



General Information on ART-Issued TREES Credits

What is ART and TREES?

The Architecture for REDD+ Transactions (ART) is a global initiative that seeks to incentivize governments to reduce emissions from deforestation and forest degradation (REDD), as well as restore forests and protect intact forests (+).

The REDD+ Environmental Excellence Standard, known as TREES, is ART's market-based approach to crediting REDD+ performance. Based on a decade of learning and evolution of REDD+, TREES defines requirements for crediting emission reductions from REDD+ at a national and subnational scale and includes comprehensive requirements for accounting and crediting; monitoring, reporting and independent third-party verification; mitigation of leakage and reversal risk; avoidance of double counting; robust environmental and social safeguards; and transparent issuance of serialized TREES Credits on a public registry. ART's standardized requirements result in REDD+ emission reductions and removals that are comparable among participating jurisdictions and fungible with emission reductions from other sectors.

Who can be issued TREES credits and how can those be monetized?

National governments or governments of large subnational jurisdictions that meet TREES' scale threshold requirements¹ are eligible to be issued TREES credits for emission reduction and removals results, which are independently verified to meet TREES' MRV and safeguards requirements.

Governments can monetize TREES Credits in any one of the following ways:

- By selling them to *corporate buyers* towards voluntary climate commitments;
- By selling them to *investment funds or carbon market brokers*;
- By selling them to *airlines* towards regulatory targets under ICAO's CORSIA (which for post 2020 units requires a host country authorization and corresponding adjustment, and in the case of subnational jurisdictions, authorization from the national government);
- By transferring them to *other governments* as a Paris Agreement Article 6.2 transfer towards NDC achievement (which for post 2020 units requires a corresponding adjustment and national authorization for subnational sellers); or
- By receiving results-based-payments from governments, corporations or other organizations.

¹ National governments can participate with a national accounting area, which covers the entire country, for which there is no scale threshold, or they can participate with one or more subnational jurisdictions and/or one or several recognized Indigenous Peoples' territories, which in total must exceed 2.5 million hectares of forest. To participate as a subnational jurisdiction, the government must be no more than one level down from the national level and the jurisdiction must comprise at least 2.5 million hectares of forest.



Governments can also establish benefit sharing arrangements to directly transfer TREES credits to Indigenous Peoples or other relevant stakeholders, who can then sell them directly to the same groups of buyers. Payments for TREES Credits can also be shared with these groups through similar benefit sharing arrangements.

Is it possible to sell TREES credits to multiple buyers?

Yes. Once credits are issued, governments can sell to a single buyer or multiple buyers. Portions of the credits can also be shared with other stakeholders, through benefit sharing arrangements, who can in turn sell them to single buyers or multiple buyers.

Does ART represent any specific buyer?

No. ART is not involved in any way in the transaction of TREES Credits and does not represent any buyer or buyer group. ART is a standalone program, independent of governments, with standardized procedures for all participating jurisdictions. It is governed by a Board of globally recognized experts, operated by an independent Secretariat at Winrock International, and supported by expert technical committees. ART's role is to oversee the registration and verification of REDD+ emission reductions and removals results and the issuance, tracking and retirement of TREES Credits on the ART Registry.

Who sets the price for TREES Credits?

While buyers usually have a price in mind, the holders of TREES Credits can negotiate with potential buyers the price, volume, upfront payments and other terms on which they are willing to sell TREES Credits, based on their own costs for REDD+ implementation and market norms and trends. This could include establishing a carbon price index or benchmark for escalation of the price for delivery of future vintages of TREES Credits.

Can buyers require terms and conditions beyond what ART requires?

Yes. While buyers can, and often do, seek additional requirements beyond what ART requires (e.g. requesting that funds are dispersed through accredited financial intermediaries), sellers of TREES Credits can decide what additional requirements they agree to. As with any market transaction, the terms must be mutually agreeable to both sides.



The LEAF Coalition

Is ART part of the LEAF Coalition?

No. The Architecture for REDD+ Transactions (ART) is not a member of the [LEAF Coalition](#). LEAF is comprised of governments and corporations that are interested in paying forest countries that demonstrate results in reducing emissions from deforestation and forest degradation (REDD+) through the purchase of ART-issued TREES Credits. The LEAF Coalition, therefore, represents demand for high quality REDD+ credits.

How is ART connected with the LEAF Coalition?

ART is a global voluntary initiative that works with forest countries to verify REDD+ performance. ART's objective is to provide confidence in the integrity of forest emission reductions and removals to unlock new large-scale investments to protect and restore forests.

The LEAF Coalition members have issued Calls for Proposals from forest jurisdictions that are interested to be paid for reduced emissions from deforestation and forest degradation and enhancement of forest carbon stocks (REDD+). To ensure environmental and social integrity of results, LEAF only purchases ART issued TREES Credits.

Does the LEAF Coalition Call for Proposals include requirements that go beyond ART-TREES?

Yes. The LEAF Call for Proposals includes requirements that go beyond requirements in TREES. The LEAF Coalition was developed as a public-private partnership among donor governments and private companies. As providers of results-based payments for REDD+ emission reductions, LEAF participants established the terms both for other governments and companies to join the Coalition, as well as for the results-based payments to forest countries for their TREES Credits.

For forest countries to be paid for REDD+ results, the emission reductions must be verified for conformance with TREES and issued by ART as TREES Credits. Beyond requirements in TREES, the LEAF Coalition's Call for Proposals also includes other requirements that can be consulted on their website.

Do companies or others need to be part of the LEAF Coalition to purchase TREES credits?

No. Companies do not need to be part of the LEAF Coalition to purchase TREES credits. The same is true for airlines that wish to purchase TREES Credits to use towards their CORSIA targets and governments that wish to use TREES credits to provide results-based finance or transact under Article 6.2 of the Paris Agreement.



Relationship to Other REDD+ Approaches

Is ART or TREES associated with REDD.PLUS?

No. ART has no association with the REDD.plus initiative, which issues REDD Results Units (RRUs) based on a country's REDD results as published on the UN REDD Info Hub, for which countries can receive results-based payments.

ART recognizes that there are multiple approaches that forest countries have at their disposal to receive finance for reducing deforestation, as well as protecting and restoring forests. We encourage forest jurisdictions to evaluate options and determine what approach is best for them, whether through selling market-based credits or receiving results-based payments.

What is sovereign carbon?

This term is not defined by the UN or under any carbon crediting standard. While REDD.plus is the only company marketing carbon as "sovereign," presumably, as a category, any unit issued to a government could be designated as "sovereign," therefore jurisdictional REDD+ crediting programs such as ART are issuing sovereign carbon credits.

Why does TREES require independent third-party verification?

Independent third-party validation and verification by internationally accredited entities for conformance to a standard is a benchmark for integrity in both compliance and voluntary carbon markets, and is a tenet adopted by all leading carbon crediting bodies.

Are ART-issued TREES Credits "Paris-approved" and "UNFCCC-verified"?

TREES Credits are fully aligned with the requirements of the UNFCCC including the Paris Agreement, the Warsaw Framework and the Cancún Safeguards. However, buyers and other stakeholders should be wary of these terms when used to advertise carbon credits. The suggestion that standards or crediting systems are "approved" or "verified" by UNFCCC/Paris Agreement can be misleading. It is most important to ensure that Paris Agreement Article 6 rules are followed, where relevant.

The only relevant REDD+ "approval" process under the Paris Agreement or related UNFCCC decisions is the publication of a country's submission to the REDD Info Hub if it has the required information. There is limited consistency with approaches to measurement, monitoring and safeguards of the information on the Hub. The Expert Review process agreed by the Parties is limited to being "facilitative" and reports cannot say that the country's reported results or underlying systems are wrong.



Why does TREES have requirements that go beyond the UNFCCC?

ART and its standard TREES were designed to attract private capital at scale through carbon markets to help accelerate progress toward national scale REDD+ accounting and implementation. TREES builds on early action pilot programs and is consistent with UNFCCC decisions including the Paris Agreement, the Warsaw Framework and the Cancún Safeguards.

ART's goal in developing TREES was to incorporate standardized requirements to make TREES credits comparable among governments and fungible in carbon markets with credits from other sectors in order to attract finance at the scale needed to protect and restore forests globally. Without the appropriate standardization, market-specific elements and verified safeguards, results are not fungible carbon credits. They will not pass muster with increasingly savvy buyers, nor will they be deemed as eligible for corporate offsetting claims by a range of NGO-led initiatives that provide trusted guidance to credit buyers.

TREES requires meeting precise and comprehensive requirements for accounting and crediting; monitoring, reporting and independent verification; mitigation of leakage and reversal risks; avoidance of double counting; the transparent issuance of serialized units on a public registry; and, assurance of robust environmental and social safeguards.

Upholding an extremely high standard of environmental and social integrity is also at the center of ART's mission. TREES' environmental, social and governance safeguard requirements directly align with the safeguards defined by the UNFCCC for the implementation of REDD+ activities – known as the Cancún Safeguards.

Do TREES Credits require corresponding adjustments?

TREES provides comprehensive requirements to avoid double counting, and the decision whether to provide authorization and corresponding adjustments for transactions is made by the host country national government.

Article 6 of the Paris Agreement requires host country authorization and corresponding adjustments for international transfers of post 2020 units between countries under Article 6.2 (and 6.4) for use towards NDC achievement and for international compliance purposes like CORSIA, to ensure that the same emission reduction isn't "double counted" towards achievement of two separate targets.

Voluntary use of carbon credits, no matter where they originate or are used, does not *require* a corresponding adjustment under the Paris Agreement. Governments may decide to authorize credits for non-compliance, voluntary use. This is a decision for governments to make.

TREES credits that are authorized by host countries for international transfer and TREES credits that have corresponding adjustments are labelled as such in the ART Registry.