

THE
REDD+
ENVIRONMENTAL
EXCELLENCE
STANDARD
(TREES):
ICAO ELIGIBILITY
GUIDANCE V2.0

*Architecture for REDD+
Transactions (ART) Program*

AUGUST 2020

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THE REDD+ ENVIRONMENTAL EXCELLENCE STANDARD (TREES)

ICAO ELIGIBILITY GUIDANCE V2.0

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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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The Secretariat of the Architecture for REDD+ Transactions provides the Board-approved Guidance for specific requirements for Participants who wish to have credits deemed eligible and qualified for ICAO's CORSIA.

6. MONITORING

6.2 MONITORING AND REPORTING FREQUENCY

Following successful validation and verification of the initial TREES Registration Document and TREES Monitoring Report, TREES Participants shall monitor and submit a TREES Monitoring Report following calendar years 1, 3, and 5 of the crediting period. A TREES Participant may optionally submit a TREES Monitoring Report following years 2 and 4 of the crediting period as outlined in Section 14. The TREES Participant shall use the latest approved TREES Monitoring Report template available on the ART website.

For Participants that wish to have credits deemed eligible for ICAO's Carbon Offsetting Scheme for International Aviation (CORSIA), TREES requires that the Participant agree to monitor, report and verify under TREES for a minimum of four five-year crediting periods (20 years).

Subnational Participants who shift to be included in national level reporting at the end of 2030, do not need to report separately as long as the national government continues to report under TREES. If the national government chooses not to join ART by the end of 2030 or leaves ART at any time prior to the end of the Subnational Participant's 20-years, the Subnational Participant will be required to continue monitoring, reporting and verifying under TREES for the remainder of its 20-year period.

APPENDIX A

CORSIA REQUIREMENTS FOR AVOIDING DOUBLE COUNTING

ART requirements for avoiding double counting in all of its forms are detailed in Chapter 13 of TREES. Procedures are in place to avoid double issuance, double use and double claims of credits issued under TREES. To avoid double claiming with progress towards mitigation targets pledged by countries in their Paris Agreement Nationally Determined Contributions (NDCs) and emission reduction and removal units used for the CORSIA, TREES requires in 13.3 II that countries authorize the use of offset credits by aeroplane operators under the CORSIA and provide a letter of assurance and authorization that they will report the use to the UNFCCC in the structured summary of its biennial transparency reports and make corresponding accounting adjustments.

ART will only qualify offset credits for CORSIA once such a letter is received, only to any limit established in the letter, and as long as all other ART and CORSIA requirements are met including the presentation of an ART-approved mechanism to mitigate the risk of or compensate for double claims for post 2020 units, as further described below.

1. **The Host Country Letter of Assurance and Authorization.** The letter will be obtained from the country's UNFCCC Focal Point to qualify post 2020 emission reductions for CORSIA. ART will make all Letters of Assurance and Authorization publicly available by posting on the registry. The Letter of Assurance and Authorization should explicitly:
 - Identify the specific REDD+ activity to reduce emissions or enhance removals in the country;
 - Acknowledge that ART has issued, or intends to issue, offset credits for [a stated volume in CO₂-e] emission reductions or removals that occur within the country¹;
 - Authorize the use of the REDD+ emission reductions or removals, issued as offset credits, by aeroplane operators in order to meet offsetting requirements under CORSIA, including providing a limit for the maximum number of emission reductions or removals that the country authorizes for use, including any limits on the time period over which the country provides such authorization;

¹ To ensure consistency in UNFCCC reporting and assurance of adjustments for CORSIA units issued, if the GWP value used by a country in its NDC reporting (in particular in its first NDC report) is different than the value used by ART to calculate the volume of offset credits issued, ART will convert the offset credit volume to the volume that should be adjusted using the same GWP values the country uses in its NDC reporting and provide that number to the country.

- Declare that the country will not use the associated REDD+ emission reductions or removals to track progress towards, or for demonstrating achievement of, its NDC and will account for their use by aeroplane operators under CORSIA by applying relevant adjustments in the structured summary of the country's biennial transparency reports, as referred to in paragraph 77, sub-paragraph (d), of the Annex to decision 18/CMA.1, and consistent with relevant future decisions by the CMA; and
 - Declare that the country will report on the authorization and use of the REDD+ emission reductions for the CORSIA [or by other countries] in a transparent manner in the country's biennial transparency report submitted under Article 13 of the Paris Agreement.
2. **ART Double Claiming Compensation Mechanism.** Before qualifying post 2020 units for CORSIA, ART also requires that the Participant present, in a form acceptable to ART, a mechanism to mitigate the risk of or compensate for double claims of emission reductions units between airlines for the CORSIA and host countries towards NDC achievement. Compensation is required in the event that the adjustment has not been made or credible evidence cannot be obtained by ART within a year after the adjustment was due to be reported to the UNFCCC by the Host Country. Options include:
- a) Evidence of the application of the adjustment, as detailed in the Host Country Letter of Assurance and Authorization, in country reports to the UNFCCC or other means (e.g. a physical or electronic certificate from the Host Country indicating that the required adjustments have been applied within the relevant accounting system), before the unit could be cancelled for use by an aeroplane operator for CORSIA.²
 - b) A guarantee, in a form acceptable to ART, that any double-claimed units (those for which an adjustment has not been made) will be replaced with a volume of ICAO-eligible credits corresponding to the number of units that were double claimed by the Host Country ("Replacement Contribution"). These units must be ART units (or comparable units as approved by ART) that have not been sold or otherwise committed. ART will cancel the associated Replacement Contribution to mitigate the Host Country's double claim of emission reductions. This guarantee could be from a reputable third-party (e.g. a donor country), an entity such as the Multilateral Investment Guarantee Agency (MIGA) or an insurance mechanism.
 - c) A guarantee, in a form acceptable to ART, that the guarantor will fully financially compensate ART for the procurement of a Replacement Contribution for the double-claimed units. The Replacement units must be ART units (or comparable ICAO-eligible units as approved by ART) that have not been sold or otherwise committed. ART will cancel the associated Replacement Contribution to mitigate the Host Country's double claim of emission reductions. This guarantee could be from a reputable third-party (e.g. a donor country), an entity such as the Multilateral Investment Guarantee Agency (MIGA) or an insurance mechanism.

² This would require simple registry functionality that allows the unit to be issued, but not transferred or cancelled for CORSIA until accounting adjustment requirements are met.

3. **Obtaining evidence of the application of adjustments.** ART will take action to obtain evidence of the host country reporting the use of the emission reduction units for CORSIA and the application of required adjustments in its reporting to the UNFCCC. Evidence could, for example, be in the country's biennial transparency reports to the UNFCCC or provided in the form of a letter or certificate (e.g., physical or electronic) from the Host Country indicating that the required adjustments have been applied within the relevant accounting system. Any evidence should clearly reference the offset credits (e.g., using unique identifiers or serial numbers) for which the country has applied the adjustments. Once evidence has been obtained, ART will post such evidence on the registry and indicate that the adjustment has been made.

In the event that the adjustment has not been made or credible evidence cannot be obtained within a year after the adjustment was due to be reported to the UNFCCC by the Host Country, compensation is required. ACR will inform the UNFCCC and ICAO accordingly and will evaluate whether to cease qualifying offset credits from the respective country for CORSIA.