

# The VCS AFOLU Program: Crediting GHG emission reductions from Agriculture, Forestry, and Other Land Use projects



Forest destruction causes about 16 percent of global greenhouse gas (GHG) emissions, and agricultural practices cause another 14 percent. Recognizing this major opportunity to mitigate climate change, the VCS Agriculture, Forestry and Other Land Use (AFOLU) program has developed credible and robust requirements and tools to account for and credit projects that reduce GHG emissions in these sectors.

## Leading the AFOLU Sector

The Verified Carbon Standard was among the first global standards to develop robust requirements for crediting AFOLU projects, notably projects that Reduce Emissions from Deforestation and Forest Degradation (REDD). All AFOLU requirements have been developed in collaboration with VCS steering committees and working groups of leading global forest carbon experts.<sup>1</sup>

Today VCS is the most widely used standard by AFOLU projects. In the last year, more than 20 AFOLU projects were registered, issuing nearly five million credits. According to Ecosystem Marketplace, VCS was the standard of choice for AFOLU projects in 2010, accounting for more than 15 million tons, or over half of all forest carbon volumes that project developers committed to deliver that year.

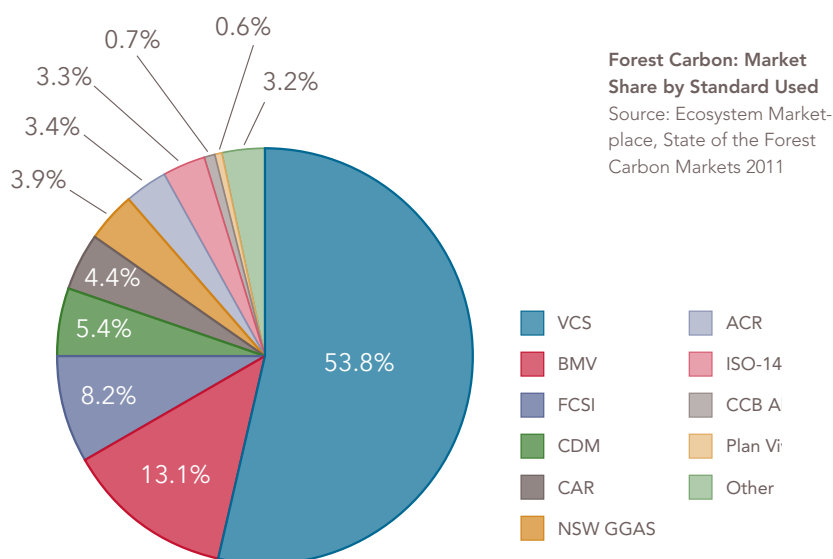
## Setting a High Bar for Carbon Quality

VCS opened the way for AFOLU by using innovative mechanisms to address some of the key issues associated with crediting these projects. Among these are the non-permanence risk tool, the pooled buffer account and the leakage assessment requirements.

### Non-permanence Risk Tool

Using the Non-Permanence Risk Tool, projects conduct an analysis of the internal, external and natural risks to a project's carbon stock over a 100-year period. The analysis, which must be validated

and verified by an independent auditor, calculates how many credits a project must deposit into the VCS pooled buffer account, a shared insurance pool for all VCS AFOLU projects.



### Pooled Buffer Account

The pooled buffer account is a reserve of non-tradable credits. If carbon stocks are lost as a result of unforeseen events, such as fire, disease or encroachment by outside actors, buffer credits may be cancelled from the buffer account to compensate the loss. Credits from the buffer pool may be released back over time to projects where risks have been successfully mitigated; incentivizing



better management of risk. The buffer approach serves as a form of insurance for all AFOLU credits, ensuring that issued credits remain permanent and that VCUs from AFOLU projects are fungible with VCUs from all other project types. To maintain adequate withholding levels, buffer withholding requirements and overall buffer reserve levels are periodically adjusted based on actual project performance across the VCS AFOLU portfolio.

#### Leakage Assessment

When AFOLU projects reduce emissions in one location, this can have the unintended result of causing emissions to increase elsewhere, as the drivers of deforestation or degradation shift to other locations. VCS requires that all AFOLU projects define, mitigate, monitor and account for any displaced emissions, known as leakage, using approved methodologies. VCUs are issued based

#### VCS AFOLU project types:

- Afforestation, Reforestation and Revegetation (ARR)
- Agricultural Land Management (ALM)
- Improved Forest Management (IFM)
- Reduced Emissions from Deforestation and Forest Degradation (REDD)
- Peatland Rewetting and Conservation (PRC)
- Avoided Conversion of Grasslands and Shrublands (ACoGS)
- Wetlands (coming soon)

#### Jurisdictional and Nested REDD Initiative

Guidelines to credit emissions reductions from REDD projects, policies and programs across national and sub-national jurisdictions expected mid 2012

on each project's net GHG emissions reductions or removals, conservatively taking into account any leakage that may occur as a result of the project.

## Scaling up: New Project Types and Jurisdictional REDD

Since the launch of the AFOLU requirements, VCS and the AFOLU steering committee have continued working to expand their application. Today there are AFOLU requirements covering the range of project types, from Improved Forest Management and REDD to Peatland Rewetting and Conservation and the Avoided Conversion of Grasslands and Shrublands. To date, ten methodologies covering nearly all AFOLU project types have been approved for use under the VCS Program, and still more are under development.

## Coming Soon: Jurisdictional and Nested REDD

AFOLU projects must ultimately be scaled up and knitted into provincial, state and national frameworks to achieve the scale of emission reductions we need. To address this, VCS is currently advancing the Jurisdictional and Nested REDD Initiative (JNRI), which will produce one of the first comprehensive sets of requirements for developing frameworks for accounting and crediting emission reductions from integrated projects, policies and programs across jurisdictions. The requirements are being developed in collaboration with experts and advisors from governments, businesses and non-profits from around the world.<sup>2</sup> Once the work is completed, the requirements may be used by national or sub-national jurisdictions, as well as nested project activities. To learn more, see our JNRI Fact Sheet at [www.v-c-s.org/node/296](http://www.v-c-s.org/node/296)

1 For a complete list of all VCS expert committees and working groups see [www.v-c-s.org/how-it-works/expert-committees](http://www.v-c-s.org/how-it-works/expert-committees)

2 See the full list of JNRI experts and advisors at [www.v-c-s.org/node/283](http://www.v-c-s.org/node/283)