

CORSIA Eligible Emissions Unit Programme Change Notification Form

PART A: ABOUT THIS FORM

Once an emissions unit programme is approved by the ICAO Council as eligible to supply CORSIA Eligible Emissions Units, the programme commits to notify the ICAO Secretariat of any “material changes” to its “Scope of Eligibility”, for further review by the Technical Advisory Body (TAB) that advises the ICAO Council on the eligibility of emissions units for use in CORSIA.

*TAB Procedures*¹ defines a “Material Change” as an update to a programme’s *Scope of Eligibility* that would alter the programme’s response(s) to any questions in its application form and further inquiries from the TAB over the course of the programme’s assessment (paragraph 8.4).

Tab Procedures defines a CORSIA Eligible Emissions Unit Programme’s “Scope of Eligibility” as “the extent and limits of a programme’s eligibility, which is defined, assessed, and granted on the basis of the programme-level governance structures, measures or mechanisms, and procedures that programmes have in place at the time of their initial submission of application materials to the ICAO Secretariat; and any updates to these procedures that are communicated to TAB during the course of its assessment; and as defined in the general or programme-specific eligibility parameters set out in TAB’s recommendations” (paragraph 4.5).

Annually, TAB will indicate deadlines for programmes to notify ICAO of any such material changes. These notifications should be submitted by the next deadline after the material change has occurred; the upcoming deadlines are indicated in the version of the *TAB Work Programme and Timeline* document that is currently effective. This document is available on the CORSIA website².

Material changes should be disclosed using this form. TAB will then consider the need for any further review, in line with *TAB Procedures*. If TAB identifies that the change is indeed material and should be further assessed, it will invite public comments on the consistency of the proposed revision with the Emissions Unit Criteria (EUC) and *Guidelines for Criteria Interpretation*. The ICAO Secretariat will inform the programme of TAB’s decision to more deeply assess the programme’s modification, or its confirmation that the modification is consistent with the CORSIA EUC. The programme will also be informed of the date by which the review will be completed. The length of the review should be determined by the severity and scale of the material change.

PART B: PROGRAM CHANGE NOTIFICATION(S)

The Programme is requested to provide the following information regarding any modification(s) to the programme’s *Scope of Eligibility* that could constitute a “material change” as described above. Report each change separately by duplicating (copying and pasting) the table below as needed.

Programme name: VCS Program

CHANGE 1: Updating requirements for global warming potential (GWP) values
a. Description of the change (e.g., the addition, modification, deletion undertaken):
Verra updated the requirements with respect to converting GHG emission reductions to CO2 equivalent using global warming potential (GWP) values in the <i>VCS Standard v4.1</i> Section 3.14.4 (<i>attached</i>), as follows:: <ul style="list-style-type: none">• To require use of IPCC <i>Fifth Assessment Report</i> global warming potential values for emission reductions occurring on or after 1 January 2021 (revised from <i>Fourth Assessment Report</i> values)

¹ In *TAB Procedures*, paragraphs 4.5, 7.5, and 8.2 – 8.6 in particular pertain to the *Scope of Eligibility* and notification and assessment of material changes.

² The *TAB Work Programme and Timeline* and *TAB Procedures* documents are available here: <https://www.icao.int/environmental-protection/CORSIA/Pages/TAB.aspx>

<ul style="list-style-type: none"> Note that Section 3.14.4 includes additional details on effective dates.
<p>b. Rationale for the change:</p> <p>Verra is updating the GWP requirements to ensure appropriate alignment with the Paris Agreement, for units that will be used in markets regulated by the Paris Agreement, or otherwise aligned with it.</p>
<p>c. Where the change is reflected in the Programme’s documentation or other resource(s)³:</p> <p>Updates are available in the <i>VCS Standard v4.1</i> Section 3.14.4. (attached)</p>
<p>d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:</p> <p>Verra has not previously submitted responses specifically addressing GWP values.</p>
<p>e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:</p> <p>This “forthcoming” update ensures that VCUs issued for emissions reductions occurring on or after 1 January 2021 use common metrics for GHG accounting, aligned with the Paris Agreement. This alters the original submission by modifying a requirement, and updating references to IPCC <i>Fifth Assessment Report</i>.</p>

<p>CHANGE 2: Updated requirements for double counting</p>
<p>a. Description of the change (e.g., the addition, modification, deletion undertaken):</p> <p>Verra updated the requirements with respect to double counting in the <i>VCS Standard v4.1</i> Sections 3.19 and 3.20 (attached). Verra added requirements in these sections of the <i>VCS Standard</i> as to clarify that VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA must meet requirements established under such mechanisms and programs, including those relating to double counting and corresponding adjustments. Project proponent must use VCU labels to demonstrate adherence to such requirements (Section 3.20.1).</p> <p>In addition, Verra has prepared a revised version of the CORSIA Label Guidance (attached). This update includes requirements for the Letter of Authorization, which a project must provide in order to demonstrate the country has authorized the units for use in CORSIA and will not double count such units.</p>
<p>b. Rationale for the change:</p> <p>Verra is updating the double counting rules and the CORSIA label guidance for two reasons:</p> <ol style="list-style-type: none"> To ensure appropriate alignment with the Paris Agreement, for units that will be used in markets regulated by the Paris Agreement, or otherwise aligned with it

³ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.

2) To ensure units that will be used in CORSIA meet the relevant rules with respect to double counting
c. Where the change is reflected in the Programme’s documentation or other resource(s) ⁴ : Updates are available in the <i>VCS Standard v4.1</i> Sections 3.19 and 3.20 (attached) , the CORSIA Label Guidance (attached) and in the <i>JNR Requirements v4.0</i> , Scenario 2 Requirements and Scenario 3 Requirements Section 3.7.
d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility: Verra has not previously submitted responses with respect to avoiding double counting under the Paris Agreement for units issued post-2020. The following prior submissions (from our program application form dated 12 June 2020) are modified: 1. VCS and JNR standard versions linked throughout the document, are the previous standard versions. New section numbers are set out in e, below. 2. In section 4.7, response to point b) (page 59) “Are measures in place to avoid double-use, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight?” mentions procedures from APX and IHS Markit, which are no longer valid. Verra now manages the registry system directly. This also applies to the response to point c) (page 59) “Are measures in place to avoid double-selling, as defined in the corresponding Paragraphs, particularly with respect to registry-related protocols and/or oversight?” 3. Responses to double counting procedures have been updated: <ul style="list-style-type: none"> ● The response to the question “Are measures in place (or would the Program be willing and able to put in place measures) to avoid double-claiming as defined in Paragraph 3.7.3?” on page 60, mentions double counting in the Kyoto context. This section has been updated to clarify how this applies in the post-Kyoto context. ● Further our response stated that Verra is willing to consider new requirements for “If no measures are currently in place, describe what measures the Program would consider putting in place in relation to the guidelines in Paragraphs 3.7.3 and Paragraphs 3.7.8 – 3.7.9” (page 60). Such updates have been developed. ● In response to to “If no measures are currently in place, describe what measures the Program would consider putting in place in relation to the guidelines in Paragraphs 3.7.10 – 3.7.13” (page 61). The proposed host country attestations noted (in the first bullet point on page 62) have been developed.
e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change: Forthcoming updates (to be released the week of 19 April) have been made: 1) The following section references have changed: <ul style="list-style-type: none"> ● Section 4.7, response to point a) (page 58) of application form: <ul style="list-style-type: none"> ○ Sections 3.11.1 - 3.11.5 of VCS standard version 3 have been updated to sections 3.20.2 - 3.20.4 in the newest version of the <i>VCS Standard</i> version 4.1 (Attached)

⁴ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.

- Sections 4.2.3-4.2.4 of the *JNR Registration and Issuance Process* with respect to completeness checks are now in Section 4.6.1 of the [JNR Registration and Issuance Process](#)

2) Section 4.7, response to point b) (page 59) and point c) (page 59) should now be read as the ‘Verra Registry’ rather than APX and Markit. Any potential for discrepancies or double counting or issuance between registries is now irrelevant.

3) Section 3.19 and 3.20 of the *VCS Standard* version 4.1 are updated to clarify:

- How double counting is avoided for projects participating in other GHG programmes. This also clarifies Kyoto mechanisms and other Emissions Trading Systems.
- That VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA must meet requirements established under such mechanisms and programs, including those relating to double counting and corresponding adjustments, Project proponent must use VCU labels to demonstrate adherence to such requirements (Section 3.20.1).
- The CORSIA label guidance, to ensure that CORSIA requirements on double counting are met, including a Host Country Authorization for units generated 1 January 2021 onwards (CORSIA label attached).

This alters the original submission by the addition of the requirements and guidance noted above.

CHANGE 3: Updating JNR Requirements

a. Description of the change (e.g., the addition, modification, deletion undertaken):

Verra has updated the [JNR Requirements to v4.0](#). All updates are described in the [Summary of Updates and Effective Dates](#).

b. Rationale for the change:

The JNR Requirements have been updated to incorporate lessons learned, scientific best practice, and new tools for nesting lower-level jurisdictions and projects.

c. Where the change is reflected in the Programme’s documentation or other resource(s)⁵:

All changes are incorporated in the new version of [JNR—v.4.0](#).

d. Information originally submitted to and assessed by TAB that would be altered as a result of this change (copy and paste in the field below); including any and all relevant descriptions or explanations provided by the Programme in its Application Form and accompanying materials and/or in response to any further inquiries from TAB during the course of the assessment(s) that informed TAB recommendations on the Programme’s current eligibility:

The following prior submissions (from our program application form dated 12 June 2020) are modified:

- 1) Page 12 of the application stated a number of updates to the JNR Requirements as forthcoming.

⁵ If documents or resources evidencing the change are not publicly available, please include this information in an attachment to this form and clearly identify any business-confidential information.

- 2) Section 3.3.b of the application, “Procedures related to the duration and renewal of crediting periods” noted forthcoming updates on the length of the crediting period for JNR programs.
- 3) Section 3.6.a of the application, “Are standards and procedures in place for validation and verification processes” stated that JNR programs apply an expert panel as part of the validation/verification process.
- 4) Section 3.9 of the application “Are safeguards in place to address environmental and social risks?” stated JNR Safeguards were contained in Section 3.7 of the JNR Requirements, and described the JNR Safeguards. Section 4.8 “Do no net harm” included further responses with respect to safeguards.
- 5) Section 4.2 “Are based on a realistic and credible baseline” provided information on Jurisdictional and Nested Project baselines, including that:
 - a) Jurisdictions must present two ‘baselines’ - based on a historical average and a trend and justify which should be used.
 - b) Nested projects should follow rules based on whether the jurisdictional baseline was spatially explicit or not
 - c) JNR uncertainty rules are met
 - d) JNR baseline update frequency are met
- 6) Section 4.3 “Are quantified, monitored, reported, and verified”:
 - a) “Are procedures in place to ensure that emissions units are based on accurate measurements and valid quantification methods/protocols?”, described procedures for establishing JNR baselines
 - b) “Are procedures in place to ensure that monitoring, measuring, and reporting of both activities and the resulting mitigation is conducted at specified intervals throughout the duration of the crediting period?”, described JNR monitoring and verification frequency.
- 7) Section 4.5 Represent permanent emissions reductions, describes how JNR programs assess, mitigate and account for non-permanence risk.

No other updates are made that change our responses to the questions in the application or other documents previously submitted.

e. How the information in “d.” would be revised and submitted to any future (re-)assessment process, by updating the information in “d.” to reflect any / all modifications to the Programme’s original information that result from the change:

- 1) “Forthcoming” updates have been made, including but not limited to the following nesting issues: baseline alignment, government approvals, monitoring, leakage, uncertainty estimations and addressing potential monitoring differences across scales. Such updates are described below wherever they would impact original submissions to CORSIA. In addition, a “Scenario 2b” has been added to allow for project nesting in countries where the jurisdictional program does not intend to seek crediting, as set out in Section 3.1.6 to 3.1.10 of [JNR Requirements Scenario 2](#).
- 2) JNR program crediting period rules have been updated, including:
 - a) Incorporating the planned updates (requiring a minimum of 20 years for programs seeking to sell units in CORSIA ([JNR Requirements Scenario 2](#), Section 3.4.1; [JNR Requirements Scenario 3](#), Section 3.4.1)
 - b) Clarifying the procedures for JNR Programs when updating the crediting period (JNR Requirements Scenario 2, Section 3.4.2; JNR Requirements Scenario 3, Section 3.4.2)
- 3) The expert panel as part of the validation/verification process has been incorporated into the validation/verification body review. All areas of required technical expertise must still be justified and reviewed by Verra. Such updates streamline the process and address government contracting difficulties, while maintaining all rigor of and expertise required

by the process. Updates are reflected in Sections 2.4.4 and 3.3 of the [JNR Validation and Verification Process](#).

- 4) JNR Safeguards are now contained in Section 3.8 of Scenario 2 and Scenario 3 Requirements. No changes have been made that impact our original responses, however, further specification and clarity have been added.
- 5) JNR v4.0 updates the jurisdictional ‘reference level’ and project baseline rules as follows:
 - a) Jurisdictions shall now use the historical average as a default approach. Where that average could overestimate emissions due to little remaining forest, it must be discounted appropriately. Future updates may allow for trend-based approaches in certain circumstances, however, Verra is currently working on further updates to allow for this. If/when those are completed, Verra will resubmit the change.
 - b) Projects now must set their baselines based on two new tools that are released with this update:
 - i) [JNR Risk Mapping Tool](#): Which provides a method for estimating deforestation and degradation risk around the jurisdiction. Jurisdictions may develop their own approach to mapping, where it provides demonstrably more accurate results. This tool is open for public consultation and will be finalized in mid 2021.
 - ii) [JNR Allocation Tool](#): Which uses the jurisdictional Forest Reference Emission Level (FREL) data and the mapping tool to allocate jurisdictional deforestation and degradation around the jurisdiction, including to nested lower-level jurisdictions and projects. The tool also provides a means to incorporate planned deforestation. This tool ensures that project baselines are directly derived from the jurisdictional reference level, removes any potential for gaming, and ensures that all project results will never exceed overall historical deforestation in the jurisdiction.
 - c) In addition, rules with respect to uncertainty have been improved and updated, as set out in Sections 3.15 of Scenario 2 and 3.13 of Scenario 3.
 - d) JNR programs and nested projects must now set and re-assess reference levels every 4-6 years, instead of every 8-10, as set out in Sections 3.12.2 and 3.12.29 of Scenario 2 and Scenario 3. This reflects the latest research showing more recent deforestation is the best predictor of future deforestation. This also ensures that more rapidly changing forest dynamics are captured.
- 6) Updates have been made as follows:
 - a) JNR baseline and uncertainty rules have been updated as noted above. Additional quality parameters have been added to ensure accuracy (Section 3.12, especially 3.12.17 of Scenario 2 and 3).
 - b) JNR programs must now complete monitoring at least every 2 years (rather than every 5) and must verify at least once every 5 years (no change). More frequent monitoring will help ensure sufficient data points for re-assessing the FREL, as required every 4-6 years (Section 3.14.3 of scenario 2 and 3.13.3 of Scenario 3).
- 7) No major updates have been made with respect to non-permanence. However, Verra is in the process of updating the Non-Permanence Risk Tool and associated rules, including updated to better assess climate change impacts. Updates are forthcoming and will be submitted when completed. One minor update is made with respect to reporting potential “loss events”, which now must be reported within 6 months of a loss event, as noted in Sections 3.17.6 of Scenario 2 and 3.16.6 of Scenario 3.

ABOUT VERRA



Verra supports climate action and sustainable development through the development and management of standards, tools and programs that credibly, transparently and robustly assess environmental and social impacts, and drive funding for sustaining and scaling up these benefits. As a mission-driven, non-profit (NGO) organization, Verra works in any arena where we see a need for clear standards, a role for market-driven mechanisms and an opportunity to achieve environmental and social good.

Verra manages a number of global standards frameworks designed to drive finance towards activities that mitigate climate change and promote sustainable development, including the [Verified Carbon Standard \(VCS\) Program](#) and its [Jurisdictional and Nested REDD+ framework \(JNR\)](#), the [Verra California Offset Project Registry \(OPR\)](#), the [Climate, Community & Biodiversity \(CCB\) Standards](#) and the [Sustainable Development Verified Impact Standard \(SD VISTa\)](#). Verra is also developing new standards frameworks, including [LandScale](#), which will promote and measure sustainability outcomes across landscapes. Finally, Verra is one of the implementing partners of the [Initiative for Climate Action Transparency \(ICAT\)](#), which helps countries assess the impacts of their climate actions and supports greater transparency, effectiveness, trust and ambition in climate policies worldwide.

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CONTENTS

- 1 INTRODUCTION 1**
 - 1.1 Version..... 1
 - 1.2 Language 1

- 2 VCS PROGRAM SPECIFIC ISSUES..... 2**
 - 2.1 Scope of VCS Program 2
 - 2.2 Principles 4
 - 2.3 Timing of Crediting 4
 - 2.4 AFOLU Non-Permanence Risk and Pooled Buffer Account..... 5
 - 2.5 AFOLU Leakage Assessments..... 6

- 3 PROJECT REQUIREMENTS 7**
 - 3.1 General Requirements..... 7
 - 3.2 AFOLU-Specific Matters 8
 - 3.3 ODS-Specific Matters 15
 - 3.4 Project Documentation 17
 - 3.5 Project Design..... 18
 - 3.6 Ownership 24
 - 3.7 Project Start Date 25
 - 3.8 Project Crediting Period 27
 - 3.9 Project Scale..... 29
 - 3.10 Project Location 30
 - 3.11 Project Boundary..... 32
 - 3.12 Baseline Scenario 32
 - 3.13 Additionality..... 33
 - 3.14 Quantification of GHG Emission Reductions and Removals..... 34
 - 3.15 Monitoring..... 38
 - 3.16 Safeguards..... 39
 - 3.17 Methodology Deviations 43
 - 3.18 Project Description Deviations 44
 - 3.19 Participation under Other GHG Programs..... 45

3.20	Other Forms of Credit	48
3.21	Records and Information.....	50
4	VALIDATION AND VERIFICATION REQUIREMENTS.....	52
4.1	Introduction and General Requirements.....	52
APPENDIX 1	ELIGIBLE AFOLU PROJECT CATEGORIES	57
	Afforestation, Reforestation and Revegetation (ARR)	57
	Agricultural Land Management (ALM)	57
	Improved Forest Management (IFM)	58
	Reduced Emissions from Deforestation and Degradation (REDD).....	58
	Avoided Conversion of Grasslands and Shrublands (ACoGS)	59
	Wetlands Restoration and Conservation (WRC).....	60
APPENDIX 2	DOCUMENT HISTORY	64

DRAFT

1 INTRODUCTION

The VCS *Standard* provides a global standard for GHG emission reduction and removal projects and programs. It uses as its core the requirements set out in *ISO 14064-2:2006*, *ISO 14064-3:2006* and *ISO 14065:2013*. The three principal documents of the program are the *VCS Program Guide*, the *VCS Standard*, and the *VCS Methodology Requirements*. The *VCS Program Guide* describes the rules and requirements governing the VCS Program and further describes the constituent parts of the program such as the project and program registration process, the Verra registry system, the methodology approval process and the accreditation requirements for validation/verification bodies. The *VCS Standard* provides the requirements for developing projects and programs, as well as the requirements for validation, monitoring and verification of projects, programs and GHG emission reductions and removals. The *VCS Methodology Requirements* provides the rules and requirements for developing new VCS methodologies. The *VCS Program Guide* should be read before using the *VCS Standard* or the *VCS Methodology Requirements*.

Verra recognizes the kind agreement of the International Organization for Standardization (ISO, www.iso.org) to allow inclusion of critical clauses of *ISO 14064-2:2006* and *ISO 14064-3:2006* in the VCS Program documentation to facilitate comprehension. In particular, the sections in this document on project and methodology requirements include text drawn from *ISO 14064-2:2006* clause 5 and *ISO 14064-3:2006* clause 4.9, amended where necessary to fit the context of the VCS Program.

1.1 Version

All information about version control under the VCS Program is contained in the *VCS Program Guide*.

This document will be updated from time-to-time and readers shall ensure that they are using the most current version of the document. Where external documents are referenced, such as the *IPCC 2006 Guidelines for National GHG Inventories*, and such documents are updated, the most recent version of the document shall be used.

Previous versions of the VCS Program may have included different rules and requirements than those set out in this version. Previous versions of the *VCS Standard* and other VCS Program documents are archived and available on the Verra website.

1.2 Language

The operating language of the VCS Program is English. The project and program description, validation report, monitoring report, verification report and all other documentation (including all and any appendices) required under the VCS Program shall be in English.

2 VCS PROGRAM SPECIFIC ISSUES

2.1 Scope of VCS Program

2.1.1 The scope of the VCS Program includes:

- 1) The six Kyoto Protocol greenhouse gases.
- 2) Ozone-depleting substances.
- 3) Project activities supported by a methodology approved under the VCS Program through the methodology approval process.
- 4) Project activities supported by a methodology approved under a VCS approved GHG program, unless explicitly excluded under the terms of Verra approval.
- 5) Jurisdictional REDD+ programs and nested REDD+ projects as set out in the VCS Program document *Jurisdictional and Nested REDD+ (JNR) Requirements*.

The scope of the VCS Program excludes projects that can reasonably be assumed to have generated GHG emissions primarily for the purpose of their subsequent reduction, removal or destruction. The VCS Program also excludes the following project activities under the circumstances indicated in Table 1, below.

Table 1: Excluded Project Activities

Activity	Non-LDC ¹		LDC	
	Large scale ²	Small scale ²	Large scale	Small scale
Activities that reduce hydrofluorocarbon-23 (HFC-23) emissions	Excluded	Excluded	Excluded	Excluded
Grid-connected electricity generation ³	Excluded	Excluded	Excluded	

¹ Least Developed Country, as designated by the United Nations.

² Small-scale and large-scale designations are as per CDM definitions for same.

³ "Grid-connected electricity generation" means the generation of electricity primarily for delivery to a national or regional grid. Generation of electricity primarily for delivery to a micro-grid (i.e., a localized grid that facilitates the delivery of electricity to discrete and often remote sets of infrastructure that do not otherwise have reliable access to electricity) is not included in this definition, and such project activities are eligible under the scope of the VCS Program.

using hydro power plants/units				
Grid-connected electricity generation using wind, geothermal, or solar power plants/units	Excluded	Excluded		
Utilization of recovered waste heat for, <i>inter alia</i> , combined cycle electricity generation and the provision of heat for residential, commercial or industrial use	Excluded	Excluded		
Generation of electricity and/or thermal energy using biomass. This does not include efficiency improvements in thermal applications (e.g., cook stoves).	Excluded	Excluded		
Generation of electricity and/or thermal energy using fossil fuels, including activities that involve switching from a higher carbon content fuel to a lower carbon content fuel	Excluded	Excluded		
Replacement of electric lighting with more energy efficient electric lighting, such as the replacement of incandescent electrical bulbs with CFLs or LEDs	Excluded			
Installation and/or replacement of electricity transmission lines and/or energy efficient transformers	Excluded			

For example, and to illustrate the mechanics of this table, large-scale grid-connected hydroelectric projects are excluded in all cases. However, a small-scale grid-connected hydroelectric project would be eligible where located within an LDC.

2.2 Principles

- 2.2.1 The application of principles is fundamental in ensuring that GHG-related information is a true and fair account. The principles below shall provide the basis for, and shall guide the application of, the VCS Program rules and requirements.

Principles taken from ISO 14064-2:2006, clause 3.

Relevance

Select the GHG sources, GHG sinks, GHG reservoirs, data and methodologies appropriate to the needs of the intended user.

Completeness

Include all relevant GHG emissions and removals. Include all relevant information to support criteria and procedures.

Consistency

Enable meaningful comparisons in GHG-related information.

Accuracy

Reduce bias and uncertainties as far as is practical.

Transparency

Disclose sufficient and appropriate GHG-related information to allow intended users to make decisions with reasonable confidence.

Conservativeness

Use conservative assumptions, values and procedures to ensure that net GHG emission reductions or removals are not overestimated.

Note – Accuracy should be pursued as far as possible, but the hypothetical nature of baselines, the high cost of monitoring of some types of GHG emissions and removals, and other limitations make accuracy difficult to attain in many cases. In these cases, conservativeness may serve as a moderator to accuracy in order to maintain the credibility of project and program GHG quantification.

2.3 Timing of Crediting

- 2.3.1 VCU's shall not be issued under the VCS Program for GHG emission reductions or removals that have not been verified.
- 2.3.2 Project activities are eligible for immediate crediting of future avoided emissions under the conditions set out below, which shall be addressed at the level of the methodology:

- 1) The project immediately avoids future streams of GHG emissions as a result of an upfront intervention that permanently precludes further emissions from the source. VCU's shall be issued only after such an intervention has occurred and the GHG emission reductions have been verified. Examples of such activities include projects that destroy chlorofluorocarbons recovered from refrigeration equipment thereby immediately precluding their future release into the atmosphere, and composting projects that divert organic waste from landfill sites thereby immediately precluding future methane emissions. A REDD project would not qualify for immediate crediting because future streams of GHG emissions are not permanently precluded.
- 2) The physical processes that would generate GHG emissions in the absence of an intervention are well-understood, stable and quantifiable. Models used to simulate such processes shall meet the requirements for such models set out in the VCS Program document *VCS Methodology Requirements*. Any default factors associated with input parameters shall meet the requirements set out for such default factors in the VCS Program document *VCS Methodology Requirements*.
- 3) VCUs may be issued only for GHG emissions avoided over a ten-year period, even if such GHG emissions are likely to have continued over a longer period of time under the baseline scenario. For example, a composting project that diverts organic waste from a landfill site would be eligible for crediting (in relation to a specific amount of composted organic waste) for the GHG emissions that would have occurred at the landfill site over a ten-year period, and any emissions that would have occurred beyond the ten year period (in relation to the specific amount of composted organic waste) are not eligible. Note that in this particular example the ten-year rule applies to the specific amount of composted organic waste and the usual rules on duration of the project and project crediting period still apply.

2.3.3 ODS projects are eligible for immediate crediting of future avoided emissions and methodology elements may use such a crediting model.

Note – Crediting of ODS projects shall still be in relation to the baseline scenario. In many cases, methodology elements will credit projects for all of the ODS destroyed by the project (minus any project emissions and leakage). However, it is possible that projects could destroy ODS from existing stockpiles and only a portion of the ODS would have been emitted under the baseline scenario. For example, if the baseline scenario includes use of the ODS to service existing equipment and a certain proportion of such ODS would be recovered and destroyed at the end of that equipment's life (whether voluntarily or due to regulation), then the volume of credits granted to the project shall reflect this.

2.4 AFOLU Non-Permanence Risk and Pooled Buffer Account

2.4.1 Non-permanence risk in Agriculture, Forestry, and Other Land Use (AFOLU) projects is addressed through the use of a project risk analysis, using the *AFOLU Non-Permanence Risk Tool*, which determines a number of credits to be deposited in the AFOLU pooled buffer account. The pooled buffer account holds non-tradable buffer credits to cover the non-permanence risk associated with AFOLU projects. It is a single account that holds the buffer

credits for all projects.

Buffer credits are cancelled to cover carbon known, or believed, to be lost. As such, the VCU already issued to projects that subsequently fail are not cancelled and do not have to be “paid back”. All VCUs issued to AFOLU projects (as with all projects) are permanent. The VCS approach provides environmental integrity because the AFOLU pooled buffer account will always maintain an adequate surplus to cover unanticipated losses from individual project failures and the net GHG benefits across the entire pool of AFOLU projects will be greater than the total number of VCUs issued.

The full rules and procedures for AFOLU projects with respect to non-permanence risk are set out in Section 3.2.

- 2.4.2 The AFOLU pooled buffer account is subject to periodic reconciliation. Reconciliation is based on a review of existing AFOLU verification reports and an assessment of project performance. This process will identify the projects that have failed or underperformed and seek to identify their common characteristics. The risk analysis criteria and buffer withholding percentages, set out in the VCS Program document *AFOLU Non-Permanence Risk Tool*, will be adjusted accordingly to ensure that there are always sufficient buffer credits in the AFOLU pooled buffer account to cover project losses. Any changes to the tool will not be retroactive (i.e., they will apply only to future non-permanence risk assessments).
- 2.4.3 Project risk analyses will be subject to periodic review by Verra. This process consists of a review of a sample of AFOLU project risk reports to identify any inconsistencies in the process and application of the *AFOLU Non-Permanence Risk Tool* and assessment of same by validation/verification bodies. The risk analysis criteria and risk ratings set out in the tool may be adjusted, to ensure consistent and accurate application of the tool. Any changes to the tool will not be retroactive (i.e., they will apply only to subsequent non-permanence risk analyses).

2.5 AFOLU Leakage Assessments

- 2.5.1 Project market leakage assessments will be subject to periodic review by Verra. This process consists of a review of a sample of AFOLU projects’ leakage assessments to identify any inconsistencies in the process and application of the leakage requirements in Sections 3.14.7 – 3.14.9 and the VCS Program document *VCS Methodology Requirements*, and assessment of same by validation/verification bodies. The leakage requirements set out in the *VCS Methodology Requirements* may be adjusted to ensure consistent and accurate application. Any changes to the leakage requirements will not be retroactive (i.e., they will apply only to subsequent leakage assessments).

3 PROJECT REQUIREMENTS

This section sets out the rules and requirements for projects under the VCS Program. Specific requirements for AFOLU and ODS projects are set out throughout this section, as these project types may encounter unique circumstances related to project implementation, monitoring and other matters, which must be addressed.

In order to complete the VCS Program certification process, projects must demonstrate how they meet the rules and requirements set out below. Projects must also demonstrate how they have applied an eligible methodology in full. Projects demonstrate their compliance with the VCS Program rules and the applied methodology through the validation and verification processes, which are defined in Section 4 below. Once projects complete the validation and verification processes, they become eligible to request registration and VCU issuance. Note that the full process for requesting project registration and VCU issuance is set out in the VCS Program document *Registration and Issuance Process*.

3.1 General Requirements

Concept

Establishing a consistent and standardized certification process is critical to ensuring the integrity of VCS projects. Accordingly, certain high-level requirements must be met by all projects, as set out below.

Requirements

- 3.1.1 Projects shall meet all applicable rules and requirements set out under the VCS Program, including this document. Projects shall be guided by the principles set out in Section 2.2.1.
- 3.1.2 Projects shall apply methodologies eligible under the VCS Program. Methodologies shall be applied in full, including the full application of any tools or modules referred to by a methodology, noting the exception set out in Section 3.13.1. The list of methodologies and their validity periods is available on the Verra website.
- 3.1.3 Projects and the implementation of project activities shall not lead to the violation of any applicable law, regardless of whether or not the law is enforced.
- 3.1.4 Where projects apply methodologies that permit the project proponent its own choice of model (see the VCS Program document *Program Definitions* for definition of model), such model shall meet with the requirements set out in the VCS Program document *VCS Methodology Requirements* and it shall be demonstrated at validation that the model is appropriate to the project circumstances (i.e., use of the model will lead to an appropriate quantification of GHG emission reductions or removals).

- 3.1.5 Where projects apply methodologies that permit the project proponent its own choice of third party default factor or standard to ascertain GHG emission data and any supporting data for establishing baseline scenarios and demonstrating additionality, such default factor or standard shall meet with the requirements set out in the VCS Program document *VCS Methodology Requirements*.
- 3.1.6 Projects shall preferentially apply methodologies that use performance methods (see the VCS Program document *VCS Methodology Requirements* for further information on performance methods) where a methodology is applicable to the project that uses a performance method for determining both additionality and the crediting baseline (i.e., a project shall not apply a methodology that uses a project method where such a performance method is applicable to the project). Methodologies approved under the VCS Program that use performance methods provide a list of similar methodologies that use project methods (that were approved under the VCS Program or an approved GHG program at the time the performance method was developed). Such lists are not necessarily exhaustive but can serve as the starting point for determining whether a performance method is applicable to the project. Following the approval of a methodology that uses a performance method, projects may use any applicable pre-existing methodology that uses a project method for a six-month grace period.
- 3.1.7 Where the rules and requirements under an approved GHG program conflict with the rules and requirements of the VCS Program, the rules and requirements of the VCS Program shall take precedence.
- 3.1.8 Where projects apply methodologies from approved GHG programs, they shall comply with any specified capacity limits (see the VCS Program document *Program Definitions* for definition of capacity limit) and any other relevant requirements set out with respect to the application of the methodology and/or tools referenced by the methodology under those programs.
- 3.1.9 Where Verra issues new requirements relating to projects, registered projects do not need to adhere to the new requirements for the remainder of their project crediting periods (i.e., such projects remain eligible to issue VCUs through to the end of their project crediting period without revalidation against the new requirements). The new requirements shall be adhered to at project crediting period renewal, as set out in Section 3.8.9.

3.2 AFOLU-Specific Matters

Concept

AFOLU projects may encounter unique circumstances related to project implementation, monitoring and other matters. This section sets out high-level requirements related to such AFOLU-specific matters. Note that additional AFOLU-specific requirements are also set out throughout this document.

Requirements

General

- 3.2.1 There are currently six AFOLU project categories eligible under the VCS Program, as defined in *Appendix 1 Eligible AFOLU Project Categories* below: afforestation, reforestation and revegetation (ARR), agricultural land management (ALM), improved forest management (IFM), reduced emissions from deforestation and degradation (REDD), avoided conversion of grasslands and shrublands (ACoGS), and wetland restoration and conservation (WRC). Further specification with respect to eligible activities which may be included within methodologies approved under the VCS Program can be found in the VCS Program document *VCS Methodology Requirements*.
- 3.2.2 Where projects are located within a jurisdiction covered by a jurisdictional REDD+ program, project proponents shall follow the requirements in this document and the requirements related to nested projects set out in the VCS Program document *Jurisdictional and Nested REDD+ Requirements*.
- 3.2.3 Where an implementation partner is acting in partnership with the project proponent, the implementation partner shall be identified in the project description. The implementation partner shall identify its roles and responsibilities with respect to the project, including but not limited to, implementation, management and monitoring of the project, over the project crediting period.
- 3.2.4 Activities that convert native ecosystems to generate GHG credits are not eligible under the VCS Program. Evidence shall be provided in the project description that any ARR, ALM, WRC or ACoGS project areas were not cleared of native ecosystems to create GHG credits (e.g., evidence indicating that clearing occurred due to natural disasters such as hurricanes or floods). Such proof is not required where such clearing or conversion took place at least 10 years prior to the proposed project start date. The onus is upon the project proponent to demonstrate this, failing which the project shall not be eligible.
- 3.2.5 Activities that drain native ecosystems or degrade hydrological functions to generate GHG credits are not eligible under the VCS Program. Evidence shall be provided in the project description that any AFOLU project area was not drained or converted to create GHG credits. Such proof is not required where such draining or conversion took place prior to 1 January 2008. The onus is upon the project proponent to demonstrate this, failing which the project shall not be eligible.
- 3.2.6 The project proponent shall demonstrate that project activities that lead to the intended GHG benefit have been implemented during each verification period in accordance with the project design. Where no new project activities have been implemented during a verification period, project proponents shall demonstrate that previously implemented project activities continued to be implemented during the verification period (e.g., forest patrols or improved agricultural practices of community members).

- 3.2.7 For all IFM, REDD, WRC and ACoGS project types, the project proponent shall, for the duration of the project, reassess the baseline every 10 years and have this validated at the same time as the subsequent verification. Baseline projections for deforestation and/or degradation, land conversion, forest management plans and wetland hydrological changes beyond a 10-year period are not likely to be realistic because rates of change in land-use and/or land or water management practices are subject to many factors that are difficult to predict over the long term, hence the need for periodic reassessment of the baseline. The following shall apply with respect to the baseline reassessment:
- 1) The reassessment will capture changes in the drivers and/or behavior of agents that cause the change in land use, hydrology, sediment supply and/or land or water management practices and changes in carbon stocks, all of which shall then be incorporated into revised estimates of the rates and patterns of land-use change and estimates of baseline emissions.⁴
 - 2) The latest approved version of the methodology or its replacement shall be applied at the time of baseline reassessment.
 - 3) The project description shall be updated at the time of baseline reassessment following the requirements set out in Section 3.8.9(2)(d).
 - 4) Ex-ante baseline projections beyond a 10-year period are not required.
- 3.2.8 Where ARR, ALM, IFM or REDD project activities occur on wetlands, the project shall adhere to both the respective project category requirements and the WRC requirements, unless the expected emissions from the soil organic carbon pool or change in the soil organic carbon pool in the project scenario is deemed below *de minimis* or can be conservatively excluded as set out in the VCS Program document *VCS Methodology Requirements*, in which case the project shall not be subject to the WRC requirements.

Non-Permanence Risk

- 3.2.9 Projects shall prepare a non-permanence risk report in accordance with the VCS Program document *AFOLU Non-Permanence Risk Tool* at both validation and verification. In the case of projects that are not validated and verified simultaneously, having their initial risk assessments validated at the time of VCS project validation will assist VCU buyers and sellers by providing a more accurate early indication of the number of VCUs projects are expected to generate. The non-permanence risk report shall be prepared using the *VCS Non-Permanence Risk Report Template*, which may be included as an annex to the project description or monitoring report, as applicable, or provided as a stand-alone document.

⁴ Brown, S., M. Hall, K. Andrasko, F. Ruiz, W. Marzoli, G. Guerrero, O. Masera, A. Dushku, B. DeJong, and J. Cornell, 2007. Baselines for land-use change in the tropics: application to avoided deforestation projects. *Mitigation and Adaptation Strategies for Global Change*, 12 (6):1001-1026.

- 3.2.10 Projects with tree harvesting shall demonstrate that the permanence of their carbon stock is maintained and shall put in place management systems to ensure the carbon against which VCU's are issued is not lost during a final cut with no subsequent replanting or regeneration.
- 3.2.11 WRC projects shall demonstrate that the permanence of their soil carbon stock will be maintained. The maximum quantity of GHG emission reductions that may be sought by the project is limited to the difference between project and baseline scenario after a 100-year time frame, as further described in the VCS Program document *VCS Methodology Requirements*.
- 3.2.12 Buffer credits shall be deposited in the AFOLU pooled buffer account based upon the non-permanence risk report assessed by the validation/verification body(s). Buffer credits are not VCU's and cannot be traded. The full rules and procedures with respect to the deposit of buffer credits are set out in the VCS Program document *Registration and Issuance Process*.
- 3.2.13 Projects shall perform the non-permanence risk analysis at every verification event because the non-permanence risk rating may change. Projects that demonstrate their longevity, sustainability and ability to mitigate risks are eligible for release of buffer credits from the AFOLU pooled buffer account. The full rules and procedures with respect to the release of buffer credits are set out in the VCS Program document *Registration and Issuance Process*.
- 3.2.14 Assessment of non-permanence risk analyses may be conducted by the same validation/verification body that is conducting validation or verification of the project and at the same time as the validation or verification of the project, as applicable. The rules and requirements for the process of assessment by validation/verification body(s) are set out in Section 4 below.
- 3.2.15 Where an event occurs that is likely to qualify as a loss event (see the VCS Program document *Program Definitions* for definition of loss event), the project proponent shall notify Verra within 30 days of discovering the likely loss event. Where VCU's have been previously issued, a loss event report shall be prepared and submitted to the Verra registry, as follows:
- 1) The loss event report shall be prepared using the *VCS Loss Event Report Template*. It shall include a conservative estimate of the loss of previously verified emission reductions and removals due to losses in carbon stocks from the project, based on monitoring of the full area affected by the loss event.
 - 2) The loss event report shall be accompanied by a loss event representation signed by the project proponent and representing that the loss estimate is true and accurate in all material respects. The template for the loss event representation is available on the Verra website.
 - 3) The loss event report shall be submitted to the Verra registry within two years of the date of discovery of the loss event. Where a loss event report is not submitted within two years of the date of discovery of the loss event, the project shall no longer be eligible to issue VCU's.

- 4) The Verra registry shall put buffer credits from the AFOLU pooled buffer account on hold, in an amount equivalent to the estimated loss stated in the loss event report.

3.2.16 At the verification event subsequent to the loss event, the monitoring report shall restate the loss from the loss event and calculate the net GHG benefit for the monitoring period in accordance with the requirements set out in the methodology applied. In addition, the following applies:

- 1) Where the net GHG benefit of the project, compared to the baseline, for the monitoring period is negative, taking into account project emissions, removals and leakage, a reversal has occurred (see the VCS Program document *Program Definitions* for definition of reversal) and buffer credits equivalent to the reversal shall be cancelled from the AFOLU pooled buffer account, as follows:
 - a) Where the total reversal is less than the number of credits put on hold after the submission of the loss event report, Verra shall cancel buffer credits equivalent to the reversal. Any remaining buffer credits shall be released from their hold status (though remain in the AFOLU pooled buffer account).
 - b) Where the reversal is greater than stated by the loss event report, the full amount of buffer credits put on hold with respect to the submission of the loss event report shall be cancelled, and additional buffer credits from the AFOLU pooled buffer account shall be cancelled to fully account for the reversal.
- 2) Where the net GHG benefit for the monitoring period is positive, taking into account project emissions, removals and leakage (i.e., all losses have been made up over the monitoring period), a reversal has not occurred and buffer credits put on hold after the submission of the loss event report shall be released from their hold status (but shall remain in the AFOLU pooled buffer account).

3.2.17 At a verification event, where a reversal has occurred, the following applies:

- 1) Where the reversal is a catastrophic reversal (see the VCS Program document *Program Definitions* for the definition of catastrophic reversal), the following applies:
 - a) The baseline may be reassessed, including any relevant changes to baseline carbon stocks and, where reassessed, shall be validated at the time of the verification event subsequent to the reversal. Note that allowing baseline revisions after catastrophic reversal supersedes any methodological requirements for a fixed baseline.
 - b) The same geographic boundary shall be maintained. The entire project area, including areas degraded or disturbed by the catastrophic event, shall continue to be a part of project monitoring. GHG credits may not be sought from any increased rate of sequestration from natural regeneration after a catastrophic reversal until the loss from catastrophic reversals is recovered. At the subsequent VCU issuance, GHG credits from the project equal to the additional number of buffer credits cancelled after the

reversal from the AFOLU pooled buffer account on behalf of the project (i.e., above what has been previously contributed by the project) shall be deposited in the AFOLU pooled buffer account. For example, if the project previously contributed 100 buffer credits and 150 credits were cancelled from the AFOLU pooled buffer account after a reversal, the project would deposit an additional 50 buffer credits (to replenish the pool at large) in addition to the amount required by the risk analysis at the current verification event. Buffer credits deposited to replenish the pool after a reversal (50 in the example above) shall never be eligible for release back to the project, as set out in Section 3.2.12. In addition, buffer credits shall be deposited in the AFOLU pooled buffer account based upon the non-permanence risk analysis determined in accordance with the VCS Program document *AFOLU Non-Permanence Risk Tool*, as assessed by the validation/verification body(s).

- 2) Where the reversal is a non-catastrophic reversal (e.g., due to poor management, removal of a portion of the project area from participation in the project or over-harvesting), the following applies:
 - a) No further VCUs shall be issued to the project until the deficit is remedied. The deficit is equivalent to the full amount of the reversal, including GHG emissions from losses to project and baseline carbon stocks.
 - b) The same geographic boundary shall be maintained. The entire project area, including areas degraded or disturbed by the non-catastrophic event, shall continue to be a part of project monitoring. Projects may not seek GHG credits from any increased rate of sequestration from natural regeneration after a reversal until the loss from catastrophic reversals is recovered.

Note – Notwithstanding the rules set out in (b) above, where a portion of the project area is removed from participation in the project, it is not expected that the project proponent maintain the same geographic boundary of the project, nor is it expected that the area that is removed from the project continue to be monitored.

3.2.18 As set out in the VCS Program document *Registration and Issuance Process*, where projects fail to submit a verification report within five or ten years from the previous verification event, a percentage of buffer credits is put on hold under the conservative assumption that the carbon benefits represented by buffer credits held in the AFOLU pooled buffer account may have been reversed or lost in the field. Where projects fail to submit a verification report within 15 years from the previous verification event, buffer credits are cancelled under the same assumption. The full rules and requirements with respect to the cancellation and holding of buffer credits are set out in the VCS Program document *Registration and Issuance Process*.

3.2.19 The remaining balance of buffer credits is cancelled at the end of the project crediting period.

Long-term Average GHG Benefit

3.2.20 ARR and IFM projects with harvesting activities shall not be issued GHG credits above the long-term average GHG benefit maintained by the project.

3.2.21 Where ARR or IFM projects include harvesting, the loss of carbon due to harvesting shall be included in the quantification of project emissions. The maximum number of GHG credits available to projects shall not exceed the long-term average GHG benefit. The GHG benefit of a project is the difference between the project scenario and the baseline scenario of carbon stocks stored in the selected carbon pools and adjusted for any project emissions of N₂O, CH₄ and fossil-derived CO₂, and leakage emissions. The long-term average GHG benefit shall be calculated using the following procedure:

- 1) Establish the period over which the long-term average GHG benefit shall be calculated, noting the following:
 - a) For ARR or IFM projects undertaking even-aged management, the time period over which the long-term GHG benefit is calculated shall include at minimum one full harvest/cutting cycle, including the last harvest/cut in the cycle. For example, where a project crediting period is 40 years and has a harvest cycle of 12 years, the long-term average GHG benefit will be determined for a period of 48 years.
 - b) For ARR projects under conservation easements with no intention to harvest after the project crediting period, or for selectively-cut IFM projects, the time period over which the long-term average is calculated shall be the length of the project crediting period.
- 2) Determine the expected total GHG benefit of the project for each year of the established time period. For each year, the total GHG benefit is the to-date GHG emission reductions or removals from the project scenario minus baseline scenario.
- 3) Sum the total GHG benefit of each year over the established time period.
- 4) Calculate the average GHG benefit of the project over the established time period.
- 5) Use the following equation to calculate the long-term average GHG benefit:

$$LA = \frac{\sum_{t=0}^n PE_t - BE_t}{n}$$

Where:

- LA = The long-term average GHG benefit
- PE_t = The total to-date GHG emission reductions and removals generated in the project scenario (tCO₂e). Project scenario emission reductions and removals shall also consider project emissions of CO₂, N₂O, CH₄ and leakage.
- BE_t = The total to-date GHG emission reductions and removals projected for the baseline scenario (tCO₂e)

- t = Year
- n = Total number of years in the established time period
- 6) A project may seek GHG credits during each verification event until the long-term average GHG benefit is reached. Once the total number of GHG credits issued has reached this average, the project can no longer issue further GHG credits. The long-term average GHG benefit shall be calculated at each verification event, meaning the long-term average GHG benefit may change over time based on monitored data. For an example of determining the long-term average GHG benefit, see the Verra website.

Buffer credits are withheld only when GHG credits are issued. the number of buffer credits to withhold is based on the change in carbon stocks only (not the net GHG benefit), as such the buffer credits will be based on the long-term average change in carbon stock. Use the following equation to calculate the long-term average change in carbon stock.

Where:

$$LC = \frac{\sum_{t=0}^n PC_t - BC_t}{n}$$

- LC = The long-term average change in carbon stock
- PC_t = The total to-date carbon stock in the project scenario (tCO₂e)
- BC_t = The total to-date carbon stock projected for the baseline scenario (tCO₂e)
- t = Year
- n = Total number of years in the established time period

Note – The VCS Program guidance document AFOLU Guidance: Example for Calculating the Long-Term Average Carbon Stock for ARR Projects with Harvesting, available on the Verra website, provides examples for calculating the long-term average carbon stock for a variety of ARR project scenarios with harvesting. The same examples can be applied to IFM projects with harvesting.

3.3 ODS-Specific Matters

Concept

ODS projects may encounter unique circumstances related to project implementation, avoidance of perverse incentives and other matters. This section sets out high-level requirements related to such ODS-specific matters. Note that additional ODS-specific requirements are also set out throughout this document.

Requirements

Eligible ODS

- 3.3.1 ODS residing in stockpiles or ODS recovered directly from any of the products set out in Section 3.3.2 are eligible. The following ODS controlled by the Montreal Protocol for which the IPCC publishes a global warming potential (100-year time horizon) are eligible:
- 1) Annex A, Group I
 - 2) Annex B, Group I
 - 3) Annex C, Group I
- 3.3.2 The destruction of ODS recovered from the following products are eligible:
- 1) Refrigeration equipment, systems or appliances;
 - 2) Air conditioning equipment, systems or appliances;
 - 3) Fire suppression equipment or systems; and
 - 4) Thermal insulation foams.
- 3.3.3 The destruction of ODS recovered from pre-polymers, aerosol products or other products is not eligible.

ODS Origin

- 3.3.4 Where ODS is recovered from products that have been imported specifically for their disassembly (i.e., the products have not been collected in the host country), the following shall apply:
- 1) The products shall not originate from any country in which any law, statute or other regulatory framework requires the recovery and destruction of the relevant ODS from such products.
 - 2) The project proponent shall provide documentary evidence, such as shipping manifests, bills of lading and evidence of collection of the products in the originating country, to demonstrate the origin of such products.
- 3.3.5 Documentary evidence shall be provided to verify the origin of all ODS destroyed by the project. Evidence may include, inter alia, shipping manifests, bills of lading, other commercial documentation, and addresses of households, commercial premises and other evidence of collection of the products. Such evidence shall be appropriate to the nature and scale of the project.

Destruction Technology

- 3.3.6 The project shall use a destruction technology that meets the screening criteria for destruction technologies set out in the *UNEP April 2002 Report of the Technology and Economic Assessment Panel (TEAP), Volume 3b, Report of the Task Force on Destruction Technologies*⁵, as may be updated from time to time. The report sets out, inter alia, requirements for Destruction and Removal Efficiency (DRE).
- 3.3.7 For concentrated sources (e.g., refrigerants), projects shall use a destruction technology with a minimum verified DRE of 99.99 percent.
- 3.3.8 For dilute sources (i.e., foams), projects shall use a destruction technology with a minimum verified DRE of 95 percent. In addition, a minimum Recovery and Destruction Efficiency (RDE) of 85 percent shall be achieved. RDE describes the proportion of blowing agent (ODS) remaining in the foam immediately prior to decommissioning that is recovered in the overall end-of-life management step, including ultimate destruction. For a full specification of RDE, see the *UNEP May 2005 Report of the Technology and Economic Assessment Panel, Volume 3, Report of the Task Force on Foam End-of-Life Issues*.⁶

Note – The May 2005 TEAP report provides a theoretical model for calculating RDE and methodology elements will need to specify a practical approach for determining RDE, such as those provided in RAL GZ 728 (Quality Assurance and Test Specifications for the Demanufacture of Refrigeration Equipment, 2007), the WEEE Forum standard (Requirements for the Collection, Transportation, Storage, Handling and Treatment of Household Cooling and Freezing Appliances containing CFC, HCFC or HFC, 2007) or another appropriate approach.

3.4 Project Documentation

Concept

In order to complete the project validation process, project proponents shall prepare a project description, which describes the project's GHG emission reduction or removal activities. In order to complete the project verification process, project proponents shall prepare a monitoring report, which describes the data and information related to the monitoring of GHG emission reductions or removals.

⁵ UNEP, 2002, UNEP April 2002 Report of the Technology and Economic Assessment Panel, Volume 3b, Report of the Task Force on Destruction Technologies. (http://ozone.unep.org/teap/Reports/Other_Task_Force/TEAP02V3b.pdf)

⁶ UNEP, 2005, UNEP May 2005 Report of the Technology and Economic Assessment Panel, Volume 3, Report of the Task Force on Foam End-of-Life Issues. (http://ozone.unep.org/teap/Reports/TEAP_Reports/TEAP-May-2005-Vol-2-Forms-End-of-Life.pdf)

Requirements

Project Description

- 3.4.1 The project proponent shall use the *VCS Project Description Template*, an approved combined project description template available on the Verra website or an approved GHG program project description template where the project is registered under an approved GHG program, as appropriate. The project proponent shall adhere to all instructional text within the template.
- 3.4.2 All information in the project description shall be presumed to be available for public review, though commercially sensitive information may be protected, as set out in the VCS Program document *Registration and Issuance Process*, where it can be demonstrated that such information is commercially sensitive. The validation/verification body shall check that any information designated by the project proponent as commercially sensitive meets the VCS Program definition of commercially sensitive information. Information in the project description related to the determination of the baseline scenario, demonstration of additionality, and estimation and monitoring of GHG emission reductions and removals shall not be considered to be commercially sensitive and shall be provided in the public versions of the project description.

Monitoring Report

- 3.4.3 The project proponent shall use the *VCS Monitoring Report Template* or an approved combined monitoring report template available on the Verra website, as appropriate, and adhere to all instructional text within the template.
- 3.4.4 The monitoring period of the monitoring report shall be a distinct time period that does not overlap with previous monitoring periods. Projects shall not be eligible for crediting of GHG emission reductions generated in previous monitoring periods. In addition, monitoring periods shall be contiguous with no time gaps between monitoring periods.
- 3.4.5 Where a monitoring report and associated verification report divide a monitoring period into vintages, separate VCU issuance records in accordance with vintage periods may be issued, as set out in the VCS Program document *Registration and Issuance Process*.

3.5 Project Design

Concept

The VCS Program allows for different approaches to project design. Projects may be designed as a single installation of an activity. Projects may also be designed to include more than one project activity, such as an AFOLU project that includes REDD and ALM components. In addition, projects may be designed to include more than one project activity instance, such as a clean cookstove project that distributes cookstoves to a number of different communities. Finally, projects may be designed as

grouped projects, which are projects structured to allow the expansion of a project activity subsequent to project validation.

Note – Project activity and project activity instance both have the specific meanings that are set out in the VCS Program document Program Definitions.

Requirements

Multiple Project Activities

3.5.1 Projects may include multiple project activities where the methodology applied to the project allows more than one project activity and/or where projects apply more than one methodology.

3.5.2 Where more than one methodology has been applied to a project with multiple project activities, the following applies:

- 1) Each project activity shall be specified separately in the project description, referencing the relevant methodology.
- 2) All criteria and procedures set out in the applied methodologies in relation to applicability conditions, demonstration of additionality, determination of baseline scenario and GHG emission reduction and removal quantification shall be applied separately to each project activity, noting the following:

- a) A single set of criteria and procedures for the demonstration of additionality may be applied where the applied methodologies reference the same additionality tool and/or procedures, and where separate demonstration of additionality for each project activity is not practicable.

For example, separate demonstration of additionality may not be practicable in project activities that are implemented at a single facility and therefore represent a single investment. The onus is upon the project proponent to demonstrate to the validation/verification body that separate demonstration of additionality is not practicable, failing which separate demonstration of additionality shall be provided. Where a methodology specifies requirements for demonstrating additionality in addition to those specified in the referenced additionality tool and/or procedures, such requirements shall be adhered to.

- b) The criteria and procedures for identifying the baseline scenario may be combined where the relevant methodologies or the referenced additionality tool and/or procedures specify criteria and procedures for combining baseline scenarios.
- 3) The criteria and procedures relating to all other aspects of the methodologies may be combined.
- 4) Where AFOLU projects are required to undertake non-permanence risk assessment and buffer withholding determination, this shall be done separately for each project activity.

Note – Where a single methodology is applicable to more than one project activity and where the methodology does not provide clear procedures for the application of more than one project activity, the above requirements shall be adhered to.

- 3.5.3 AFOLU projects that include multiple project activities shall comply with the respective project requirements of each included AFOLU category.

For example, projects that combine agroforestry or enrichment planting with community forestry in a single project, where farmers integrate these activities within a single landscape, shall follow an ARR methodology for planting activities and an IFM methodology for community forestry activities (except where the activities have been combined in a single methodology). Similarly, projects that integrate avoided grassland and shrubland conversion and improved grazing practices shall follow an ACoGS methodology for grassland or shrubland protection activities and an ALM methodology for improved grazing practices (except where both activities have been combined into a single methodology). Avoided conversion projects in landscapes that contain both forest and non-forest shall follow a REDD methodology for forested lands and an ACoGS methodology for non-forested lands. For each activity covered by a different methodology, the geographic extent of the area to which the methodology is applied shall be clearly delineated.

Multiple Instances of Project Activities

- 3.5.4 Inclusion of further project activity instances subsequent to initial validation of a non-grouped project is not permitted (see Sections 3.5.8 – 3.5.16 for information on grouped projects).
- 3.5.5 The baseline determination and additionality demonstration for all project activity instances shall be combined (e.g., multiple wind turbines shall be assessed in combination rather than individually).
- 3.5.6 Where a project includes multiple project activity instances from multiple project activities, the project activity instances from each project activity shall be assessed in accordance with Sections 3.5.1 – 3.5.3.
- 3.5.7 Non-grouped projects with multiple project activity instances shall not exceed any capacity limits to which a project activity is subject.

Grouped Projects

Baseline Scenario and Additionality

- 3.5.8 Grouped projects shall have one or more clearly defined geographic areas within which project activity instances may be developed. Such geographic areas shall be defined using geodetic polygons as set out in Section 3.10 below.
- 3.5.9 Determination of baseline scenario and demonstration of additionality are based upon the initial project activity instances. The initial project activity instances are those that are included in the project description at validation and shall include all project activity instances currently implemented on the issue date of the project description. The initial project activity instances

may also include any planned instances of the project activity that have been planned and developed to a sufficient level of detail to enable their assessment at validation. Geographic areas with no initial project activity instances shall not be included in the project unless it can be demonstrated that such areas are subject to the same (or at least as conservative) baseline scenario and rationale for the demonstration of additionality as a geographic area that does include initial project activity instances.

- 3.5.10 As with non-grouped projects, grouped projects may incorporate multiple project activities (see Section 3.5.1 – 3.5.3 for more information on multiple project activities). Where a grouped project includes multiple project activities, the project description shall designate which project activities may occur in each geographic area.
- 3.5.11 The baseline scenario for a project activity shall be determined for each designated geographic area, in accordance with the methodology applied to the project. Where a single baseline scenario cannot be determined for a project activity over the entirety of a geographic area, the geographic area shall be redefined or divided such that a single baseline scenario can be determined for the revised geographic area or areas.
- 3.5.12 The additionality of the initial project activity instances shall be demonstrated for each designated geographic area, in accordance with the methodology applied to the project. Where the additionality of the initial project activity instances within a particular geographic area cannot be demonstrated for the entirety of that geographic area, the geographic area shall be redefined or divided such that the additionality of the instances occurring in the revised geographic area or areas can be demonstrated.
- 3.5.13 Where factors relevant to the determination of the baseline scenario or demonstration of additionality require assessment across a given area, the area shall be, at a minimum, the grouped project geographic area. Examples of such factors include, inter alia, common practice; laws, statutes, regulatory frameworks or policies relevant to demonstration of regulatory surplus; determination of regional grid emission factors; and historical deforestation and degradation rates.

Capacity Limits

- 3.5.14 Where a capacity limit applies to a project activity included in the project, no project activity instance shall exceed such limit. Further, no single cluster of project activity instances shall exceed the capacity limit, determined as follows:
- 1) Each project activity instance that exceeds one percent of the capacity limit shall be identified.
 - 2) Such instances shall be divided into clusters, whereby each cluster is comprised of any system of instances such that each instance is within one kilometer of at least one other instance in the cluster. Instances that are not within one kilometer of any other instance shall not be assigned to clusters.

- 3) None of the clusters shall exceed the capacity limit and no further project activity instances shall be added to the project that would cause any of the clusters to exceed the capacity limit.

Eligibility Criteria

3.5.15 Grouped projects shall include one or more sets of eligibility criteria for the inclusion of new project activity instances. At least one set of eligibility criteria for the inclusion of new project activity instances shall be provided for each combination of project activity and geographic area specified in the project description. A set of eligibility criteria shall ensure that new project activity instances:

- 1) Meet the applicability conditions set out in the methodology applied to the project.
- 2) Use the technologies or measures specified in the project description.
- 3) Apply the technologies or measures in the same manner as specified in the project description.
- 4) Are subject to the baseline scenario determined in the project description for the specified project activity and geographic area.
- 5) Have characteristics with respect to additionality that are consistent with the initial instances for the specified project activity and geographic area. For example, the new project activity instances have financial, technical and/or other parameters (such as the size/scale of the instances) consistent with the initial instances, or face the same investment, technological and/or other barriers as the initial instances.

Note – Where grouped projects include multiple baseline scenarios or demonstrations of additionality, such projects will require at least one set of eligibility criteria for each combination of baseline scenario and demonstration of additionality specified in the project description.

Inclusion of New Project Activity Instances

3.5.16 Grouped projects provide for the inclusion of new project activity instances subsequent to the initial validation of the project. New project activity instances shall:

- 1) Occur within one of the designated geographic areas specified in the project description.
- 2) Comply with at least one complete set of eligibility criteria for the inclusion of new project activity instances. Partial compliance with multiple sets of eligibility criteria is insufficient.
- 3) Be included in the monitoring report with sufficient technical, financial, geographic and other relevant information to demonstrate compliance with the applicable set of eligibility criteria and enable sampling by the validation/verification body.

- 4) Be validated at the time of verification against the applicable set of eligibility criteria.
- 5) Have evidence of project ownership, in respect of each project activity instance, held by the project proponent from the respective start date of each project activity instance (i.e., the date upon which the project activity instance began reducing or removing GHG emissions).
- 6) Have a start date that is the same as or later than the grouped project start date.
- 7) Be eligible for crediting from the start date of the instance through to the end of the project crediting period (only). Note that where a new project activity instance starts in a previous verification period, no credit may be sought for GHG emission reductions or removals generated during a previous verification period (as set out in Section 3.4.4) and new instances are eligible for crediting from the start of the next verification period.

Where inclusion of a new project activity instance necessitates the addition of a new project proponent to the project, such instances shall be included in the grouped project within two years of the project activity instance start date or, where the project activity is an AFOLU activity, within five years of the project activity instance start date. The procedure for adding new project proponents is set out in the VCS Program document *Registration and Issuance Process*.

AFOLU Projects

- 3.5.17 AFOLU non-permanence risk analyses, where required, shall be assessed for each geographic area specified in the project description (for requirements related to geographic areas of grouped projects see the VCS Standard). Where risks are relevant to only a portion of each geographic area, the geographic area shall be further divided such that a single total risk rating can be determined for each geographic area. Where a project is divided into more than one geographic area for the purpose of risk analysis, the project's monitoring and verification reports shall list the total risk rating for each area and the corresponding net change in the project's carbon stocks in the same area, and the risk rating for each area applies only to the GHG emissions reductions generated by project activity instances within the area.
- 3.5.18 Activity-shifting, market leakage and ecological leakage assessments, where required, shall be undertaken as set out in Section 3.14.5 – 3.14.15, and the methodology applied, on the initial group of instances of each project activity and reassessed where new instances of the project activity are included in the project.

Project Description for Grouped Projects

- 3.5.19 A grouped project shall be described in a single project description, which shall contain the following (in addition to the content required for non-grouped projects):
- 1) A delineation of the geographic area(s) within which all project activity instances shall occur. Such area(s) shall be defined by geodetic polygons as set out in Section 3.10 below.
 - 2) One or more determinations of the baseline for the project activity in accordance with the requirements of the methodology applied to the project.

- 3) One or more demonstrations of additionality for the project activity in accordance with the requirements of the methodology applied to the project.
- 4) One or more sets of eligibility criteria for the inclusion of new project activity instances at subsequent verification events.
- 5) A description of the central GHG information system and controls associated with the project and its monitoring.

Note – Where the project includes more than one project activity, the above requirements shall be addressed separately for each project activity, except for the delineation of geographic areas and the description of the central GHG information system and controls, which shall be addressed for the project as a whole.

3.6 Ownership

Concept

Project and jurisdictional proponents shall demonstrate that they have the legal right to control and operate project or program activities.

Requirements

- 3.6.1 The project description shall be accompanied by one or more of the following types of evidence establishing project ownership accorded to the project proponent(s), or program ownership accorded to the jurisdictional proponent(s), as the case may be (see the VCS Program document *Program Definitions* for definitions of project ownership and program ownership). To aid the readability of this section, the term project ownership is used below, but should be substituted by the term program ownership, as appropriate:
- 1) Project ownership arising or granted under statute, regulation or decree by a competent authority.
 - 2) Project ownership arising under law.
 - 3) Project ownership arising by virtue of a statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership).
 - 4) Project ownership arising by virtue of a statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions and/or removals (where the project proponent has not been divested of such project ownership).
 - 5) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the plant, equipment or process that generates GHG emission reductions and/or removals which vests project ownership in the project proponent.

- 6) An enforceable and irrevocable agreement with the holder of the statutory, property or contractual right in the land, vegetation or conservational or management process that generates GHG emission reductions or removals which vests project ownership in the project proponent.
- 7) Project ownership arising from the implementation⁷ or enforcement of laws, statutes or regulatory frameworks that require activities be undertaken or incentivize activities that generate GHG emission reductions or removals.

3.7 Project Start Date

Concept

The project start date of a non-AFOLU project is the date on which the project began generating GHG emission reductions or removals. The project start date of an AFOLU project is the date on which activities that led to the generation of GHG emission reductions or removals are implemented (e.g., preparing land for seeding, planting, changing agricultural or forestry practices, rewetting, restoring hydrological functions, or implementing management or protection plans). Projects shall complete validation within specific timeframes from the project start date.

Requirements

Non-AFOLU Projects

- 3.7.1 Non-AFOLU projects shall complete validation within two years of the project start date. Additional time is granted for non-AFOLU projects to complete validation where they are applying a new VCS methodology. Specifically, projects using a new VCS methodology and completing validation within two years of the approval of the methodology by Verra may complete validation within four years of the project start date.
- 3.7.2 Note that new VCS methodology in this context refers to both newly issued VCS methodologies and newly issued VCS revisions to approved GHG program methodologies. The grace period does not apply in relation to any subsequent versions of such new methodologies and new methodology revisions that may be issued.

AFOLU Projects

- 3.7.3 AFOLU projects shall complete validation within five years of the project start date.

⁷ Implemented in the context of this paragraph means enacted or introduced, consistent with use of the term under the CDM rules on so-called Type E+ and Type E- policies.

ODS Projects

3.7.4 ODS projects shall comply with at least one of the following in relation to project start date:

- 1) The project start date shall not be before the Montreal Protocol production phase-out deadline (except for critical/essential uses) for the relevant ODS as it applies to the host country and/or any country from which ODS destroyed by the project is imported (as applicable); or
- 2) The project start date shall not be before the date the host country and/or any country from which ODS destroyed by the project is imported (as applicable) implements the production phase-out, or consumption phase-out where such country does not produce the relevant ODS, of the relevant ODS (critical/essential uses exempted). Such phase-outs shall be implemented in combination with an import ban on the relevant ODS (critical/essential uses exempted). This project start date requirement accounts for countries that phase-out the relevant ODS in advance of their Montreal Protocol production phase-out deadline.

Note – The project can destroy ODS that has not been phased out under either of the two options in above (e.g., if one ODS has contaminated another), but it shall receive no credit for the destruction of such ODS. Note also that the relevant production phase-out deadlines are those of the individual substances and not the substance groups.

Note – The relevant production phase-out deadlines are those of the individual substances and not the substance groups.

3.7.5 Where the project imports ODS, it shall provide documentary evidence, such as shipping manifests and bills of lading, to demonstrate that the ODS originates from a country meeting with the above.

Standardized Methods

3.7.6 Notwithstanding the requirements set out in Sections 3.7.1 – 3.7.5 above, projects applying a standardized method for determining additionality shall initiate the project pipeline listing process set out in the VCS Program document *Registration and Issuance Process* within the project validation timelines set out above. Validation may be completed any time thereafter.

For example, a non-AFOLU project applying a standardized method for determining additionality shall initiate the project pipeline listing process within two years of the project start date, and may complete validation any time thereafter.

Projects Registered with Other GHG Programs

3.7.7 For projects registered under an approved GHG program which are seeking registration with the VCS Program, further specification with respect to the validation deadline is set out in Sections 3.19.5 and 3.19.6.

3.8 Project Crediting Period

Concept

The project crediting period is the time period for which GHG emission reductions or removals generated by the project are eligible for issuance as VCUs. Project crediting periods shall be renewed periodically in order to ensure that changes to a project's baseline scenario and regulatory surplus are taken into consideration throughout the lifetime of the project.

Requirements

Project Crediting Period Length

Non-AFOLU Projects

3.8.1 For non-AFOLU projects, the project crediting period shall be either seven years, twice renewable for a total of 21 years, or ten years fixed.

AFOLU Projects

3.8.2 For ALM projects focusing exclusively on reducing N₂O, CH₄ and/or fossil-derived CO₂ emissions, the project crediting period shall be either seven years, twice renewable for a total of 21 years, or ten years fixed.

3.8.3 For all other AFOLU projects other than such ALM projects described above, the project crediting period shall be a minimum of 20 years up to a maximum of 100 years, which may be renewed at most four times with a total project crediting period not to exceed 100 years.

3.8.4 AFOLU projects shall have a credible and robust plan for managing and implementing the project over the project crediting period.

3.8.5 For ARR or IFM extension of rotation age or low-productive to high-productive projects with harvesting, the length of the project crediting period shall be set to include at least one complete harvest/cutting cycle. In the case of selectively cut IFM projects, where trees are individually selected for harvest, the harvest/cutting cycle is the allowable re-entry period into the harvest area as determined by legal and regulatory requirements, and/or common practice.

3.8.6 The earliest project crediting period start date for AFOLU projects shall be 1 January 2002.

Projects Registered under Other GHG Programs

3.8.7 Projects registered under other GHG programs are not eligible for VCU issuance beyond the end of the total project crediting period under those programs. For example, a CDM project with a seven year twice renewable project crediting period is not eligible for VCU issuance beyond the end of those 21 years. Where projects have been registered under more than one other GHG program, they are not eligible for VCU issuance after the date that is the earliest end date of all applicable project crediting periods.

Note – Since the total project crediting period under the Joint Implementation (JI) program is not defined ex-ante, the total project crediting period shall be deemed as 21 years for non-AFOLU JI projects and as 60 years for AFOLU JI projects⁸.

Renewal of Project Crediting Period

- 3.8.8 Where projects fail to renew the project crediting period, the project crediting period shall end and the project shall be ineligible for further crediting.
- 3.8.9 The following shall apply with respect to the renewal of the project crediting period under the VCS Program:
- 1) A full reassessment of additionality is not required when renewing the project crediting period. However, regulatory surplus shall be demonstrated in accordance with the requirements set out in the VCS Program rules and the project description shall be updated accordingly.
 - 2) The validity of the original baseline scenario shall be demonstrated, or where invalid a new baseline scenario shall be determined, when renewing the project crediting period, as follows:
 - a) The validity of the original baseline scenario shall be assessed. Such assessment shall include an evaluation of the impact of new relevant national and/or sectoral policies and circumstances on the validity of the baseline scenario.
 - b) Where it is determined that the original baseline scenario is still valid, the GHG emissions associated with the original baseline scenario shall be reassessed using the latest version of the *CDM Tool* to assess the validity of the original/current baseline and to update the baseline at the renewal of a crediting period.
 - c) Where it is determined that the original baseline scenario is no longer valid, the current baseline scenario shall be established in accordance with the VCS Program rules.
 - d) The project description, containing updated information with respect to the baseline, the estimated GHG emission reductions or removals and the monitoring plan, shall be submitted for validation. Such updates shall be based upon the latest approved version of the methodology or its replacement. Where the project does not meet the requirements of the latest approved version of the methodology or its replacement, the project proponent shall select another applicable approved methodology (which may be a new methodology or methodology revision it has had approved via the methodology approval process), or shall apply a methodology deviation (where a methodology deviation is appropriate). Failing this, the project shall not be eligible for renewal of its project crediting period.

⁸ Consistent with the UNFCCC's other project-based mechanism, CDM.

- 3) The updated project description shall be validated in accordance with the VCS Program rules. In addition, the project shall be validated against the (current) scope of the VCS. Such validation report shall be issued after the end of the (previous) project crediting period but within two years after the end of the (previous) project crediting period.

Additional time is granted for projects to complete such validation where they are switching to a new VCS methodology (*new VCS methodology* in this context has the same meaning as set out in Section 3.7.1) when renewing the project crediting period. Specifically, projects switching to a new VCS methodology and completing such validation within one year of the approval of the methodology by Verra may complete such validation within three years of the end of the (previous) project crediting period.

3.9 Project Scale

Concept

Projects are categorized by size according to their estimated average annual GHG emission reductions or removals. Materiality thresholds differ for projects of different sizes.

Requirements

- 3.9.1 Project size categorizations are as follows:
 - 1) *Projects*: Less than or equal to 300,000 tonnes of CO_{2e} per year.
 - 2) *Large projects*: Greater than 300,000 tonnes of CO_{2e} per year.
- 3.9.2 Materiality requirements for validation and verification differ according to project size, as set out in Section 4.1.8 below.
- 3.9.3 Where applying a methodology with scale and/or capacity limits, it shall be demonstrated that the project is not a fragmented part of a larger project or activity that would otherwise exceed such limits. The project shall be considered a fragmented part of a larger project if within one kilometer of the project boundary there exists another project where:
 - 1) The project proponents for both projects are the same.
 - 2) The sectoral scope and project activity for both projects are the same.
 - 3) The other project has been registered under the VCS Program or another GHG program within the previous two years.

3.10 Project Location

Concept

The project location shall be provided in order to accurately describe project characteristics and to demonstrate a project's conformance with other requirements, such as project ownership and regulatory compliance.

Requirements

General

3.10.1 Project location shall be specified in the project description as follows:

- 1) Project location for non-AFOLU projects shall be specified by a single geodetic coordinate.
- 2) Where there are multiple project activity instances (see Sections 3.5.4 – 3.5.7 for more information on multiple project activities), project location shall be specified according to the following:
 - a) Where it is reasonable to do so, a geodetic coordinate shall be provided for each instance and provided in a KML file; or
 - b) Where there are a large number project activity instances (e.g., cookstoves or energy efficient light bulbs), at least one geodetic coordinate shall be provided, together with sufficient additional geographic information (with respect to the location of the instances) to enable sampling by the validation/verification body.
- 3) Project location for grouped projects shall be specified using geodetic polygons to delineate the project's geographic area or areas (see Section 3.5.8 for further information on geographic areas for grouped projects) and provided in a KML file.

AFOLU Projects

3.10.2 The project location for AFOLU projects shall be specified in the project description in terms of its project area. The spatial extent of the project shall be clearly specified to facilitate accurate monitoring, reporting and verification of GHG emission reductions and removals and to demonstrate that the project meets the eligibility criteria of the relevant project category. The description of the project location shall include the following information:

- 1) Name of the project area (e.g., compartment number, allotment number and local name).
- 2) Maps of the project area.
- 3) Geodetic polygons that delineate the geographic area of each AFOLU project activity, provided in a KML file.
- 4) Total size of the project area.
- 5) Details of ownership.

Where the project area is comprised of multiple polygons (parcels), the project location details of each polygon/parcel shall be included in the project description.

3.10.3 The project proponent shall demonstrate control over the entire project area with documentary evidence establishing project ownership, noting the following:

- 1) For non-grouped projects, the entire project area shall be under the control of the project proponent at the time of validation, or shall come to be under the control of the project proponent by the first verification event.
- 2) Where the project proponent does not yet have control over the entire area at validation, the entire project area (that shall be specified in accordance with Section 3.10.2) is to be validated as if it were under control and the project is ready to be implemented.
- 3) Where less than 80 percent of the total proposed area of the project is under current control at validation, the following applies:
 - a) It shall be demonstrated that the result of the additionality test is applicable to the project area at the time of validation and to the entire project area to come under control in the future.
 - b) The monitoring plan shall be designed such that it is flexible enough to deal with changes in the size of the project.
 - c) The project shall be verified within five years of validation. At verification, the size of the project becomes fixed.
 - d) Where the area fixed at verification is smaller than intended at validation, areas that at verification have not come under control of the project shall be considered in the leakage management, mitigation and accounting. This requires the selection, at validation, of a methodology with appropriate leakage methods that may be used in the event the entire area does not come under control of the project.

3.10.4 WRC projects shall demonstrate that:

- 1) There is no hydrological connectivity to adjacent (non-project) areas; or
- 2) It is not possible for hydrologically connected areas to have a negative impact on the hydrology within the project area that could cause a significant increase in GHG emissions; or
- 3) Where projects are hydrologically connected to adjacent areas that may have a negative impact on the hydrology within the project area, projects shall demonstrate that such impacts will not result in a significant increase in GHG emissions, as follows:
 - a) Peatland projects shall establish a buffer zone to ensure that potential negative impacts to the hydrology in the project area, such as causing the water table in the project area to drop or otherwise negatively impacting the hydrology, are mitigated. The buffer zone may be inside or outside the geographic boundary of the project area.

Where it is outside of the project area, the buffer zone shall be adjacent to the project geographic boundary and binding water management agreements with land holders in the buffer zone shall be in place by the time of the first verification. The size and shape of the buffer zone shall be sufficient to avoid such negative impacts on the project area, which may be demonstrated through peer reviewed literature or expert judgment.

- b) All other wetland projects shall establish a buffer zone as set out in Section 3.10.4(3)(a) above, or implement project activities or establish a mitigation plan to ensure that impacts to the hydrology (e.g., interrupted water or sediment supply) do not result in a significant increase in GHG emissions. Emphasis shall be placed on hydrological connectivity that is immediately adjacent to the project area. Coastal wetlands shall consider hydrological connectivity originating from adjacent lands and shall follow the applied methodology with respect to oceanic impacts.

Where a project activity to mitigate impacts from hydrological connectivity causes an increase in GHG emissions in the project area or buffer zone, such emissions shall be included in GHG accounting where above *de minimis*.

3.11 Project Boundary

Concept

The project boundary includes the GHG sources, sinks and reservoirs that are relevant to the project and baseline scenarios. The relevant GHG sources, sinks and reservoirs that shall be included or excluded, or are optional, are set out in the methodology(s) applied by the project.

Requirements

- 3.11.1 The project boundary shall be described (using diagrams, as required) and GHG sources, sinks and reservoirs shall be identified and assessed in accordance with the methodology applied to the project. The project shall justify not selecting any relevant GHG source, sink and reservoir.

3.12 Baseline Scenario

Concept

The baseline scenario represents the activities and GHG emissions that would occur in the absence of the project activity. The baseline scenario shall be accurately determined so that an accurate comparison can be made between the GHG emissions that would have occurred under the baseline scenario and the GHG emission reductions and/or removals that were achieved by project activities.

Requirements

- 3.12.1 The baseline scenario for the project shall be determined in accordance with the requirements set out in the methodology applied to the project, and the choice of baseline scenario shall be justified.
- 3.12.2 Equivalence in type and level of activity of products or services provided by the project and the baseline scenario shall be demonstrated and, where appropriate, any significant differences between the project and the baseline scenario shall be explained.
- 3.12.3 In developing the baseline scenario, assumptions, values and procedures shall be selected that help ensure that net GHG emission reductions and removals are not overestimated.

3.13 Additionality

Concept

A project activity is additional if it can be demonstrated that the activity results in emission reductions or removals that are in excess of what would be achieved under a “business as usual” scenario and the activity would not have occurred in the absence of the incentive provided by the carbon markets. Additionality is an important characteristic of GHG credits, including VCUs, because it indicates that they represent a net environmental benefit and a real reduction of GHG emissions, and can thus be used to offset emissions.

Requirements

3.13.1 Additionality shall be demonstrated and assessed in accordance with the requirements set out in the methodology applied to the project, noting the following exceptions:

- 1) Where a VCS module using an activity method (see the *VCS Methodology Requirements* for further information on activity methods) is applicable to the project, additionality may be demonstrated using the module in substitution of the additionality requirements set out in the methodology.

For example, if a module uses an activity method (i.e., positive list) to deem a project activity additional, the project proponent does not have to follow the additionality requirements in the methodology applied to the project and may instead demonstrate additionality by demonstrating that it meets the applicability conditions and any other criteria of the activity method.

Note that only modules may be used in this way. Where a methodology contains an activity method for additionality, the additionality procedures may not be applied in conjunction with a different methodology.

- 2) Where the applied methodology was developed under an approved GHG program and uses an activity method or other simplified procedure for demonstrating additionality, the project proponent shall demonstrate to the validation/verification body that the simplified procedure is appropriate to apply to the project considering the project characteristics, including the context in which the project activity takes place. Failing this demonstration, the project proponent shall not use the simplified procedure for demonstrating additionality, and shall instead use an appropriate additionality assessment method in substitution.

For example, where a project is developed in the United States and applies a CDM methodology which uses a simplified procedure for demonstrating additionality, the project proponent shall demonstrate to the validation/verification body that the simplified procedure is appropriate to apply given that the simplified procedure was originally developed for application in a developing country context.

ODS Projects

- 3.13.2 The project shall not be mandated by any law, statute or other regulatory framework applying in the host country that was implemented on or before 11 November 2001, or the compliance rate of any such law, statute or other regulatory framework during (part of) the project crediting period shall be below 50 percent.

3.14 Quantification of GHG Emission Reductions and Removals

Concept

GHG emission reductions and removals achieved by projects are the basis for the volume of VCU's that can be issued. GHG emissions reductions and removals shall be quantified in accordance with the applied methodology(s).

Requirements

- 3.14.1 GHG emission and/or removals shall be estimated for each GHG source, sink and/or reservoir relevant for the project (including leakage) and the baseline scenarios.
- 3.14.2 The net GHG emission reductions and removals generated by the project shall be quantified.
- 3.14.3 Metric tonnes shall be used as the unit of measure and the quantity of each type of GHG shall be converted to tonnes of CO₂ equivalent (CO₂e).
- 3.14.4 All GHG emission reductions shall be converted to CO₂e using 100-year global warming potential (GWP) values.

For GHG emission reductions occurring on or after 1 January 2021, all ex-ante estimates and ex-post calculations shall be converted to CO₂e using GWP values from the IPCC *Fifth*

Assessment Report (AR5).⁹ See Table 2 for the GWP values for methane and nitrous oxide established in AR5.¹⁰

For GHG emission reductions occurring on or before 31 December 2020, all ex-ante estimates and ex-post calculations may be converted to CO₂e using either the GWP values from the *IPCC Fourth Assessment Report (AR4)* or those from AR5.

Projects that complete validation on or before 31 July 2021 may use GWP values from AR4 for ex-ante emission reduction estimates, though such projects shall use GWP values from AR5 for ex-post calculations.

Table 2: Selected GWP values from the IPCC *Fifth Assessment Report*, Table 8.A.1

Eligible GHG	Chemical Formula	100-year GWP value
Carbon dioxide	CO ₂	1
Methane	CH ₄	28
Nitrous oxide	N ₂ O	265

AFOLU Projects

- 3.14.5 The potential for leakage shall be identified for AFOLU projects, and projects are encouraged to include leakage management zones as part of the overall project design. Leakage management zones can minimize the displacement of land use activities to areas outside the project area by maintaining the production of goods and services, such as agricultural products, within areas under the control of the project proponent or by addressing the socio-economic factors that drive land use change. Activities to mitigate ecological leakage in WRC projects may include the establishment of a leakage management zone inside the project boundary.
- 3.14.6 Activities to mitigate leakage and sustainably reduce deforestation and/or forest or wetland degradation are encouraged and may include the establishment of agricultural intensification practices on non-wetlands, lengthened fallow periods, agroforestry and fast-growing woodlots on degraded land, forest under-story farming, ecotourism and other sustainable livelihood activities, sustainable production of non-timber forest products, and/or sustainable aquaculture. Leakage mitigation activities may be supplemented by providing economic opportunities for local communities that encourage forest or wetland protection, such as employment as protected-area guards, training in sustainable forest use or assisting

⁹ IPCC. 2013. *Fifth Assessment Report*. <https://www.ipcc.ch/report/ar5/wg1/>

¹⁰ Note that Table 2 is not an exhaustive list of updated GWP values from AR5. For a complete list of updated GWP values, refer to the IPCC *Fifth Assessment Report*, [Table 8.A.1](#).

communities in securing markets for sustainable forest products, such as rattan, vanilla, cacao, coffee and natural medicines, or wetland products, such as rattan, fish and shellfish.

- 3.14.7 Where projects are required to account for leakage, such leakage evaluation shall be documented in the appropriate section of the project description and/or monitoring report, as applicable.
- 3.14.8 Market leakage assessments shall occur per the requirements set out in the applied methodology(s) at validation and verification.
- 3.14.9 Notwithstanding the requirement set out in Section 3.14.8 above, IFM projects may apply the appropriate market leakage discount factor identified in Table 3 to the net change in carbon stock associated with the activity that reduces timber harvest to determine market leakage.

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Table 3: Market Leakage Discount Factors

Project Action	Leakage Risk	Market Leakage Discount Factor
IFM activity with no effect or minimal effect on total timber harvest volumes (e.g., RIL with less than 25% reduction)	None	0%
IFM activity that leads to a shift in harvests across time periods but minimal change in total timber harvest over time (e.g., ERA with rotation extension of 5-10 years)	Low	10%
IFM activity that substantially reduces harvest levels permanently (e.g., RIL activity that reduces timber harvest across the project area, or project that halts logging by at least 25%)	Moderate to High	Conditional upon where timber harvest is likely to be shifted, as follows: <ul style="list-style-type: none"> • Where the ratio of merchantable biomass to total biomass is higher within the area to which harvesting is displaced compared to the project area, 20% • Where the ratio of merchantable biomass to total biomass is similar within the area to which harvesting is displaced compared to the project area, 40% • Where the ratio of merchantable biomass to total biomass is lower within the area to which harvesting is displaced compared to the project area, 70% • Where the leakage is out of country, 0%

3.14.10 Leakage occurring outside the host country (international leakage) does not need to be quantified.

3.14.11 Projects shall not account for positive leakage (i.e., where GHG emissions decrease or removals increase outside the project area due to project activities).

3.14.12 Where the applied methodology(s) does not set out a method to determine whether leakage is *de minimis*, projects may use the process set out in the VCS Program document *VCS Methodology Requirements* or the CDM A/R methodological *Tool for testing significance of GHG Emissions in A/R CDM Project Activities*.

3.14.13 Projects may apply optional default leakage deductions at validation under the following circumstances:

- 1) Where the applied methodology requires the quantification of activity-shifting leakage, projects may apply the optional default activity-shifting leakage deduction of 15 percent to the gross GHG emission reductions and/or removals.
- 2) Where the applied methodology requires the quantification of market leakage and where a) timber is a significant¹¹ commodity that is driving deforestation and/or degradation in the baseline scenario and b) the project country is not a leading producer or exporter of forest products as defined by the United Nations Food and Agriculture Organization (FAO)¹², projects may apply the optional default market leakage deduction of 10 percent to the gross GHG emission reductions and/or removals.

3.14.14 Projects shall monitor and calculate leakage, per the applied methodology, for all ex-post accounting (i.e., at each verification), and leakage shall be deducted from the total GHG emission reductions and/or removals of the project. Any leakage shall be subtracted from the number of GHG emission reductions and removals eligible to be issued as VCU.

3.14.15 The number of GHG credits issued to projects is determined by subtracting out the buffer credits from the net GHG emission reductions or removals (including leakage) associated with the project. The buffer credits are calculated by multiplying the non-permanence risk rating (as determined by the *AFOLU Non-Permanence Risk Tool*) times the change in carbon stocks only. The full rules and procedures with respect to assignment of buffer credits are set out in the VCS Program document *Registration and Issuance Process*.

3.15 Monitoring

Concept

The impacts of project activities on relevant emission sources, sinks and reservoirs shall be monitored in order to determine the net GHG benefit. Projects shall be monitored in accordance with the applied methodology(s).

¹¹ Defined as contributing to 20 percent or more of baseline emissions.

¹² The FAO releases annual listings of countries that are Major Producers of Forest Products (<http://www.fao.org/forestry/statistics/80938@180723/en/>) and Major Exporters of Forest Products (<http://www.fao.org/forestry/statistics/80938@180724/en/>).

Requirements

Data and Parameters

- 3.15.1 Data and parameters used for the quantification of GHG emission reductions and/or removals shall be provided in accordance with the methodology.
- 3.15.2 Quality management procedures to manage data and information shall be applied and established. Where applicable, procedures to account for uncertainty in data and parameters shall be applied in accordance with the requirements set out in the methodology.

Monitoring Plan

- 3.15.3 The project proponent shall establish a GHG information system for obtaining, recording, compiling and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the project (including leakage) and baseline scenario.
- 3.15.4 A monitoring plan for the project that includes roles and responsibilities shall be established.
- 3.15.5 Where measurement and monitoring equipment is used, the project proponent shall ensure the equipment is calibrated according to the equipment's specifications and/or relevant national or international standards.

3.16 Safeguards

Concept

Project activities shall not negatively impact the natural environment or local communities. Project proponents shall identify and address any negative environmental and socio-economic impacts of project activities, and shall engage with local stakeholders during the project development and implementation processes.

Requirements

General

No Net Harm

- 3.16.1 The project proponent shall identify potential negative environmental and socio-economic impacts, and shall take steps to mitigate them. Additional certification standards may be applied to demonstrate social and environmental benefits beyond GHG emission reductions or removals.

Note that VCUs may be labeled with additional standards and certifications on the Verra registry where both the VCS Program and another standard are applied. The Verra website provides the list of standards that are accepted as VCU labels and the procedure for attaining such VCU labels.

Local Stakeholder Consultation

- 3.16.2 The project proponent shall conduct a local stakeholder consultation prior to validation as a way to inform the design of the project and maximize participation from stakeholders. Such consultations allow stakeholders to evaluate impacts, raise concerns about potential negative impacts and provide input on the project design.
- 3.16.3 The project proponent shall establish mechanisms for ongoing communication with local stakeholders to allow stakeholders to raise concerns about potential negative impacts during project implementation.
- 3.16.4 The project proponent shall take due account of all and any input received during the local stakeholder consultation and through ongoing communications, which means it will need to either update the project design or justify why updates are not appropriate. The project proponent shall demonstrate to the validation/verification body what action it has taken in respect of the local stakeholder consultation as part of validation, and in respect of ongoing communications as part of each subsequent verification.

Public Comment Period

- 3.16.5 All projects are subject to a 30-day public comment period. The date on which the project is listed on the project pipeline marks the beginning of the project's 30-day public comment period (see the VCS Program document *Registration and Issuance Process* for more information on the VCS project pipeline).
- 3.16.6 Projects shall remain on the project pipeline for the entirety of their 30-day public comment period.
- 3.16.7 Any comments shall be submitted to Verra at secretariat@verra.org and respondents shall provide their name, organization, country and email address. At the end of the public comment period, Verra provides all and any comments received to the project proponent.
- 3.16.8 The project proponent shall take due account of any and all comments received during the consultation, which means it will need to either update the project design or demonstrate the insignificance or irrelevance of the comment. It shall demonstrate to the validation/verification body what action it has taken.

AFOLU Projects

- 3.16.9 Where AFOLU project activities do not impact local stakeholders, projects are not required to meet the requirements set out in Sections 3.16.11– 3.16.18 below. The project proponent shall provide evidence that project activities do not impact local stakeholders at validation and each verification.

3.16.10 Where AFOLU projects complete a validation or verification to the Climate, Community & Biodiversity (CCB) Program at the same time as a VCS Program validation or verification, they are not required to conduct a separate demonstration of compliance with the requirements set out in this Section 3.16.

Note – Where an AFOLU project has previously certified to the Climate, Community & Biodiversity (CCB) Program, but is completing a VCS Program verification without also completing a CCB Program verification for the same verification period, the project proponent shall demonstrate compliance with the requirements set out in Sections 3.16.11 – 3.16.18 below.

Local Stakeholder Identification and Background

3.16.11 The project proponent shall conduct a thorough assessment of the local stakeholders that will be impacted by the project. The project description shall include information on local stakeholders at the start of the project, including:

- 1) The process(es) used to identify local stakeholders likely impacted by the project and a list of such stakeholders;
- 2) Identification of any legal or customary tenure/access rights to territories and resources, including collective and/or conflicting rights, held by local stakeholders;
- 3) A description of the social, economic and cultural diversity within local stakeholder groups and the differences and interactions between the stakeholder groups;
- 4) Any significant changes in the makeup of local stakeholders over time;
- 5) The expected changes in well-being and other stakeholder characteristics under the baseline scenario, including changes to ecosystem services identified as important to local stakeholders;
- 6) The location of communities, local stakeholders and areas outside the project area that are predicted to be impacted by the project; and
- 7) The location of territories and resources which local stakeholders own or to which they have customary access.

Risks to Local Stakeholders

3.16.12 The project proponent shall identify likely natural and human-induced risks to local stakeholder well-being expected during the project lifetime and outline measures needed to mitigate these risks.

3.16.13 The project proponent shall identify the risks for local stakeholders to participate in the project, including project design and consultation. Risks should include trade-offs with food security, land loss, loss of yields and climate change adaptation. The project shall be designed and implemented to avoid trade-offs and manage the identified risks to local stakeholders.

3.16.14 The project proponent or any other entity involved in project design or implementation shall not be involved in any form of discrimination or sexual harassment.

3.16.15 The management teams involved in the project shall have expertise and prior experience implementing land management and carbon projects with community engagement at the project scale. Where relevant experience is lacking, the project proponent shall either demonstrate how they have partnered with other organizations to support the project or have a recruitment strategy to fill the identified gaps.

Respect for Local Stakeholder Resources

3.16.16 The project proponent shall avoid negative impacts of project implementation and mitigate impacts when unavoidable, including the following:

- 1) The project proponent shall recognize, respect and support local stakeholders' property rights and where feasible, take measures to help secure rights. The project shall not encroach on private, stakeholder or government property or relocate people off their lands without consent. The project may affect property rights if free, prior and informed consent is obtained from those concerned and a transparent agreement is reached that includes provisions for just and fair compensation. In the event there are any ongoing or unresolved conflicts over property rights, usage or resources, the project shall undertake no activity that could exacerbate the conflict or influence the outcome of an unresolved dispute.
- 2) To reduce damage to the ecosystems on which the local stakeholders rely:
 - a) The project shall not introduce any invasive species or allow an invasive species to thrive through project implementation.
 - b) The project shall justify the use of non-native species over native species, explaining the possible adverse effects of non-native species.
 - c) The project shall justify the use of fertilizers, chemical pesticides, biological control agents and other inputs used by the project and their possible adverse effects.

Communication and Consultation

3.16.17 The project proponent shall take all appropriate measures to communicate and consult with local stakeholders in an ongoing process for the life of the project. The project proponent shall communicate:

- 1) The project design and implementation, including the results of monitoring.
- 2) The risks, costs and benefits the project may bring to local stakeholders.
- 3) All relevant laws and regulations covering workers' rights in the host country.
- 4) The process of VCS Program validation and verification and the validation/verification body's site visit.

3.16.18 The project proponent shall develop a grievance redress procedure to address disputes with local stakeholders that may arise during project planning and implementation, including with regard to benefit sharing. The procedure shall include processes for receiving, hearing, responding and attempting to resolve grievances within a reasonable time period, taking into account culturally-appropriate conflict resolution methods. The procedure and documentation of disputes resolved through the procedure shall be made publicly available. The procedure shall have three stages:

- 1) The project proponent shall attempt to amicably resolve all grievances and provide a written response to the grievances in a manner that is culturally appropriate.
- 2) Any grievances that are not resolved by amicable negotiations shall be referred to mediation by a neutral third party.
- 3) Any grievances that are not resolved through mediation shall be referred either to a) arbitration, to the extent allowed by the laws of the relevant jurisdiction or b) competent courts in the relevant jurisdiction, without prejudice to a party's ability to submit the grievance to a competent supranational adjudicatory body, if any.

3.16.19 All communication and consultation shall be performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate. The results of implementation shall be provided in a timely manner and consultation shall be performed prior to design decisions or implementation to allow stakeholders adequate time to respond to the proposed design or action.

3.17 Methodology Deviations

Concept

Projects may deviate from the procedures set out in methodologies in certain cases, where alternative methods may be more efficient for project-specific circumstances, and where the deviation will achieve the same level of accuracy or is more conservative than what is set out in the methodology.

Requirements

3.17.1 Deviations from the applied methodology are permitted where they represent a deviation from the criteria and procedures relating to monitoring or measurement set out in the methodology (i.e., deviations are permitted where they relate to data and parameters available at validation, data and parameters monitored, or the monitoring plan).

3.17.2 Methodology deviations shall not negatively impact the conservativeness of the quantification of GHG emission reductions or removals, except where they result in increased accuracy of such quantification. Deviations relating to any other part of the methodology shall not be permitted.

3.17.3 Methodology deviations shall be permitted at validation or verification and their consequences shall be reported in the validation or verification report, as applicable, and all subsequent verification reports. Methodology deviations are not considered to be precedent setting.

3.18 Project Description Deviations

Concept

Projects may deviate from the validated project description in certain cases in order to accommodate changing circumstances post-validation. Such deviations shall be described and assessed by a validation/verification body during the next project verification.

Requirements

3.18.1 Deviations from the project description are permitted at verification.

3.18.2 The procedures for documenting a project description deviation depend on whether the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario. Interpretation of whether the deviation impacts any of these shall be determined consistent with the *CDM Guidelines on assessment of different types of changes from the project activity as described in the registered PDD*, mutatis mutandis. The procedures are as follows:

- 1) Where the deviation impacts the applicability of the methodology, additionality or the appropriateness of the baseline scenario, the deviation shall be described and justified in a revised version of the project description. This shall include a description of when the changes occurred, the reasons for the changes and how the changes impact the applicability of the methodology, additionality and/or the appropriateness of the baseline scenario.

An example of such a deviation is a change in project capacity where a different baseline scenario would be more plausible, the applied methodology would no longer be applicable, or there would be a significant impact on the investment analysis used by the project to demonstrate additionality. Other examples include changes to the project that might have similar impacts such as the addition of new carbon pools or new types of project activities.

- 2) Where the deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in compliance with the applied methodology, the deviation shall be described and justified in the monitoring report. This shall include a description of when the changes occurred and the reasons for the changes. The deviation shall also be described in all subsequent monitoring reports.

Examples of such deviations include changes in the procedures for measurement and monitoring, or project design changes that do not have an impact on the applicability of the methodology, additionality or the appropriateness of the baseline scenario.

Note that project proponents may apply project description deviations for the purpose of switching to the latest version of the methodology, or switching to a different methodology. For example, a project proponent may want to switch to the latest version of a methodology where such version includes additional types of carbon pools or project activities.

- 3.18.3 The deviation shall be assessed by a validation/verification body and the process, findings and conclusions shall be reported in the verification report. The assessment shall determine whether the deviation is appropriately described and justified, and whether the project remains in compliance with the VCS Program rules. The deviation shall also be reported on in all subsequent verification reports. Project description deviations are not considered to be precedent-setting.
- 3.18.4 The validation/verification body assessing the project description deviation shall be accredited for the validation, recognizing that assessment of project description deviations is a validation activity, as further set out in the VCS Program Guide.

3.19 Participation under Other GHG Programs

Concept

Projects may be registered under both the VCS Program and another GHG program (which may be an approved GHG program such as CDM, JI or the Climate Action Reserve, or any other GHG program). The term *GHG program* covers carbon crediting programs, as defined further in the VCS Program document *Program Definitions*. Further requirements relating to potential overlap of projects with other programs and mechanisms such as emission trading programs and the Paris Agreement are set out in Section 3.20 below.

Requirements

General

- 3.19.1 Project proponents shall not seek credit for the same GHG emission reduction or removal under the VCS Program and another GHG program. Projects issuing GHG credits under both the VCS Program and another GHG program shall also comply with the rules and requirements set out in the VCS Program document *Registration and Issuance Process*.
- 3.19.2 Projects registered under other GHG programs are not eligible for VCU issuance beyond the end of the total project crediting period under those programs (see Section 3.8.7 for further information).
- 3.19.3 For projects registered under the CDM as a program of activities (PoA), the following applies:
- 1) Each component project activity (CPA) shall be registered with the VCS Program as a separate project accompanied by its associated program of activities design document.
 - 2) Each such project shall be validated in accordance with Section 3.19.5(1) below.

- 3) The project start date for such projects is the date on which the first activity under the program of activities began reducing or removing GHG emissions.
- 4) Validation shall be completed within the relevant project start date deadline, as set out in Section 3.19 (in this case, validation refers to validation of the first CPA under the associated PoA).

AFOLU Projects

3.19.4 In addition to the above, AFOLU projects registered under both the VCS Program and another GHG program shall comply with the following:

- 1) All and any (VCS) monitoring and verification reports shall state the total amount of credits (GHG credits and, where applicable, buffer credits) issued under the other GHG program.
- 2) The project shall prepare a non-permanence risk report in accordance with the VCS Program document *AFOLU Non-Permanence Risk Tool* and a validation/verification body shall undertake a full validation of same in accordance with the VCS Program rules. The non-permanence risk analysis shall be based upon the project as a whole, though the buffer withholding shall apply to the net change in carbon stocks for which credits are sought under the VCS Program.
- 3) Where temporary GHG credits (e.g., tCERs or ICERs) have been issued to the project, VCU's may be issued to the project only in accordance with the rules and requirements set out in the VCS Program document *Registration and Issuance Process*.
- 4) Where a loss event or a reversal occurs, the project shall comply with the rules for reporting a loss event and holding/cancelling credits set out in Section 3.2.15 and the VCS Program document *Registration and Issuance Process*. Such reporting, holding and cancelling shall apply to the proportion of credits (GHG credits and buffer credits) granted to date under the VCS Program.

For example, if 50 percent of the total credits (GHG credits and, where applicable, buffer credits) related to the project have been issued under the VCS Program and a loss event results in a reversal of GHG emission reductions or removals achieved, buffer credits would be cancelled to cover 50 percent of the reversal. An example calculation is available on the Verra website.

Approved GHG Programs

3.19.5 The following applies with respect to projects registered under an approved GHG program which are seeking registration with the VCS Program:

- 1) For projects registered under the CDM, the cover page and sections 1.1, 1.2, 1.3, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.12, 1.13, 1.14, 1.15.1, 1.16, 1.17 and 3.6 of the *VCS Project Description Template* shall be completed. A validation/verification body shall undertake a validation of same, which shall be accompanied by a validation representation, to provide a

gap validation for the project's compliance with the VCS Program rules.

- 2) For projects registered under the JI program, a new *VCS Project Description Template* shall be completed (applying a methodology eligible under the VCS Program). A validation/verification body shall undertake a full validation of same in accordance with the VCS Program rules. The validation report shall be accompanied by a validation representation.
- 3) For projects registered under the Climate Action Reserve, the cover page and sections 1.1, 1.2, 1.3, 1.5, 1.6, 1.7, 1.8, 1.9, 1.10, 1.12, 1.13, 1.15.1, 1.16, 1.17, 2.1, 2.2, 2.3, 2.4 and 3.6 of the *VCS Project Description Template* shall be completed. A validation/verification body shall undertake a validation of same, which shall be accompanied by a validation representation, to provide a gap validation for the project's compliance with VCS Program rules.
- 4) The approved GHG program validation (or verification, where the approved GHG program does not have a validation step) or VCS validation shall be completed within the relevant validation deadline as set out in Section 3.7. Validation (or verification) is deemed to have been completed when the validation (or verification) report that is submitted to the relevant program to request registration has been issued.

Other GHG Programs

3.19.6 Projects registered under a GHG program that is not an approved GHG program may also register with the VCS Program where a validation or verification report has been issued under such program (by an entity approved under the program to issue such reports). For such projects, the following applies:

- 1) The project start date shall be on or after 19 November 2007.
- 2) A new *VCS Project Description Template* shall be completed (using a methodology eligible under the VCS Program) and a validation/verification body shall undertake a full validation of same in accordance with the VCS Program rules. The validation report shall be accompanied by a validation representation.
- 3) The validation or verification that is submitted to request registration under the other GHG program shall be completed within the relevant validation deadline set out in Section 3.7. Validation or verification is deemed to have been completed when the validation or verification report that is submitted to the other GHG program to request registration has been issued.

Projects Rejected by Other GHG Programs

3.19.7 Projects rejected by other GHG programs due to procedural or eligibility requirements can be considered under the VCS Program, but the following conditions shall be met:

- 1) The project description (where the other GHG program has rejected the project before VCS validation) or monitoring report (where the other GHG program has rejected the project after VCS validation) shall clearly state all GHG programs to which the project has applied for registration and the reason(s) for rejection. Such information shall not be deemed as commercially sensitive information.
- 2) The validation/verification body shall be provided with the rejection document(s), including any additional explanations.
- 3) The project shall be validated against the VCS Program rules. For projects where the other GHG program has rejected the project after VCS validation, this means a complete revalidation of the project against the VCS Program rules.

3.20 Other Forms of Credit

Concept

In order to maintain environmental integrity, GHG emission reductions/removals that are issued as VCUs cannot be issued as GHG allowances or other types of GHG credits under an emissions trading program, or as other forms of environmental credit such as renewable energy certificates.

Adherence to specific criteria (including those related to double counting) set out under Paris Agreement Article 6 mechanisms and international Paris-related programs such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is handled via VCU labels. Project proponents who want to demonstrate that their VCUs adhere to such criteria should refer to the Verra website for more information about the relevant VCU labels.

Requirements

Paris Agreement Article 6 Mechanisms and International Paris-Related Programs

- 3.20.1 VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA shall meet any and all relevant requirements established under such mechanisms and programs. This includes, in particular, any requirements relating to double counting and corresponding adjustments.¹³ Project proponents shall demonstrate adherence to such requirements by applying the relevant VCU label to their VCUs in the Verra registry. The criteria for VCU labels are set out on the Verra website.
- 3.20.2 VCUs can be issued with or without such VCU labels. VCUs used for voluntary carbon market purposes do not require such VCU labels, though labelled VCUs may be used for voluntary market transactions if desired. Note, this applies to all voluntary carbon market transactions globally, including within or between UNFCCC Annex I countries (unless otherwise regulated by

¹³ Such requirements are relevant equally to UNFCCC Annex I and non-Annex I countries.

those countries).

Emission Trading Programs and Other Binding Limits¹⁴

3.20.3 Where projects reduce GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading, evidence shall be provided that the GHG emission reductions or removals generated by the project have not and will not be otherwise counted or used under the program or mechanism. Such evidence may include:

- 1) A letter from the program operator, designated national authority or other relevant regulatory authority that emissions allowances (or other GHG credits used in the program) equivalent to the reductions or removals generated by the project have been cancelled from the program or national cap, as applicable.
- 2) Evidence of the purchase and cancellation of GHG allowances equivalent to the GHG emissions reductions or removals generated by the project related to the program or national cap.
- 3) Evidence from the program operator, designated national authority or other relevant regulatory authority stating that the specific GHG emission reductions or removals generated by the project or type of project are not within the scope of the program or national cap.

Other Forms of Environmental Credit

3.20.4 Projects may generate other forms of GHG-related environmental credits, such as renewable energy certificates (RECs), though GHG emission reductions and removals presented for VCU issuance shall not also be recognized as another form of GHG-related environmental credit. The requirements set out in Sections 3.20.5 and 3.20.6 below assist Verra in confirming that this requirement has been met at the point of the issuance request (i.e., Verra uses the information disclosed in the project documents to perform its checks).

Therefore, project proponents interested in issuing (sequentially) both VCUs and another GHG-related environmental credit should consider which periods of time they wish to issue one credit or the other. Project proponents should also investigate whether such other GHG-related environmental credits can be cancelled from the relevant program, in case such credits have already been issued for periods where the project proponent wishes to issue VCUs. Note that

¹⁴ This section covers:

- Emission trading programs such as the European Union Emissions Trading System. Carbon tax programs, including those that include an offsetting mechanism for entities to reduce their tax liability, are not considered emission trading programs.
- Mechanisms that impose binding limits on emissions such as the Kyoto Protocol. Note that with the ending of the Kyoto Protocol in 2020, requirements with respect to the Protocol only apply to pre-2021 VCU vintages.

additional requirements regarding evidence that no double issuance has occurred are set out in the VCS Program document *Registration and Issuance Process*.

3.20.5 Where projects have sought or received another form of GHG-related environmental credit, the following information shall be provided to the validation/verification body:

- 1) Name and contact information of the relevant environmental credit program.
- 2) Details of the project as registered under the environmental credit program (e.g., project title and identification number as listed under the program).
- 3) Monitoring periods for which GHG-related environmental credits were sought or received under the environmental credit program.
- 4) Details of all GHG-related environmental credits sought or received under the environmental credit program (e.g., volumes and serial numbers).

3.20.6 Where projects are eligible to participate under one or more programs to create another form of GHG-related environmental credit, but are not currently doing so, a list of such programs shall be provided to the validation/verification body.

Note – The requirements set out in Section 3.20.5 above and this Section 3.20.6 do not apply to non-GHG related environmental credits, such as water or biodiversity credits.

3.21 Records and Information

Concept

The project proponent shall make relevant information available to the validation/verification body during validation and each verification and retain documents and records related to the project for future reference.

Requirements

Records Relating to the Project

3.21.1 The project proponent shall ensure that all documents and records are kept in a secure and retrievable manner for at least two years after the end of the project crediting period.

Information for the Validation/Verification Body

3.21.2 For validation, the project proponent shall make available to the validation/verification body the project description, evidence of project ownership and any requested supporting information and data needed to support statements and data in the project description and evidence of project ownership.

3.21.3 For verification, the project proponent shall make available to the validation/verification body the project description, validation report, monitoring report applicable to the monitoring period

and any requested supporting information and data needed to evidence statements and data in the monitoring report.

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4 VALIDATION AND VERIFICATION REQUIREMENTS

This section sets out the rules and requirements for validation and verification of projects under the VCS Program. Validation/verification bodies must assess projects' compliance with VCS Program rules and requirements and the applied methodology(s) in accordance with the sections below.

Validation/verification bodies must be approved under the VCS Program, and meet the eligibility criteria set out in the *VCS Program Guide*.

4.1 Introduction and General Requirements

Concept

Validation is the independent assessment of the project by a validation/verification body that determines whether the project complies with the VCS Program rules. Verification is the periodic ex-post independent assessment by a validation/verification body of the GHG emission reductions and removals that have occurred as a result of the project during the monitoring period, conducted in accordance with the VCS Program rules.

Requirements

General

- 4.1.1 Validation and verification is a risk-based process and shall be carried out in conformance with *ISO 14064-3:2006* and *ISO 14065:2013*. Additional requirements with respect to validation and verification are set out in this Section 4 and shall be adhered to.
- 4.1.2 The validation/verification body shall select samples of data and information to be validated or verified to provide a reasonable level of assurance and to meet the materiality requirements of the specific project.
- 4.1.3 The project shall be validated and GHG emission reductions or removals verified by a validation/verification body that meets with the eligibility requirements set out in the *VCS Program Guide*.
- 4.1.4 Validation and verification of the project may be undertaken by the same validation/verification body, noting the rules on rotation of validation/verification bodies set out in Section 4.1.20 below. Validation may occur before the first verification or at the same time as the first verification.

- 4.1.5 The project shall be listed on the project pipeline before the opening meeting between the validation/verification body and the project proponent (such opening meeting representing the beginning of the validation process). The validation/verification body is responsible for checking that the project is listed on the project pipeline and shall not conduct the opening meeting or otherwise begin validation until such time as the project is listed.
- 4.1.6 Where the project applies a methodology from an approved GHG program that does not have an independent validation step, the VCS Program rules still require validation of the project.
- 4.1.7 Validation/verification bodies are expected to follow the guidance provided in the *VCS Validation and Verification Manual* when validating or verifying projects and conducting methodology assessments under the VCS Program.

Validation and Verification Process

- 4.1.8 In addition to the requirements set out in *ISO 14064-3:2006*, the following shall apply:
- 1) The level of assurance shall be reasonable, with respect to material errors, omissions and misrepresentations, for both validation and verification.
 - 2) The criteria for validation shall be the *VCS Version 4*, or approved GHG program where the validation is performed under an approved GHG program (as in cases of participation under the VCS Program and an approved GHG program). The criteria for verification shall be the *VCS Version 4* (regardless of the VCS version or GHG program under which the project was validated). This means the validation or verification shall ensure conformance of the project with the VCS Program rules, or rules and requirements of the approved GHG program, as applicable.
 - 3) The objective of validation or verification shall be in conformance with the VCS Program rules and the methodology applied to the project.
 - 4) The threshold for materiality with respect to the aggregate of errors, omissions and misrepresentations relative to the total reported GHG emission reductions and/or removals shall be five percent for projects and one percent for large projects.
- 4.1.9 Where the project does not fully comply with the methodology, the validation/verification body shall determine whether this represents a methodology deviation or a methodology revision (in accordance with the specifications for each), and the case shall be handled accordingly.
- 4.1.10 Where the project applies a revision to an approved GHG program methodology and the version of the (underlying) methodology referenced by the methodology revision is no longer current, the validation/verification body shall determine whether material changes have occurred to the underlying methodology that affect the integrity of the methodology revision. Where such material changes have occurred, the project shall not be approved.

4.1.11 Where the project does not meet the criteria for validation or verification, the validation/verification body shall produce a negative validation conclusion and provide the validation or verification report and project description, or monitoring report, to Verra. The project shall be ineligible for registration until such time as corrective action is taken and the (same) validation/verification body has provided a positive validation or verification.

Competence

4.1.12 The validation/verification body and validation and verification team shall meet the competence requirements set out in *ISO 14065:2013*, mutatis mutandis.

Validation and Verification Reporting

4.1.13 The validation report describes the validation process, any findings raised during validation and their resolutions, and the conclusions reached by the validation/verification body. The validation/verification body shall use the *VCS Validation Report Template*, an approved combined validation report template available on the Verra website, or an approved GHG program validation report template where the project is registered under an approved GHG program, as appropriate, and adhere to all instructional text within the template. The validation report shall be accompanied by a validation representation, which shall be prepared using the *VCS Validation Deed of Representation Template*.

4.1.14 The verification report describes the verification process, any findings raised during verification and their resolutions, and the conclusions reached by the validation/verification body. The validation/verification body shall use the *VCS Verification Report Template* or an approved combined verification report template available on the Verra website, and adhere to all instructional text within the template. The verification report shall be accompanied by a verification representation, which shall be prepared using the *VCS Verification Deed of Representation Template*.

4.1.15 Where a monitoring report and associated verification report divide a verification period into vintages, separate VCU issuance records in accordance with vintage periods may be issued, as set out in the VCS Program document *Registration and Issuance Process*.

Validation and Verification Statement

4.1.16 The validation report and the verification report shall contain a validation statement and a verification statement, respectively.

4.1.17 Validation and verification statements shall:

- 1) Describe the level of assurance of the validation or verification.
- 2) Describe the objectives, scope and criteria of the validation or verification.
- 3) Describe whether the data and information supporting the GHG assertion were hypothetical, projected and/or historical in nature.

- 4) Include the validation/verification body's conclusion on the GHG assertion, including any qualifications or limitations.
- 5) For AFOLU projects, state the version number of the non-permanence risk report or market leakage evaluation documentation upon which the statement is based.

4.1.18 The verification statement shall state the volume of GHG emission reductions or removals generated during the monitoring period that have been verified. For AFOLU projects, the verification statement shall also include the non-permanence risk rating, leakage emissions and number of GHG emission reductions or removals eligible to be issued as VUs.

Records of Validation and Verification

4.1.19 The validation/verification body shall keep all documents and records in a secure and retrievable manner for at least two years after the end of the project crediting period, even where they do not conduct verification for the whole project crediting period.

Rotation of Validation/Verification Bodies

4.1.20 Rotation of validation/verification bodies is required in respect of validation and verification, as follows:

- 1) Validation (including project crediting period renewal validation) and the first verification of a project (in a given project crediting period) may be undertaken by the same validation/verification body. However, the subsequent verification shall be undertaken by a different validation/verification body. For example, if validation and verification were undertaken at the same time, the subsequent verification would have to be undertaken by a different validation/verification body. If validation were undertaken first (i.e., separately), the first verification could be undertaken by the same validation/verification body, but the subsequent verification would have to be undertaken by a different validation/verification body.

Note – The gap validation of a project registered under an approved GHG program may be disregarded when assessing adherence to these requirements.

- 2) A validation/verification body may not verify more than six consecutive years of a project's GHG emission reductions or removals. The validation/verification body may undertake further verification for the project only when at least three years of the project's GHG emission reductions or removals have been verified by a different validation/verification body. Additionally, where a validation/verification body verifies the final six consecutive years of a project crediting period, the project crediting period renewal validation shall be undertaken by a different validation/verification body. Notwithstanding these rules, where AFOLU projects have verification periods longer than six years, a validation/verification body is permitted to verify more than six consecutive years of a project's GHG emission reductions or removals, and the subsequent verification shall be undertaken by a different validation/verification body.

Note – Validations and verifications performed under other GHG programs shall be counted when assessing adherence to these requirements.

Validation and Verification Requirements for Grouped Projects

- 4.1.21 Validation and verification of grouped projects shall assess conformance of the project with the requirements for grouped projects set out in the VCS Program rules.
- 4.1.22 New project activity instances shall be validated, based on the information reported in the monitoring report, against the applicable set of eligibility criteria. The validation/verification body shall specify which instances meet the eligibility criteria for inclusion in the project. Such validation may be reported in the verification report or a separate validation report.
- 4.1.23 Where, due to the number of project activity instances, it is unreasonable to undertake an individual assessment of each initial or new instance, the validation/verification body shall document and explain the sampling methods employed for the validation of such instances. Such sampling methods shall be statistically sound. The number of instances included in the project, eligible for monitoring and generation of VCUs shall be proportional to the percentage of sampled instances found to be in compliance by the validation/verification body.
- 4.1.24 The verification report for grouped projects shall document and explain the sampling methods employed by the validation/verification body for the verification of GHG emission reductions or removals generated by the project. Such methods shall be statistically sound. Any subsequent changes to the sampling method(s) required as a result of the verification findings shall be documented.

Non-Permanence Risk Analysis and Market Leakage Evaluations for AFOLU Projects

- 4.1.25 Non-Permanence risk analysis and market leakage evaluations shall be assessed by the validation/verification body in accordance with the VCS Program rules.
- 4.1.26 The validation/verification body shall assess the risk analysis carried out by the project proponent in accordance with the VCS Program document *AFOLU Non-Permanence Risk Tool*. The project proponent shall respond to all and any of the validation/verification body's findings. As a result of any such findings, the project proponent shall amend the documentation as necessary and update the risk rating accordingly.

APPENDIX 1 ELIGIBLE AFOLU PROJECT CATEGORIES

This appendix defines the types of activities that are included within each AFOLU project category, and is intended to aid project proponents in determining which type of methodology may be applicable to their AFOLU project activity(s). As set out in Section 3.2 above, AFOLU projects must apply a methodology eligible under the VCS Program.

Additional information about the eligible activities and specific GHG sources, sinks and reservoirs that must be included in methodologies developed under the VCS Program for each eligible AFOLU project category is available in the VCS Program document *VCS Methodology Requirements*.

Afforestation, Reforestation and Revegetation (ARR)

A1.1 Eligible ARR activities are those that increase carbon sequestration and/or reduce GHG emissions by establishing, increasing or restoring vegetative cover (forest or non-forest) through the planting, sowing or human-assisted natural regeneration of woody vegetation. Eligible ARR projects may include timber harvesting in their management plan. The project area shall not be cleared of native ecosystems within the 10 year period prior to the project start date, as set out in Section 3.2.4.

Note – Activities which improve forest management practices such as enrichment planting and liberation thinning are categorized as IFM project activities.

Agricultural Land Management (ALM)

A1.2 Eligible ALM activities are those that reduce net GHG emissions on croplands and grasslands by increasing carbon stocks in soils and woody biomass and/or decreasing CO₂, N₂O and/or CH₄ emissions from soils. The project area shall not be cleared of native ecosystems within the 10-year period prior to the project start date. Eligible ALM activities include:

- 1) Improved Cropland Management (ICM): This category includes practices that demonstrably reduce net GHG emissions of cropland systems by increasing soil carbon stocks, reducing soil N₂O emissions, and/or reducing CH₄ emissions.
- 2) Improved Grassland Management (IGM): This category includes practices that demonstrably reduce net GHG emissions of grassland ecosystems by increasing soil carbon stocks, reducing N₂O emissions and/or reducing CH₄ emissions.
- 3) Cropland and Grassland Land-use Conversions (CGLC): This category includes practices that convert cropland to grassland or grassland to cropland and reduce net GHG emissions by increasing carbon stocks, reducing N₂O emissions, and/or reducing CH₄ emissions.

Note – Project activities relating to manure management are eligible under sectoral scope 15 (livestock, enteric fermentation, and manure management), not sectoral scope 14 (AFOLU).

Improved Forest Management (IFM)

- A1.3 Eligible IFM activities are those that increase carbon sequestration and/or reduce GHG emissions on forest lands managed for wood products such as sawtimber, pulpwood and fuelwood by increasing biomass carbon stocks through improving forest management practices. The baseline and project scenarios for the project area shall qualify as forests remaining as forests, such as set out in the *IPCC 2006 Guidelines on National GHG Inventories*, and the project area shall be designated, sanctioned or approved for wood product management by a national or local regulatory body (e.g., as logging concessions or plantations).
- A1.4 Various sanctioned forest management activities may be changed to increase carbon stocks and/or reduce emissions, but only a subset of these activities make a measurable difference to the long-term increase in net GHG emissions compared to the baseline scenario. Eligible IFM activities include:
- 1) Reduced Impact Logging (RIL): This category includes practices that reduce net GHG emissions by switching from conventional logging to RIL during timber harvesting.
 - 2) Logged to Protected Forest (LtPF): This category includes practices that reduce net GHG emissions by converting logged forests to protected forests. By eliminating harvesting for timber, biomass carbon stocks are protected and can increase as the forest re-grows and/or continues to grow. Harvesting of trees to advance conservation purposes (e.g., the removal of diseased trees) may continue in the project scenario.
 - 3) Extended Rotation Age / Cutting Cycle (ERA): This category includes practices that reduce net GHG emissions of evenly aged managed forests by extending the rotation age or cutting cycle and increasing carbon stocks.
 - 4) Low-Productive to High-Productive Forest (LtHP): This category includes practices that increase carbon sequestration by converting low-productivity forests to high-productivity forests. Note - Activities that reduce GHG emissions from unsanctioned forest degradation (e.g., illegal logging) are considered REDD activities. Projects focusing solely on the reduction of forest fires are not eligible under IFM. Activities that degrade wetlands to increase forest production are not eligible.

Reduced Emissions from Deforestation and Degradation (REDD)

- A1.5 Eligible REDD activities are those that reduce net GHG emissions by reducing deforestation and/or degradation of forests. Deforestation is the direct, human-induced conversion of forest land to non-forest land. Degradation is the persistent reduction of canopy cover and/or carbon stocks in a forest due to human activities such as animal grazing, fuelwood extraction, timber removal or other such activities, but which does not result in the conversion of forest to non-

forest land (which would be classified as deforestation), and qualifies as *forests remaining as forests*, such as set out under the *IPCC 2003 Good Practice Guidance*. The project area shall meet an internationally accepted definition of forest, such as those based on UNFCCC host-country thresholds or FAO definitions, and shall qualify as forest for a minimum of 10 years before the project start date. The definition of forest may include mature forests, secondary forests, and degraded forests. Under the VCS Program, secondary forests are considered to be forests that have been cleared and have recovered naturally and that are at least 10-years-old and meet the lower bound of the forest threshold parameters at the start of the project. Forested wetlands, such as floodplain forests, peatland forests and mangrove forests, are also eligible provided they meet the forest definition requirements mentioned above.

- A1.6 Activities covered under the REDD project category are those that are designed to stop planned (designated and sanctioned) deforestation or unplanned (unsanctioned) deforestation and/or degradation. Avoided planned degradation is classified as IFM.
- A1.7 Activities that stop unsanctioned deforestation and/or illegal degradation (such as removal of fuelwood or timber extracted by non-concessionaires) on lands that are legally sanctioned for timber production are eligible as REDD activities. However, activities that reduce or stop logging only, followed by protection, on forest lands legally designated or sanctioned for forestry activities are included within IFM. Projects that include both avoided unplanned deforestation and/or degradation as well as stopping sanctioned logging activities, shall follow the REDD guidelines for the unplanned deforestation and/or degradation and the IFM guidelines for the sanctioned logging activities, and shall follow the requirements set out in Section 3.5.2.
- A1.8 Eligible REDD activities include:
- 1) Avoiding Planned Deforestation and/or Degradation (APDD): This category includes activities that reduce net GHG emissions by stopping or reducing deforestation or degradation on forest lands that are legally authorized and documented for conversion.
 - 2) Avoiding Unplanned Deforestation and/or Degradation (AUDD): This category includes activities that reduce net GHG emissions by stopping deforestation and/or degradation of degraded to mature forests that would have occurred in any forest configuration.

Avoided Conversion of Grasslands and Shrublands (ACoGS)

- A1.9 Eligible ACoGS activities are those that reduce net GHG emissions by reducing the conversion of grassland and shrubland ecosystems to other land uses with lower carbon densities. Eligible avoided conversion activities include avoiding, at a minimum, the removal/replacement of vegetation and may also include avoiding soil disturbance.
- A1.10 The project area shall be native grasslands (including savanna) and/or shrublands (including chaparral). Non-forested wetlands, including peatlands, are not eligible under ACoGS and are covered under other AFOLU project categories.

A1.11 Activities covered under the ACoGS project category are those that are designed to stop planned (designated and sanctioned) conversion or unplanned (unsanctioned) conversion on public or private lands. This category type only includes avoided conversion of non-forested lands, noting that other management activities on non-forested land may qualify under ALM or ARR project categories.

A1.12 Eligible ACoGS activities include:

- 1) Avoiding Planned Conversion (APC): This category includes activities that reduce net GHG emissions by stopping conversion of grasslands or shrublands that are legally authorized and documented for conversion.
- 2) Avoiding Unplanned Conversion (AUC): This category includes activities that reduce net GHG emissions by stopping unplanned conversion of grasslands or shrublands.

Wetlands Restoration and Conservation (WRC)

A1.13 Eligible WRC activities are those that increase net GHG removals by restoring wetland ecosystems or that reduce GHG emissions by rewetting or avoiding the degradation of wetlands. The project area shall meet an internationally accepted definition of wetland, such as from the IPCC, Ramsar Convention on Wetlands, those established by law or national policy, or those with broad agreement in the peer-reviewed scientific literature for specific countries or types of wetlands. Common wetland types include peatland, salt marsh, tidal freshwater marsh, mangroves, wet floodplain forests, prairie potholes and seagrass meadows. WRC activities may be combined with other AFOLU project categories, as further explained in Section 61.

A1.14 A peatland is an area with a layer of naturally accumulated organic material (peat) at the surface (excluding the plant layer). Common peatland types include peat swamp forest, mire, bog, fen, moor, muskeg and pocosin. Rewetting of drained peatland and the conservation of undrained or partially drained peatland are sub-categories of restoring wetland ecosystems and conservation of intact wetlands, respectively¹⁵.

A1.15 Activities that generate net reductions of GHG emissions from wetlands are eligible as WRC projects or combined category projects (such as REDD on peatland). Activities that actively lower the water table depth in wetlands are not eligible. Eligible WRC activities include:

- 1) Restoring Wetland Ecosystems (RWE): This category includes activities that reduce GHG emissions or increase carbon sequestration in a degraded wetland through restoration activities. Such activities include enhancing, creating and/or managing hydrological conditions, sediment supply, salinity characteristics, water quality and/or native plant communities. For the purpose of these requirements, restoration activities are those that

¹⁵ These categories existed as rewetting drained peatlands (RDP) and conservation of undrained and partially drained peatlands (CUPP) in the *AFOLU Requirements v3.2*.

result in the reestablishment of ecological processes, functions, and biotic and/or abiotic linkages that lead to persistent, resilient systems integrated within the landscape.

- 2) Conservation of Intact Wetlands (CIW): This category includes activities that reduce GHG emissions by avoiding degradation and/or the conversion of wetlands that are intact or partially altered while still maintaining their natural functions, including hydrological conditions, sediment supply, salinity characteristics, water quality and/or native plant communities.

Wetland degradation or conversion can be planned (designated and sanctioned) or unplanned (unsanctioned). Planned and unplanned degradation or conversion of wetlands can therefore encompass a wide variety of activities such as those listed under REDD while adding a wetland component. Activities covered under the CIW project category are those that are designed to stop or reduce planned or unplanned degradation or conversion in the project area to other land uses. The following CIW activities are eligible:

- a) Avoiding Planned Wetland Degradation (APWD): This activity reduces GHG emissions by avoiding degradation of wetlands, or further degradation in partially drained wetlands that are legally authorized and documented for conversion.
- b) Avoiding Unplanned Wetland Degradation (AUWD): This activity reduces GHG emissions by avoiding unplanned degradation of wetlands, or by avoiding further degradation in partially degraded wetlands.

Note – Activities where drainage is continued or maintained are not eligible. This includes, for example, projects that require the maintenance of drainage channels to maintain the pre-project drainage level on a partially drained peatland (e.g., where periodic deepening may be needed to counteract peat subsidence). Projects that allow selective harvesting that results in a lowering of the water table depth (e.g., by extracting timber using drainage canals) or affects the ability of vegetation to act as a major hydrological regulation device (e.g., extracting trees which support the peat body) are also not eligible. Project activities may include selective harvesting where harvesting does not lower the water table, for example by extracting timber using wooden rails instead of drainage canals.

- A1.16 Activities that generate net GHG emission reductions by combining other AFOLU project activities with wetlands restoration or conservation activities are eligible as WRC combined projects. RWE may be implemented without further conversion of land use or it may be combined with ARR, ALM, IFM, REDD or ACoGS activities, referred to as ARR+RWE, ALM+RWE, IFM+RWE, REDD+RWE or ACoGS+RWE, respectively. CIW may be implemented on non-forest land or combined with IFM, REDD or ACoGS activities, referred to as IFM+CIW, REDD+CIW or ACoGS+CIW, respectively.

Table 4 illustrates the types of WRC activities that may be combined with other AFOLU project categories. The table identifies the applicable AFOLU requirements that shall be followed for combined category projects, based on the condition of the wetland in the baseline scenario, the land use in the baseline scenario and the project activity.

Table 4: Eligible WRC Combined Category Projects

Baseline Scenario		Project Activity	Applicable Guidance
Condition	Land Use		
Degraded wetland (including, drained, impounded, and with interrupted sediment supply)	Non-forest (including aquacultures, grasslands and shrublands)	Restoration of wetlands*	RWE
		Restoration of wetlands* and revegetation or conversion to forest	ARR+RWE
		Restoration of wetlands* and conversion to wetland agriculture (including paludiculture)	ALM+RWE
		Restoration of wetlands* and avoided conversion of grasslands or shrublands	ACoGS+RWE
	Forest	Restoration of wetlands*	RWE
	Forest with deforestation/ degradation	Restoration of wetlands* and avoided deforestation/ degradation	REDD+RWE
	Forest managed for wood products	Restoration of wetlands* and improved forest management	IFM+RWE
Non-wetland or open water	Non-forest	Creation of wetland conditions and afforestation, reforestation or revegetation	ARR+RWE
	Open water or impounded wetland	Creation or restoration of conditions for vegetation development and afforestation, reforestation or revegetation	ARR+RWE
Intact wetland	Non-forest (including grasslands and shrublands)	Avoided drainage and/or interrupted sediment supply	CIW
		Avoided conversion to open water or impounded wetland (including excavation to create fish ponds)	CIW
		Avoided drainage and/or interrupted sediment supply and avoided conversion of grasslands and Shrublands	ACoGS+CIW
	Forest	Avoided drainage and/or interrupted sediment supply	CIW

		Avoided conversion to open water or impounded wetland	CIW
	Forest with deforestation/ degradation	Avoided drainage and/or interrupted sediment supply and avoided deforestation/degradation	REDD+CIW
		Avoided conversion to open water or impounded wetland and avoided deforestation/degradation	REDD+CIW
	Forest managed for wood products	Avoided drainage and/or interrupted sediment supply and improved forest management	IFM+CIW

* *Restoration of wetlands* includes all the activities set out in Section A1.15.

A1.17 Combined category projects shall use the relevant WRC requirements and the respective AFOLU project category requirements for quantifying GHG emissions/removals, unless the former may be deemed *de minimis* or conservatively excluded.

APPENDIX 2 DOCUMENT HISTORY

Version	Date	Comment
v4.0	Released: 19 Sep 2019	Initial version released under VCS <i>Version 4</i> , with immediate effect except for the following:
	Updated: 9 Mar 2020	<p>For project activities that were eligible under VCS <i>Version 3</i>, but are now excluded from the scope of the VCS Program (Section 2.1):</p> <p>Updated on 9 March 2020 to revise the effective dates for projects registered with an approved GHG Program. New text is shown in red and deleted text is shown in strikethrough, below.</p> <ol style="list-style-type: none"> Registered VCS projects and projects that request registration with the VCS Program on or before 31 December 2019 remain eligible under the VCS Program for the entirety of their crediting periods. Grouped projects registered under the VCS Program shall be prohibited from adding new project activity instances of the newly excluded project types on or after 1 January 2020; verification reports dated on or after 1 January 2020 shall not be accepted where they include the validation of such new project activity instances. Projects registered under an approved GHG program shall only be eligible to complete a gap validation and/or transfer to the VCS Program where the project has applied for registration with the VCS Program approved GHG program on or before 9 March 2020 31 December 2019, unless evidence of contracting for a VCS gap validation prior to 9 March 2020 is provided. GHG credits issued under an approved GHG program shall only be eligible to be converted into VCU where a conversion request has been submitted the project has applied for registration with the approved GHG program on or before 9 March 2020 31 December 2019, unless evidence of contracting for a CER conversion prior to 9 March 2020 is provided, in which case the conversion must take place on or before 9 April 2020. <p>For projects subject to new crediting period requirements under VCS <i>Version 4</i> (i.e., non-AFOLU projects and ALM projects focusing exclusively on reducing N₂O, CH₄ and/or fossil-derived CO₂ emissions) (Section 3.8):</p> <ol style="list-style-type: none"> Registered projects and projects that complete validation on or before 19 March 2020 remain eligible to apply the crediting period requirements under VCS <i>Version 3</i>. Projects applying a new VCS methodology (i.e., a methodology for which a concept note was submitted to Verra on or before 31 December 2018) shall be granted additional time to apply the crediting period requirements under VCS <i>Version 3</i>. Specifically, projects using a new VCS methodology and completing validation within two years of the approval of the methodology may apply the crediting requirements as set out under VCS <i>Version 3</i>.
v4.1	21 Apr 2021	<p>Main updates (all effective on issue date, unless otherwise stated):</p> <ol style="list-style-type: none"> Required use of IPCC <i>Fifth Assessment Report</i> global warming potential values (revised from <i>Fourth Assessment Report</i> values). See Section 3.14.4 for details, including information on effective dates. Clarified that VCUs used in the context of Paris Agreement Article 6 mechanisms and international Paris-related programs such as CORSIA must

meet requirements established under such mechanisms and programs, including those relating to double counting and corresponding adjustments. Project proponent must use VCU labels to demonstrate adherence to such requirements (Section 3.20.1).

- 3) Clarified that VCUs used for voluntary carbon market purposes do not require the VCU labels mentioned above, though labelled VCUs may be used for voluntary market transactions if desired (Section 3.20.2).
- 4) Further clarified eligibility conditions (effective dates) for projects registered under another GHG program, with activities included within the scope of the VCS Program (Section 2.1), seeking to transfer to the VCS Program. This clarification builds upon Clarification 1 of *Errata and Clarifications, VCS Standard, v4.0*, issued on 5 February 2021, by removing unintended restrictions on projects registered with an approved GHG program. This also clarifies that the conditions below apply to projects seeking to transfer from any other GHG program, and not only to projects registered under an approved GHG program. Clarification as follows –

Projects registered under another GHG program, with activities that are included within the scope of the VCS Program (see Section 2.1), shall only be eligible to complete a gap validation and/or transfer to the VCS Program where the following applies:¹⁶

- a) For a project that does not include afforestation and/or reforestation activities:
 - i) The project shall have an original project crediting period start date on or after 1 January 2016 with another GHG program; or
 - ii) Where the project has an original project crediting period start date from 1 January 2013 to 31 December 2015, the project shall have issued credits during the period 1 January 2016 to 5 March 2021, or shall have a status of “issuance requested” on the relevant GHG program registry by 5 March 2021.
- b) For a CDM Component Project Activity (CPA) that does not include afforestation and/or reforestation activities:
 - i) The CPA shall be part of a Program of Activities (PoA) with an original program crediting period start date on or after 1 January 2016; or
 - ii) Where the CPA is part of a Program of Activities (PoA) with an original program crediting period start date from 1 January 2013 to 31 December 2015 and where the CPA has an original crediting period start date from 1 January 2013 to 31 December 2015, the CPA shall have issued credits during the period 1 January 2016 to 5 March 2021, or shall have a status of “issuance requested” by 5 March 2021.
 - iii) Where the CPA is part of a PoA with an original program crediting period start date from 1 January 2013 to 31 December 2015 and where the CPA has an original crediting period start date on or after 1 January 2016, no prior credit issuance is required.

¹⁶ A project is deemed to have met these timelines where Verra confirmed (in writing, to the project proponent or an authorized representative) the project’s eligibility on or before 4 February 2021.

c) For a project with afforestation and/or reforestation activities, the project shall have been registered under another GHG program on or after 1 January 2013.

d) For a CDM CPA with afforestation and/or reforestation activities, the CPA shall be part of a PoA that was registered on or after 1 January 2013.

Further, the following applies with respect to vintages:¹⁷

a) For a project that does not include afforestation and/or reforestation activities, only emission reductions with vintages beginning on or after 1 January 2016 are eligible for VCU issuance.

b) For a project with afforestation and/or reforestation activities, only emission reductions with vintages beginning on or after 1 January 2013 are eligible for VCU issuance.

- 5) Further clarified eligibility conditions (effective dates) for projects registered under another GHG program, with activities now excluded from the scope of the VCS Program (Section 2.1), seeking to transfer to the VCS Program. This clarification builds upon Clarification 2 of *Errata and Clarifications, VCS Standard, v4.0*, issued on 5 February 2021, by clarifying that the conditions below apply to projects seeking to transfer from any other GHG program, and not only to projects registered under an approved GHG program. Clarification as follows –

For project activities that were eligible under *VCS Version 3*, but are now excluded from the scope of the VCS Program (Section 2.1) ... Projects registered under another GHG program shall only be eligible to complete a gap validation and/or transfer to the VCS Program where the project has applied for registration with the VCS Program on or before 9 March 2020, unless evidence of contracting for a VCS gap validation prior to 9 March 2020 is provided. Where such evidence is available, the project must also request pipeline listing with the VCS Program on or before 5 March 2021 and complete gap validation on or before 31 May 2021. The project must also submit a request for registration with the VCS Program on or before 30 June 2021.

¹⁷ Similarly, a project is deemed to have met these timelines where Verra confirmed (in writing, to the project proponent or an authorized representative) the project's eligibility on or before 4 February 2021.

15 April 2020

GUIDANCE FOR CORSIA LABELS

BACKGROUND AND INTRODUCTION

In [March of 2019](#), the International Civil Aviation Organization (ICAO) published a set of emissions unit criteria by which emissions units would qualify for use in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). In [March of 2020](#), the ICAO Council voted to accept [Verified Carbon Units \(VCUs\)](#) issued to certain project types under certain conditions for use in CORSIA. The purpose of this guidance is to clearly identify which VCUs are eligible for use in CORSIA and to highlight how such eligible VCUs will be identified on the [Verra Registry](#).

Note that this document will be updated from time-to-time as ICAO makes further decisions in respect of CORSIA emissions unit eligibility.

VCU ELIGIBILITY GUIDANCE

VCUs that meet each of the following conditions are eligible for use in CORSIA:

- 1) **Crediting period eligibility:** VCUs issued to projects that started their first project crediting period on or after 1 January 2016, according to the project crediting period start date specified at the time of project registration.
- 2) **Vintage eligibility:** VCUs from a vintage occurring between the first project crediting period start date and 31 December 2020 for the Pilot phase (the vintage eligibility conditions will be updated once CORSIA updates the guidance for post 2020 units).
- 3) **Project/program type eligibility:** VCUs issued to the following project/program types:
 - a) Any non-AFOLU project
 - b) Standalone AFOLU projects applying one of the following methodologies:
 - i) [VM0012: Improved Forest Management in Temperate and Boreal Forests \(LtPF\)](#)
 - ii) [VM0022: Quantifying N2O Emissions Reductions in Agricultural Crops through Nitrogen Fertilizer Rate Reduction](#)

- iii) [VM0026: Methodology for Sustainable Grassland Management](#) (and [VMD0040: Leakage from Displacement of Grazing Activities](#))
 - iv) [VM0033: Methodology for Tidal Wetland and Seagrass Restoration](#)
 - v) [VM0036: Methodology for Rewetting Drained Temperate Peatlands](#)
 - vi) [VM0017: Adoption of Sustainable Agricultural Land Management](#)
 - vii) [VM0021: Soil Carbon Quantification Methodology](#)
 - viii) [VM0024: Methodology for Coastal Wetland Creation](#)
 - ix) [VM0032: Methodology for the Adoption of Sustainable Grasslands through Adjustment of Fire and Grazing](#)
- c) Small-scale, standalone REDD+ activities, defined here as those generating less than 7,000 tCO₂e reduction/removals per year, regardless of methodology.
- d) Scenario 2 or 3 Jurisdictional and Nested REDD+ (JNR) programs with program crediting period of at least 20 years. AFOLU projects that are nested within a Scenario 2 or 3 [JNR](#) program.
- 4) **Sustainable development contributions reporting:** VCUs issued to projects that have reported on their sustainable development contributions by virtue of:
- a) Applying the [Climate, Community & Biodiversity \(CCB\) Standards](#);
 - b) Applying the [Sustainable Development Verified Impact Standard \(SD ViSta\)](#); or
 - c) Completing a [Sustainable Development Contributions Report](#)
5. **Letter of Authorization (LOA):** VCUs generated from vintage 1 January 2021 onwards, which are used for CORSIA purposes need to submit an LOA¹ when requesting the CORSIA VCU label. The LOA must include:
- a) A declaration stating that:
 - i) The GHG emission reductions and removals (ERRs) generated by the project will not be communicated under the country's NDC target.

¹ A sample of an LOA is provided in Appendix 1

- ii) Verra, as an offset credit program, can issue the ERRs to the project and authorization to the project for the ERRs to be used under CORSIA for aeroplane operators to meet their obligations.
 - iii) The Government will make a corresponding adjustment and report the adjustment in the country's Biennial Transparency Report (BTR). The expected date of next BTR must be included.
- b) The following information:
- i) Project name, location, and VCS (project) ID.
 - ii) Project crediting period start and end dates (at the time of registration).
 - iii) Start and end dates of the verification period *or* serial numbers of the VCUs.
 - iv) Full contact details of the LOA signatory.

CORSIA VCU LABELING

Where VCUs are demonstrated to have met each of the eligibility criteria set out above, a CORSIA label will be applied to such VCUs and displayed on the Verra Registry to indicate eligibility for use in CORSIA. Verra believes taking this labelling approach is more sensible than creating an entirely new unit type, since VCUs eligible for CORSIA may also be used for other purposes besides CORSIA.

The CORSIA label will appear in the Verra Registry and will be searchable in a similar fashion to credit-level (as opposed to project-level) additional certifications, such as VCU labels for CCB Program certification. Verra is currently in the process of developing the CORSIA VCU label for use on the Verra Registry platform.

APPENDIX 1 SAMPLE LETTER OF AUTHORIZATION

To: Verra

From: UNFCCC Focal Point, Government of [name of country]

Requesting party: [e.g., project proponent or buyer]

Subject: Letter of Authorization for emission reductions and removals from project [name of project]

The Government of [name of country] has reviewed the project documents (attached) submitted for project [name of project and VCS project ID], situated in [location of the project] during its meeting on [date].

It is the understanding that the project, with project crediting period [start date and end date], has been or will be issuing carbon credits offsets under Verra's VCS Program.

We hereby:

1. Authorize [quantity of ERRs] tCO₂e issued for the verification period (start and end date) or serial numbers [serial numbers] to be used by aeroplane operators to meet offsetting requirements/obligations set under CORSIA.
2. Declare that the Government of [name of country] will not use or communicate the project's emission reductions or removals to track progress towards, or for demonstrating achievement of, its NDC target.
3. Declare that the Government of [name of country] will account for the use of the project's emission reductions or removals by aeroplane operators under CORSIA by making a corresponding adjustment to the country's GHG inventory balance in its Biennial Transparency Report by [expected publication date of the next BTR].

With the issuance of this letter, we also request either the requesting party and/or Verra to submit annual reports on transactions under the CORSIA mechanism for transparency purposes.

Yours sincerely,

UNFCCC Focal Point, Government of [name of country]

[Name and contact details of the signatory]

Attachments:

[include list of attachments, such as project documents]

APPENDIX 2 DOCUMENT HISTORY

Version	Date	Comment
v1.0	15 April 2021	Initial version released