying finance opportunities via a sustainable landscapes approach.</p>	<p>Contributions made toward the development of a well-designed, comprehensive and robustly accounted for REDD+ program in Costa Rica that will generate high-quality emission reductions, build confidence in REDD+ and help scale up REDD+ globally, link to emerging markets and other funding sources, as well as contribute positively to local communities, forest-dependent people and indigenous groups. The JPD, while nearly finalized, is still under development and is expected to be released publicly by end of 2017. JNR also informed the development of the FCPF Carbon Fund program in Costa Rica, as evidenced in the ERPD⁴.</p> <p>Process in place to ensure safeguards are adhered to that ensure appropriate stakeholder consultation undertaken and that benefits reach local communities⁵.</p>

⁴ See specific references to VCS and JNR in the ERPD, available at: <https://www.forestcarbonpartnership.org/sites/fcp/files/2016/May/CR-ERPD-May%2024-%202016.pdf>

⁵ JNR requires such mechanisms to be in place, though direct work has been done by Costa Rica, CCBA and partners, not VCS. See progress at: <http://www.redd-standards.org/countries/latin-america/costa-rica>

Democratic Republic of the Congo (Mai-Ndombe)				
<p>Activities undertaken in collaboration with VCS, WWF DRC, CN REDD, provincial government representatives, GFA International, Wildlife Works Carbon (WWC) and other relevant stakeholders.</p> <p>Inputs included:</p> <ul style="list-style-type: none"> - WWF DRC overall coordination for inputs to early ER Program design processes, a Green Economy Consultant to participate in national REDD+ working group and support the integration of VCS methods and JNR in general, general capacity building with local communities on REDD+. - GFA International staff time for drafting JNR/FCPF gap assessment and solutions to resolve technical issues and supporting incorporation of results into ER-PIN, ER Program design processes and development of JNR and FCPF program documents. - VCS staff time for providing technical and programmatic guidance, including via teleconference and in-person 	<p>Completed a gap assessment for the development of a JNR program in Mai-Ndombe Province, including a high-level comparative analysis between the JNR Requirements and the World Bank FCPF MF indicators, for general/global application as well as in the context of the DRC ER Program. Based on the ER-PIN, this gap assessment was used in early ER program meetings as part of the case for the jurisdiction to adopt JNR.</p> <p>Identified initial technical or political gaps and challenges between Mai Ndombe's REDD+ program and baseline under development (based on ER-PIN and other policies and plans) and the VCS JNR Requirements.</p> <p>Provided inputs into ER Program design to ensure harmonization with the JNR Requirements and the FCPF MF. This included providing information to and thinking creatively about design options with members of the coordinating committee including government, WWF and WWC.</p> <p>Development of draft JPD that</p>	<p>JNR gap assessment outlining key issues and gaps between REDD+ plans and policies (ER-PIN), the JNR and the FCPF MF.</p> <p>Final ER-PIN (April 2014)⁶, which references that the program will use JNR tools and buffer to manage non-permanence, leakage and nested projects.</p> <p>VCS JNR tools and processes mentioned in ERPD submitted to FCPF (January 2016).</p> <p>Draft JPD that is completely compatible with FCPF ERPD (December 2015, to be updated upon final submission of the FCPF ERPD and completion of the TAP review).</p>	<p>Jurisdiction-wide accounting framework developed for Mai Ndombe Province, in alignment with DRC's national REDD+ strategy and the FCPF's Methodological Framework (MF).</p> <p>Valuable piloting lessons captured, particularly around integration of private sector projects and actors in the national working group on REDD+ and the joint FCPF/JNR process. These lessons have been and will be used to inform other jurisdictions' processes.</p>	<p>National government using the experience of subnational pilot to inform the development of national REDD+ policies and accounting.</p> <p>National government recognizes the potential of the ER program as a self-sufficient motivator of green development (as opposed to development aid).</p> <p>Project developers working with government to harmonize objectives and integrate multiple levels of REDD+ accounting.</p> <p>VCS guidance on how to harmonize with UNFCCC frameworks will lead to strong ER program design⁷.</p> <p>Lessons learned from DRC will help inform other countries on the options for effectively nesting project activities⁸.</p>

⁶ All relevant FCPF documents, referencing JNR, available at: <https://www.forestcarbonpartnership.org/democratic-republic-congo>

⁷ See VCS and Winrock report on alignment at: http://www.v-c-s.org/wp-content/uploads/2016/05/CF-VCS-JNR-UNFCCC-Comp-Analysis_20141204_CLEAN.pdf

⁸ See Winrock guidance document on nesting (funded by IDB and this grant) at: <http://www.v-c-s.org/just-released-new-guidance-for-nesting-redd-projects/>

meetings to inform key government and other stakeholders on JNR technical and political issues.	aligns with the latest version of the FCPF ERPD.			
Peru				
<p>Activities were undertaken in collaboration with VCS, Nature Services Peru (NSP), CI Peru, MINAM/National Forest Conservation Program to Mitigate Climate Change (NFCPMCC), Inter-American Development Bank (IDB), Carbon Decisions International (CDI) and other relevant stakeholders.</p> <p>Inputs included:</p> <ul style="list-style-type: none"> - NSP overall coordination of outreach and discussion on technical and political issues. - VCS staff time providing technical and programmatic guidance, including via teleconference and in-person meetings to inform key government and other stakeholders on JNR technical issues and to discuss harmonization between national and subnational policies and strategies. 	<p>Continued stakeholder outreach to establish cooperation with relevant institutions (eg, MINAM, MINAGRI, SERFOR)</p> <p>Provided review of national methodological framework to ensure alignment with JNR in 2014.</p> <p>Official side event on jurisdictional REDD+ held at UNFCCC COP 20 in collaboration with MINAM, IDB and other stakeholders.</p> <p>Undertook analysis and recommendations regarding need for simplified REDD+ accounting and sustainable landscapes frameworks in Peru</p> <p>Undertook analysis and recommendations regarding how a nested project structure can work in Peru</p>	<p>Revised draft of national methodological framework incorporating identified critical JNR issues.</p> <p>Workshop held October 2015 to gather stakeholder inputs on simplified REDD+ accounting and sustainable landscapes needs in Peru</p> <p>Final report submitted by NSP covering analysis and recommendations on simplified REDD+ accounting, sustainable landscapes and nested project architecture in Peru</p>	<p>Progress made to advance structure and development of Peru's multi-layered REDD+ framework including advancements in nested project architecture as part of Amazon-wide accounting framework</p> <p>Valuable piloting lessons captured and used to inform other pilot jurisdictions and local, national and international policymakers, including with regard to diversifying sources of finance through a focus on sustainable landscapes</p>	<p>National government using the experience of subnational pilots to inform the development of national REDD+ policies, registry and accounting⁹.</p> <p>Project developers and private investors working with government to harmonize objectives and integrate multiple levels of REDD+ accounting.</p> <p>Process in place to ensure safeguards are adhered to¹⁰ that ensure appropriate stakeholder consultation undertaken and that benefits reach local communities.</p> <p>Lessons learned from Peru will help inform other countries on the options for effectively nesting project activities¹¹.</p>

⁹ See new proposed conceptual framework for the Peruvian national REDD+ registry at <http://www.bosques.gob.pe/documento-lanzamiento-registro-nacional-redd>.

¹⁰ Experience with CCB in San Martin has informed the development of national safeguards. JNR requires safeguards be in place, but VCS has not been directly involved. See <http://www.redd-standards.org/countries/latin-america/region-of-san-martin-peru>.

¹¹ See Winrock guidance document on nesting (funded by IDB and this grant) at: <http://www.v-c-s.org/just-released-new-guidance-for-nesting-redd-projects/>.

- i. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets.

Acre: The target has been partially achieved as the JPD has been finalized and went through a process of stakeholders comments in the VCS. Monitoring Plan nearly finalized, reflecting Acre's need to clarify how to treat emissions reductions from nested projects. Verification has been on hold due to the Brazilian Decree that would prevent them from selling tons to California. CDSA, the public-private company in charge of sales, was moving forward with negotiations to hire an auditor to review the program and finish the JNR validation. In the intervening months since the issuance of the decree, the political crisis in Brazil has made for difficult progress. While the president was still in office, it became politically difficult for Acre to defy the decree. At the same time, the financial crisis impacted Acre's budget, affecting their ability to pay for the audit. All was expected to move forward once President Rousseff was in impeachment proceedings, but due to budget shortfalls resulting from the currency devaluation, they were forced to redirect the funds. Acre still intends to move forward, especially once California officially begins rule-making on REDD+, and with the expectation that the Brazilian decree will be overturned, again allowing them to move forward with CA.

Costa Rica: The target was achieved as all deliverables were completed satisfactorily, except for the final version of the JPD. Norad granted an extension until June 2016 for completion of the final version of the JPD, due to unforeseen delays in Costa Rica's completion of its ERPD under the FCPF. The JPD has now been fully drafted, but is awaiting final review and approval to ensure strong alignment with the FCPF Carbon Fund program and the national REDD+ program. A public version of the final JPD is expected by end of 2016.

DRC: The target has been achieved as CN-REDD has developed a jurisdictional REDD+ program in Mai Ndombe province that is informed by VCS JNR tools and guidance around integrating nested projects. The use of JNR tools to complete the ERPD helped the country to fill in gaps where the FCPF's MF lacked or was developing guidance at the time when DRC needed to be developing its program and documenting it via an ERPD. Entities involved in the coordinating committee are committed to JNR accounting framework as a source of sustainable finance beyond the FCPF ERPA term. The DRC program has now been provisionally approved by FCPF and is expected to proceed to ERPA negotiation. Through the support of JNR, there is a strong and viable nesting plan that will allow the Wildlife Works Mai Ndombe project to be an integrated part of the program, providing emission reductions from the project to the carbon fund, through the government. This is one of the leading examples of a successful nesting approach.

Peru: The target was achieved as all deliverables were completed satisfactorily. Peru is on-track to design a strong nested project architecture and registry system guided by the VCS and JNR Requirements. Peru is also exploring ties between its agricultural NAMAs, sustainable landscapes and REDD+ as a way to diversify its sources of finance.

- ii. If outcomes are not yet achieved, please explain why, and in addition, how the outputs will lead to the desired outcome and when

JNR piloting, in cooperation with key civil society partners and host governments, aimed to advance the development and implementation of robust jurisdiction-wide REDD+ accounting frameworks that integrate policy, program and project approaches for reducing emissions, and support national

objectives and strategies. Key lessons learned from JNR pilots were disseminated through exchange and learning events and publications and aimed to inform the evolution of other REDD+ programs and international climate policymaking. Finally, the project aimed to build confidence in REDD+ and its ability to generate high-quality verified emission reductions at the jurisdictional scale, ideally catalysing significant new climate finance from investors, donors and other results-based funders for supporting and scaling up REDD+ activities.

In most cases, our direct outcomes have been achieved. As described above, there were a number of unanticipated delays with progress in national and subnational REDD+ programs due to a variety of political challenges, as well as the need for countries to focus on and adhere to deadlines from other programs such as FPCF and KfW's REDD Early Movers program. At the same time, the landscape of REDD+ has changed significantly over the life of the grant, with slower progress towards REDD+ market mechanisms at scale than foreseen. However, the Paris Agreement strongly establishes REDD+ as a key mechanism for mitigating climate change and provides a number of potential financing structures in the long-term. While the vision of JNR as a mechanism to directly drive crediting at a jurisdictional scale that can access market mechanisms has evolved, we now see a number of opportunities that could leverage tools like JNR, such as the emerging aviation Market-Based Mechanism (MBM) and emerging domestic markets in a number of countries. While the JNR framework may need to be revised to meet these needs, it is clear that to ensure long-term viability of REDD+ programs, we will need to encourage private investment in REDD+. Many investors still prefer to have a direct relationship with counter parties, such as projects, and by allowing and encouraging site-based activity, it is possible to increase the level of investment in REDD+ programs. Thus, the concept of nesting remains vitally important to the success of attracting private finance. New VCS guidance on nesting will continue to help resolve these challenges and demonstrate viable and sustainable nested systems. In addition, it will be necessary to expand the thinking beyond traditional carbon finance and link to broader landscape-oriented programs that can leverage private capital, such as working with consumer goods companies on zero-deforestation commitments, and broadly engaging the drivers of deforestation, such as agricultural producers, to improve the sustainability of production.

Thus, the desired outcomes of the grant have been advanced and are expected to continue. While a specific timeline is difficult to define, the work done under this grant, progress achieved by countries, and examples shown in our pilot countries will continue their work and by example will demonstrate the outcomes we sought to achieve.

iii. Are the outcomes expected to be sustainable?

As noted above, the goal of this work is to provide more sustainable finance over the long term for programs that reduce emissions from deforestation and degradation. The groundwork laid by this grant will continue, as we continue to support these countries to resolve nesting challenges and attract private finance both through REDD+ and emerging landscape approaches. This will continue to ensure the sustainability of these programs over time.

Outcome 2 and 3: Lessons learned from JNR pilots disseminated to inform emerging compliance mechanisms (outcome 2) and Financing for REDD+ Increased (outcome 3)

Inputs	Activities	Outputs	Outcome	Impact, Key indicators used to document change has occurred
<p>VCS staff time to disseminate lessons learned from pilot activities to other jurisdictions and national and international policymakers, including the development and implementation of all activities.</p> <p>FCMC staff time (paid by matching funds from USAID) in the drafting, revision and incorporation of peer review comments in the good practice guidance document.</p> <p>Winrock International staff</p>	<p>Exchange and learning events targeting key JNR jurisdictions (including all Norad- funded pilot countries), technical assistance providers and the private sector, to discuss technical and programmatic issues were held in June 2013 and March 2015. A workshop aimed at broadening the lens beyond REDD+ to sustainable development at the landscape level was held in October 2015.</p> <p>Held periodic meetings on an ongoing basis with key stakeholders to evaluate pilot progress and gather lessons learned.</p> <p>Gathered relevant knowledge generated by pilot activities on an ongoing basis, for compilation and dissemination through case study and lessons learned publications in Year 3 (2015).</p> <p>Revised JNR Requirements in October 2014 based on pilot feedback¹² and supporting tools and documents released. Published good practice guidance document in early 2015.</p> <p>Based on lessons learned, a nesting guidance document was drafted by Winrock International with funds from this grant as well as additional finance from IDB, which provides concrete</p>	<p>Reports summarizing lessons learned gathered from exchange and learning events relating to accounting at different scales, harmonizing efforts between jurisdictions to ensure comparable and fungible emission reductions, and exploring opportunities to diversify finance beyond REDD+</p> <p>Information and key insights stored in anticipation of case study publications developed in 2015 which provides lessons learned to help describe the diversity of accounting approaches associated with REDD+ programs and key lessons for advancing national REDD+ programs and developing country-wide REDD+ accounting frameworks.</p> <p>Revised version of the VCS JNR Requirements (v. 3.2) based on lessons learned from pilot activities and to ensure alignment with FCPF MF. The following supporting documents were also published¹⁴:</p> <ul style="list-style-type: none"> • JNR Monitoring Report • JNR Program/Baseline Listing Representation • JNR Program/Baseline Registration Representation • JNR Program Issuance Representation • JNR Program/Baseline Validation Representation • JNR Program Verification Representation 	<p>Jurisdictional proponents and technicians understand the principles of accounting at different scales.</p> <p>Local organizations and governments are informed and aware of key issues and potential strategies to address issues that arise with jurisdictional and nested accounting systems.</p> <p>Stakeholders have strong understanding of linkages between REDD+,</p>	<p>Collaboration and knowledge sharing between pilot jurisdictions (and other jurisdictions applying JNR) has led to greater South-South cooperation and transfer of knowledge.</p> <p>Demonstrated that project-level activities can contribute to national accounting for REDD+¹⁶. Enabled support for early REDD+ actions of governments.</p> <p>Countries understand the potential to link REDD+ at jurisdictional scale to emerging markets and other funding sources that can be targeted by linking to broader low-emissions</p>

¹² Latest version of the JNR Requirements is available here (October 2013): <http://www.v-c-s.org/sites/v-c-s.org/files/Jurisdictional%20and%20Nested%20REDD%2B%20Requirements%2C%20v3.1.pdf>

<p>time and translation fees for drafting and releasing the nesting guidance</p> <p>Workshop expenses.</p>	<p>recommendations for resolving challenges with nested accounting.¹³</p>	<p>Good practice accounting guidance document released¹⁵.</p> <p>Dissemination to relevant stakeholders of newly published documents – including reports from the three learning exchanges – and lessons learned from pilot activities.</p> <p>Nesting guidance finalized and released, which will continue to be used with pilot countries going forward to drive further thinking on options for resolving remaining nesting issues.</p> <p>Case studies and policy recommendations drafted and finalized, to be released in September 2016.</p>	<p>agricultural NAMAs and sustainable landscapes and are exploring opportunities for diversified finance.</p>	<p>development and sustainable landscape efforts¹⁷.</p> <p>Country experiences have provided lessons to inform international REDD+ policy development, which will be furthered by the release of the case studies and recommendations guidance (to be released in September 2016).</p>
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iv. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets.

The advancement of the JNR Requirements, tools and guidance, the release of the guidance on nesting and the drafting of a case study and policy recommendations document are successful outputs within Outcomes 2 and 3. The lessons learned gathered from JNR pilots have been integrated into several updates of the JNR Requirements and the development of tools and guidance, to make them more user-friendly and practical for real-life jurisdictions. The case studies will serve to illuminate pathways forward for earlier-stage jurisdictions advancing with their own REDD+ programs and considering the use of JNR.

¹⁴ Available at: <http://database.v-c-s.org/program-documents>

¹⁶ One component of this is the already-referenced Winrock guidance document on nesting (funded by IDB and this grant), available here: <http://www.v-c-s.org/just-released-new-guidance-for-nesting-redd-projects/>.

¹³ See <http://www.v-c-s.org/just-released-new-guidance-for-nesting-redd-projects/>.

¹⁵ Available at: <https://rportal.net/library/content/fcmc/publications/guidance-for-jurisdictional-and-nested-redd-program-design> and <https://rportal.net/library/content/fcmc/publications/technical-guidance-for-jurisdictional-and-nested-redd-programs>

¹⁷ See the list of concrete opportunities for action in the report of the October 2015 workshop *Delivering Finance and Incentives to Drive Sustainable Land Management*: <http://www.v-c-s.org/wp-content/uploads/2016/05/Report-DeliveringFinanceandIncentives-11-NOV-2015.pdf>.

We facilitated two learning exchanges among pilot countries and one between pilot countries and consumer goods companies, financial institutions, carbon market participants, donors, NGOs and intergovernmental agencies. The pilot country events allowed for south-south exchange of lessons learned on developing REDD+ jurisdictional programs with JNR (and the FCPF, as many of the pilot countries are to some extent engaged in both). Each of these workshops resulted in a report disseminated to participants. The report from the last workshop, which explored linkages between REDD+, agricultural NAMAs and sustainable landscapes is enhanced and opportunities for diversified finance, was published on the VCS website. At that event, several concrete opportunities to advance efforts to create landscape sustainability (including through REDD+) were identified.

- v. If outcomes are not yet achieved, please explain why, and in addition, how the outputs will lead to the desired outcome and when
We achieved most of the direct outcomes and impacts were sought to achieve, as outlined in Outcome 1 however, delays in government implementation meant we have not yet operationalized the large-scale linkage of REDD+ results to new sources of demand and finance. However, the work under this grant sets our partner countries up for success. Acre intends to move forward once the Brazilian decree preventing the sale of tons to California is overturned (as is expected), and once CA moves into REDD+ rulemaking. This is expected to happen in 2017, and the JNR program in Acre provides solid ground to ensure the program will be robust enough to meet strict CA requirements. In addition, our efforts to explore diversified finance have led us, as with many, to look in more detail at the options of linking to emerging commitments from consumer goods companies for zero-deforestation commodities. This new focus on landscape-wide sustainability has driven the development of a new VCS framework called the Landscape Standard, which will be developed and piloted over the next 3-4 years with funding from the German government, and in cooperation with several Norad- funded projects for the 2017-2020 period. By shifting the focus to addressing key deforestation drivers, like agriculture, further incentives and new financing options will be leveraged and provide real, scalable investments that support REDD+ programs, directly or indirectly.

- vi. Are the outcomes expected to be sustainable?
As outlined above, the potential to link to more diversified sources of finance will ultimately ensure that REDD+ (and broader landscape sustainability efforts) are sustained in the long-term.

- 2.5 Are there any internal and/ or external factors that have affected the project in any significant way?
- a) Please specify deviations from plans.

Due to a number of challenges detailed in the risk assessment, JNR pilots did not advance as far as originally expected – main deviations are elaborated here:

Peru: Progress in Peru was delayed due to a lack of clarity around the strategic direction of the national government. During the course of 2014, MINAM clarified that all work on jurisdictional and nested REDD+ must take place at the national level – the work so far undertaken by subnational jurisdictions (eg, San Martin and Madre de Dios) could be useful and feed in to the national level program, but subnational jurisdictions were no longer able to advance with their own REDD+ programs or receive direct crediting in future. Furthermore, it became clear that Peru would benefit from a streamlined REDD+ framework, rather than applying full JNR (at least in the near-term). Components of JNR such as the leakage and/or non-permanence risk tools, and the requirements for nested projects, are still useful and may be applied in Peru. A final change was a change of implementing partner – unfortunately, Conservation International Peru was unable to continue in its role due to a conflict of interest that emerged (CI Peru supported REDD+ negotiations for Peru at the Lima COP, and will also play this role for Paris). These changes influenced the direction of our work in Peru – we acquired a new implementing partner for 2015, Nature Services Peru, and spent 2015 exploring the applicability of new frameworks focused on streamlined REDD+ / linking to agricultural emissions accounting and the assessment of the sustainability of commodity production as a key driver of deforestation and forest degradation in order to diversify finance for sustainable landscapes. In addition, key lessons from challenges of nesting projects in Peru helped to inform the Nesting Guidance released in 2016. We will continue to work with Peru to implement potential solutions, based on this guidance document.

Costa Rica: Progress in Costa Rica was slowed to some extent by national elections in 2014 and temporary uncertainty around the continued direction of FONAFIFO REDD+ program. Furthermore, the annual contracts with IUCN were signed late in the year due to administrative delays. The 2015 activities Winrock (as a subcontractor to IUCN) completed before the end of the year included the JNR gap assessment and draft JPD kicked off by an in-person visit to Costa Rica to interview key individuals in the government. The slow progress of Costa Rica's ER-PD development and need for significant revisions following a December 2015 TAP review further delayed Costa Rica's ability to finalize its JPD. Given these circumstances Norad granted an extension for the completion of Costa Rica's JPD until June 2016. The JPD draft was completed in June and is now in the process of finalization by the government, including ensuring compatibility with the final ER-PD.

Acre: The goal in Acre was originally to achieve validation and verification by the end of 2014. That goal was very ambitious. A number of factors influenced the slow pace of advancement in Acre including bureaucratic delays generally and especially in the Validation/Verification Body (VVB) bidding process, a high turnover of human resources and loss of experience, an unfortunate natural disaster situation in 2014 which occupied the government for an extended period of time (ie, severe flooding across the state), and finally the establishment of a decree by the national government that would prevent sales to CA and others. The Federal Government position against the use of credits from REDD programs as ITMOs (for offsetting emissions outside the country) ultimately prevented Acre from completing the verification of the program. The Federal Government's position has been questioned by some stakeholders for possibly being unconstitutional. Acre needs to wait for the outcome of this debate. Despite the deviations from plans, Acre's JPD has been finalized and went through the stakeholders consultation period at the VCS. Once the decree issue is

resolved, they are expected to complete validation and verification and continue to pursue the opportunity to sell emission reductions to California.

DRC: The formal launch of ER program planning in DRC was delayed by the government from September 2014 to February 2015, resulting in the delay of our partner's capacity building efforts in that country, with work planning delayed as a result. Significant funds were dedicated by WWF to the recruitment of a coordinator for green economic development who would support VCS JNR in the national process. The DRC's FCPF ERPD development process advanced significantly in 2015 (facilitated by JNR tools); however, CN-REDD's focus on completing the ERPD caused a delay in drafting the JPD document until technical issues had been worked out in the ERPD. In fact, the final JPD draft was updated in early 2016 following the final submission of the ERPD document to the FCPF. The DRC program has now been provisionally accepted into the Carbon Fund, with the Mai Ndombe project nested and expected to provide significant emission reductions to the Carbon Fund (through the government). So while delayed, DRC has proven to be a leading example of a successful nested approach.

b) Please provide a short assessment of the risks occurred

Turnover in government staff: Turnover in staff within governments directly affected progress in several cases. In Acre, some key personnel from IMC (Institute for Climate Change) and CDSA have left, and the state has lost some of the know-how acquired during previous years. COP negotiations for the Paris Agreement, as well as the Brazilian decree added uncertainty related to the alignment of Acre's program with Brazil's INDC and broader national approach. In Peru, the shift from subnational to national-level implementation (and relevant staff) delayed the project as capacity was rebuilt at the national level. Though this caused delays, it was ultimately very beneficial, as Peru has now made significant progress. Recent elections, however, are expected to force turnover in staff again, meaning Peru could now face challenges implementing some of the nesting solutions discussed.

Continued progress and engagement with complementary REDD+ efforts:

As identified above, there have been some challenges to advancement based on the need to coordinate and ensure alignment with other complementary REDD+ efforts. In several countries, much of the work has focused on harmonizing the ER Program being developed for review by the FCPF Carbon Fund and the JNR Requirements (or KfW REDD Early Movers in the case of Acre), to ensure countries will have a single cohesive program that can use the JNR as a core accounting mechanism that meets the requirements of the Carbon Fund MF or REM, JNR and the UNFCCC. This has produced very valuable results in terms of identifying where further work will be needed to advance REDD+ programs.

- 2.6 **Cross cutting concerns.** Please report on whether the project has had any effect (positive or negative) on
- a) Corruption
 - b) Gender equality
 - c) Respect for human rights

Human rights, corruption and gender are critical issues that were and are being considered and addressed in an ongoing manner especially through the adherence to safeguard requirements under the JNR framework.

To ensure the rights of indigenous peoples and forest-dependent communities are respected and to reduce the possibility of corruption, the JNR framework includes rules about safeguards which require jurisdictional programs, baselines and crediting options to be developed and documented in a transparent manner and in consultation with relevant stakeholders. In order to register as a

JNR program, jurisdictional proponents must show conformance with all safeguards contained in Appendix 1 of Decision 1/CP.16 of the UNFCCC Cancun Agreements in addition to relevant jurisdictional (national and subnational) REDD+ requirements. The use of additional standards such as the CARE/CCBA REDD+ Social and Environmental Safeguards (SES) is encouraged to demonstrate this. Additional requirements on safeguards, including consultation, transparency, mechanisms for grievance and benefit sharing mechanisms are covered in section 3.7 of the [JNR Requirements](#).

2.9 Lessons learned.

A number of important lessons were learned throughout the grant period in piloting JNR in our four pilot jurisdictions. Lessons learned were gathered on an ongoing basis and a number of updates were incorporated into the October 2013 and 2014 revisions of the JNR Requirements and also taken into consideration in the development of supporting tools and guidance. Further lessons will be incorporated into the JNR framework periodically. Lessons have also been incorporated into a number of the guidance documents released, including the FCMC Guidance for Jurisdictional Program Design and Technical Recommendations for Jurisdictional and Nested REDD+ Programs, the Guidance for Nesting drafted by Winrock, and the VCS Case Studies and Policy Recommendations documents (all linked to above).

In addition, the following have been important lessons:

- Focusing engagement at the national (in addition to subnational) government level from the outset is critical – this was especially important in Peru where slow decision-making at the national level was a major bottleneck in preventing subnational departments from advancing. We also found in Acre that it was important for the state government to align its baseline and monitoring system with guidelines that were already established in Brazilian national law. In DRC, the national government requirements around safeguards, a national registry system and other program components were, and remain, important for the Mai-Ndombe pilot to take into consideration. In that country, the national government is leading the development of the subnational program.
- Presenting JNR in a form that is easily palatable for specific, very different audiences is critical. During 2014 we tailored our materials on JNR and produced a new set of factsheets targeted at groups such as governments, donors, nested project developers, and also for more technical audiences to ensure each is able to access the information they need. In 2015 we released additional guidance, led by FCMC and noted above, and in 2016 we released the Guidance for Nesting, all with the aim to make JNR, and the lessons learned from piloting, more accessible to a broad audience.
- There is a need to leverage multiple pathways for finance to ensure programs will be sustainable in the long-term. This includes communicating about potential demand opportunities linking JNR to the Green Climate Fund, INDCs and the aviation sector's carbon neutrality commitment. Aligning JNR with other existing (or emerging) frameworks is also important to ensure processes are as streamlined and efficient as possible for jurisdictional governments. We worked to ensure strong alignment with the Carbon Fund FCPF MF and the UNFCCC Warsaw Framework for REDD+, as well as with other complementary standards such as REDD+SES, so a jurisdiction can easily ensure they have a single coherent program that aligns with relevant frameworks. Jurisdictions such as the DRC support these efforts and are asking the Carbon Fund for streamlined processes. In addition, the VCS has expanded its efforts to link REDD programs to broader sustainable development goals, including zero-deforestation commitments from commodity buyers. New frameworks are under development and are being considered in our (Norad-funded) pilot countries, as well as others.
- Strong commitment by leaders in national and subnational governments (ones who aren't being replaced on a regular basis) and engaging partners with the right combination of

technical and political expertise is critical to ensuring work can advance. A significant amount of time was spent securing agreement from all relevant partners and entities on the necessary steps to advance the application of JNR. While this caused some delay, it has been critical to ensuring REDD+ programs will advance in a coherent and transparent manner. Such coordination will be important to the ongoing success of our and our partners' work. In some jurisdictions, it is necessary to intensely train a "JNR leader" on the ground to provide the technical and political support needed to get a jurisdiction through its first issuance.

- VCS frameworks other than JNR can benefit REDD+ programs. Streamlined accounting at the landscape scale is useful for jurisdictional REDD+ efforts (especially with respect to degradation) but also commodity production – VCS' emerging Landscape Standard (LS) addresses both of these issues and some of our leading pilots are very interested in it as a way to engage the private sector. The private sector can and should be involved not just in traditional project development roles but also with commodity production and beyond; investment from the private sector is needed for the long-term health of these programs.

3 Case/success story

3.1 Please see separate format for the result example, max 2 pages. Attached.

4 Project's accounts for last year:

4.1 The accounts must relate to the approved budget for the year in question. All deviations (positive and/ or negative) must be clearly shown and explained.

Attachment: Audited accounts and completed form from the accountant for last year's accounts. Only after a contract expires should unspent funds be returned to Norad.

Date: 31 August 2016

Signature



Attachments:

- Annex 1: Menu of Common Indicators
- Annex II: Financial Report
- Annex III: Independent Accountants' Report on Applying Agreed-Upon Procedures
- Annex IV: Letter to the VCSA Board
- Annex V: Verified Carbon Standard Association and Affiliate – Consolidated Financial Statements and Independent Auditors' Report
- Annex VI: Verified Carbon Standard Association – Statement of Grant Revenue and Expenses for the Norwegian Agency for Development Cooperation (Norad) and Independent Auditor's Report
- Annex VII: Case Study
- All final grant deliverables (such as workshop reports and guidance documents) are linked to above and/or are included in the following Dropbox file (as they are too large to

transmit by email):

<https://www.dropbox.com/sh/grg9peezg4sdchu/AABhggXr5kpxqmMLuYjdmqoRa?dl=0>