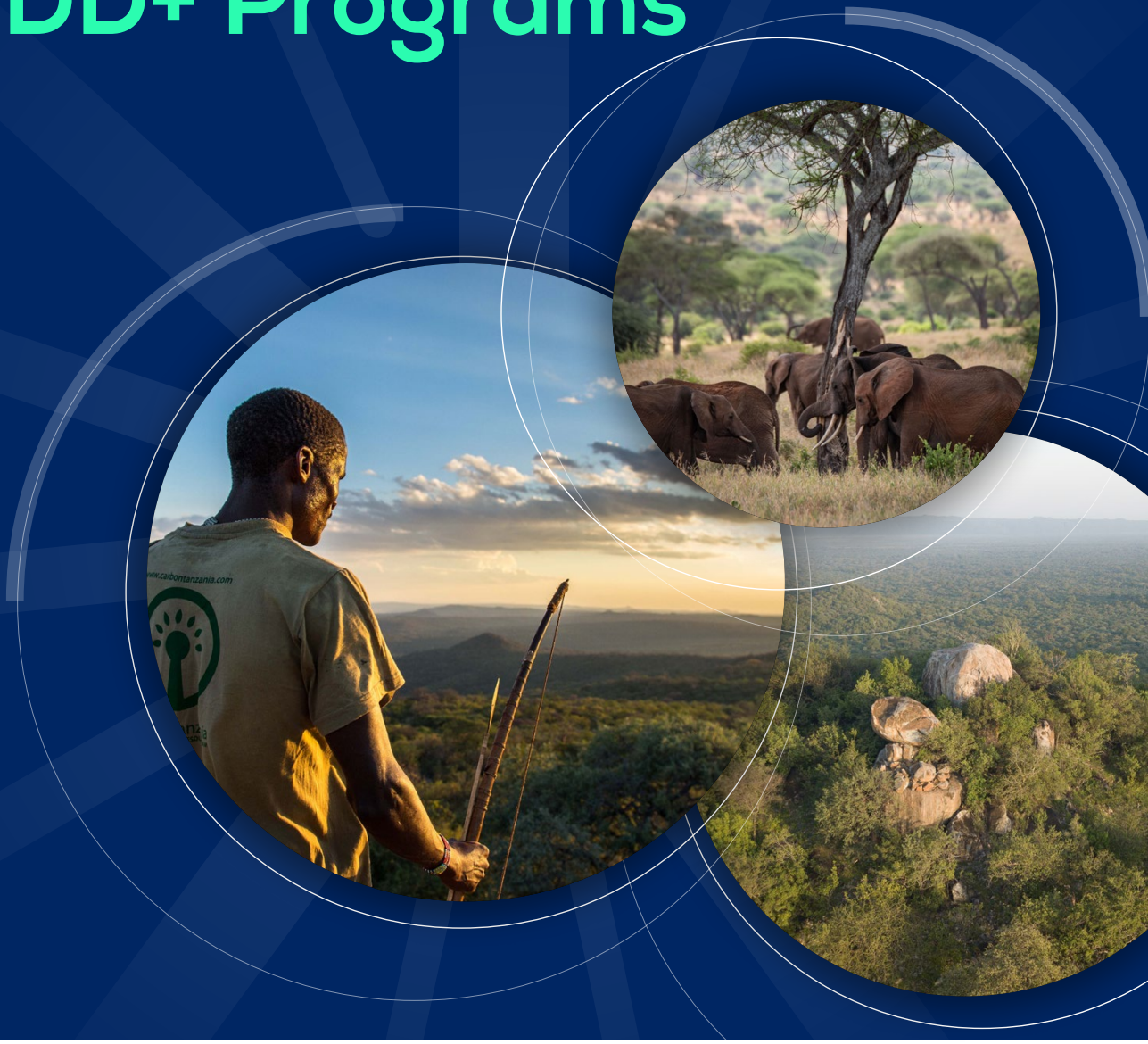
Natural Climate Solutions Alliance

Natural Climate Solution Carbon Credits: **The Role of Jurisdictional REDD+ Programs**



World Business Council for Sustainable Development

About the NCS Alliance

The Natural Climate Solutions Alliance (NCSA) is a multistakeholder coalition that brings together public and private sector stakeholders to identify opportunities and barriers to investments in carbon credits in new and existing markets to scale up financing for climate solutions. The Alliance also serves as a forum for knowledge sharing and technical capacity building to ensure climate solutions reach their full potential in abating climate change. The Alliance is convened by the World Business Council for Sustainable Development (WBCSD).

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About the World Business Council for Sustainable Development (WBCSD)

The World Business Council for Sustainable Development (WBCSD) is a global community of over 250 of the world's leading businesses driving systems transformation for a better world in which 9+ billion people can live well, within planetary boundaries, by mid-century. Together, we transform the systems we work in to limit the impact of the climate crisis, restore nature and tackle inequality.

We accelerate value chain transformation across key sectors and reshape the financial system to reward sustainable leadership and action through a lower cost of capital. Through the exchange of best practices, improving performance, accessing education, forming partnerships, and shaping the policy agenda, we drive progress in businesses and sharpen the accountability of their performance.

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Preamble

Urgent action is needed. The last few years have experienced the highest global temperatures in history and shown that we are nearing dangerous tipping points that could accelerate catastrophic impacts.

Natural climate solutions (NCS) offer a viable pathway to address approximately 30% of global emissions, while helping to halt and reverse deforestation. Among these, Reducing Emissions from Deforestation and forest Degradation, and the role of conservation, sustainable management, and enhancement of forest carbon stocks (REDD+) is the most common and significant type of natural climate solution.

The international framework for REDD+ was established in 2013, with implementation occurring primarily at national or sub-national (jurisdictional) levels such as states or provinces. These jurisdictional REDD+ (JREDD+) programs are typically led or coordinated by governments and engage regional and local stakeholders to address systemic drivers of deforestation at scale. While smaller-scale REDD+ projects also exist, either independently or alongside jurisdictional programs, JREDD+ is distinguished by its broader geographic scope. Information on such smaller-scale REDD+ projects can be found in the guide *Natural Climate Solutions Carbon Credits: the role of project developers and communities*.

JREDD+ programs are designed to meet key environmental integrity criteria, including permanence, additionality, comprehensive leakage accounting, and safeguards, while delivering social and biodiversity benefits. Their effectiveness depends on the meaningful inclusion and engagement of Indigenous Peoples, local communities, and other stakeholders on the frontlines of deforestation. When implemented well, can generate significant environmental, social, and economic benefits.

Participation in carbon markets enables governments, communities, and landowners -particularly in developing countries - to access finance for sustainable livelihoods and large-scale transformation. Momentum behind JREDD+ is growing rapidly, with many programs becoming market-ready. Businesses can engage by investing directly in programs, purchasing carbon credits, or participating in buyers' groups to help mitigate risk, strengthening sustainability strategies and aligning with global climate and biodiversity goals.

All carbon credits represent one metric tonne of CO_2 (or its equivalent), but the activities that generate them vary widely. NCS credits differ by scale, design, co-benefits, and the level of involvement of Indigenous and local communities. While each JREDD+ program is unique, most follow a common blueprint to ensure high-integrity outcomes.

This document is intended for companies considering investment in jurisdictional REDD+ programs or the purchase of NCS carbon credits. It provides clarity on how JREDD+ programs generate high-integrity credits and complements existing resources focused on smaller-scale REDD+ projects. It draws on the expertise of jurisdictional program developers, standard setters, and NGOs affiliated with the Natural Climate Solutions Alliance (NCSA). The document is not intended primarily as a procurement tool. Organisations seeking purchasing guidance can refer to *The Buyers Guide for Natural Climate Solution Carbon Credits* and the *NCS Procurement Hub*, and the *Tropical Forest Credit Integrity Guide* (TFCI Guide).

Acronyms

ART: Architecture for REDD+ Transactions. A standard-setting body that provides frameworks for jurisdictional REDD+ crediting and issues high-integrity carbon credits through its TREES standard.

CORSIA: Carbon Offsetting and Reduction Scheme for International Aviation. A global market-based mechanism developed by ICAO to allow airlines to offset emissions they cannot otherwise reduce.

ERPA: Emission Reduction Purchase Agreement. A contract for the purchase of verified emission reductions, typically between jurisdictions and buyers.

FCPF: Forest Carbon Partnership Facility. A World Bank-led initiative that supports countries in developing and implementing REDD+ programs and accessing results-based payments.

ICAO: International Civil Aviation Organization. A UN agency that develops global aviation standards, including mechanisms like CORSIA.

IP and LCs: Indigenous Peoples and Local Communities. Groups that live in and depend on forests and play a critical role in stewardship and conservation.

ITMO: Internationally Transferred Mitigation Outcome. Emission reductions transferred between countries under Article 6 of the Paris Agreement.

JNR: Jurisdictional and Nested REDD+. A framework by Verra for accounting and crediting REDD+ activities at jurisdictional and project scales.

JREDD+: Jurisdictional REDD+. Large-scale REDD+ programs implemented at national or subnational level to address deforestation systemically.

NCS: Natural Climate Solutions. Actions that protect, restore and improve land management to reduce or remove greenhouse gas emissions.

NDC: Nationally Determined Contribution. A country's climate action plan under the Paris Agreement outlining emission reduction targets.

NGOs: Non-Governmental Organizations. Independent, non-profit organizations that often support implementation, monitoring and advocacy in climate and development efforts.

REDD+: Reducing Emissions from Deforestation and Forest Degradation, plus the sustainable management of forests, and the conservation and enhancement of forest carbon stocks. A UN-backed framework to reduce emissions from the land sector.

SDGs: Sustainable Development Goals. A set of 17 global goals established by the UN to address social, economic and environmental challenges.

TREES: The REDD+ Environmental Excellence Standard. A standard developed by ART for issuing high-integrity jurisdictional REDD+ carbon credits.

UN-REDD Programme: United Nations REDD Programme. A collaborative initiative supporting countries in developing and implementing REDD+ strategies.

UNFCCC: United Nations Framework Convention on Climate Change. The international treaty that provides the foundation for global climate negotiations and mechanisms like REDD+.

VCM: Voluntary Carbon Market. A market where carbon credits are traded voluntarily by companies and other entities.

VVB: Validation/Verification Body. Independent auditors that assess whether emission reductions and safeguards meet required standards before credits are issued.

Glossary

Additionality
The principle that emission reductions or removals would not have occurred in the absence of the REDD+ program or carbon finance.

Benefit-sharing arrangement
A framework that defines how financial and non-financial benefits from a JREDD+ program are distributed among participating actors, including Indigenous Peoples, local communities, and other rights holders.

Counterfactual scenario
An estimate of what would have happened in the absence of a JREDD+ program, used as a reference point to quantify emission reductions.

Jurisdictional baseline
A benchmark of expected emissions or removals across a defined geographic area (e.g. country or state), typically based on historical data and used to calculate JREDD+ results.

Leakage
A situation where efforts to reduce emissions in one area lead to an increase in emissions elsewhere.

Nesting
The integration of project-level activities within a jurisdictional REDD+ program to ensure alignment in accounting, safeguards, and crediting.

Permanence
The extent to which emissions reductions or removals are maintained over time and not reversed.

Results-based payments
Payments made to a jurisdiction upon verified delivery of emission reductions or removals, typically without the transfer of carbon credits.

Safeguards
Policies and measures designed to ensure that REDD+ activities avoid harm and deliver positive social and environmental outcomes, including respect for rights and biodiversity.

Corresponding adjustment
An accounting mechanism under Article 6 of the Paris Agreement whereby a country adjusts its emissions balance when emission reductions are transferred internationally.

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1. Introduction

1.1. Context

REDD+ is a climate change mitigation solution originating from the United Nations Framework Convention on Climate Change (UNFCCC). 'REDD' stands for 'Reducing emissions from deforestation and forest degradation'. The '+' stands for additional forest-related activities that protect the climate, namely sustainable management of forests and the conservation and enhancement of forest carbon stocks. Countries agreed to a common framework for REDD+ in 2013 by establishing a common set of building blocks that countries would need to establish in order to achieve REDD+ results (i.e. emissions reductions from the land sector, denominated in metric tonnes of carbon) at scale. Such interventions are especially critical in tropical forest countries as land-based emissions account for large portions of their annual emissions. Under the UNFCCC framework, REDD+ is implemented primarily at national or subnational (state or province) levels - an approach commonly referred to as jurisdictional REDD+ (JREDD+).

Jurisdictional and project-level REDD+ approaches are complementary. While jurisdictional programs enable system-wide action at scale, project-level activities play a critical role in piloting innovation, delivering impact at the landscape level, and supporting implementation on the ground. Many countries are pursuing 'nested' approaches to combine the strengths of both. The guide Natural Climate Solution Carbon Credits: The role of project developers and communities outlines how credits associated with project-level interventions are created. This guide focuses on "jurisdictional" efforts.

Table 1. Overview of differences between jurisdictional and project scale

	Jurisdictional scale	Project scale
Geographic scope	Large administrative area (e.g. state, province or country)	Discrete, defined project boundary
Lead entity	Typically led by sovereign or subnational government	Typically led by project developers, NGOs, local communities or private entities
Relationship to other activities	Integrates multiple interventions across the landscape; not simply an aggregation of projects	Can operate standalone or nested within jurisdictional programs
Scale of impact	Systems-level impact across jurisdictions	Localized and landscape-level impact, often enabling implementation on the ground
Role in REDD+ ecosystem	Enables large-scale, policy-driven transformation across jurisdictions	Enables innovation, localised implementation and direct engagement with communities and land stewards

The first decade of jurisdictional REDD+ implementation was primarily reliant on overseas development aid budgets, with countries building the institutions, monitoring systems and governance arrangements needed for jurisdictional-scale programs. The Forest Carbon Partnership Facility (FCPF) and UN-REDD Programme provided structured support, enabling governments to develop robust programs capable of delivering verified emission reductions.

The FCPF Carbon Fund, through its Methodological Framework, allowed the first transfer of verified emission reductions from host countries to the World Bank and, in some cases, directly to Carbon Fund donors. This framework established requirements for accounting, safeguards, and program implementation, supporting results-based payments for JREDD+ emission reductions. With the subsequent development of jurisdictional crediting standards – such as ART's TREES and Verra JNR - JREDD+ programs gained the ability to issue fully market-grade carbon credits, providing buyers with verified, high-integrity instruments to meet climate and nature-positive commitments.

Even where credits are not issued, these methodologies remain relevant. They allow governments and funders to verify outcomes for results-based payments or contributions to national forest emission targets, ensuring the social and environmental integrity of payments.

Effective JREDD+ programs are underpinned by the role of land and nature stewards on the frontline of forest management. Well-designed, high-integrity JREDD+ programs integrate social and biodiversity-related components. With significant volumes of high-integrity JREDD+ credits set to be issued in the coming years, there is a real opportunity for the private sector to play a key role in funding efforts to tackle deforestation as part of high ambition climate and nature strategies.

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Table 2. Key developments in JREDD+

Year	Development	Relevance for business buyers
1997	REDD+ introduced under the Kyoto Protocol	Foundations of forest-based climate solutions
2007	Bali Action Plan (COP13) formally recognizes REDD+	Establishes framework for donor-supported programs
2013	Warsaw Framework for REDD+ (COP19) sets methodologies & financing guidance	Provides structured guidance for REDD+ implementation at scale
2015	Paris Agreement (Article 5) embeds REDD+ in global climate targets	Policy and legal recognition of forest carbon efforts
2008 – 2017	FCPF supports 47 countries to design jurisdictional REDD+ programs; Carbon Fund pilots results-based payments	Governments begin implementing programs and testing payments for verified emission reductions
2017	Green Climate Fund launches Pilot Program for REDD+ Results-based payments	Governments begin to receive payments for REDD+ results (note: results-based payments without transfer of legal rights to carbon).
2018	FCPF Carbon Fund signs first Emission Reduction Purchase Agreements (ERPAs)	First large-scale results-based transactions
2020	ART launches TREES 1.0	Option becomes available for jurisdictions to access market-grade independent validation and verification for their JREDD+ results
2022	Guyana becomes first country to issue TREES Credits on ART Registry	First country to be issued JREDD+ carbon credits specifically designed for the voluntary and compliance carbon markets
2024	Green Climate Fund mainstreams results-based payments for REDD+	Renewed incentive for countries to implement high-integrity programs; increasing supply of verified credits

2. A blueprint for JREDD+ program development

JREDD+ requires developing tailored strategies to reduce deforestation and forest degradation. Each jurisdiction's strategy will be unique, based on its circumstances and stakeholders. While these differences exist, each follows the same overall process. Each step is outlined below in greater detail.

2.1. Planning

Planning and designing JREDD+ programs require extensive preparation, stakeholder engagement, and policy development, as well as significant upfront financial resources. While this section focuses on how jurisdictions plan these programs, it also highlights why additional sources of financing - including from the private sector - can be important to support these early phases.

JREDD+ programs require designing strategies and activities to address deforestation and forest degradation's root causes. This involves defining the underlying drivers and the suite of actions that can best address them. Actions could include establishing new, or amending existing policies, such as forest protection laws, land tenure regulations, agricultural zoning, incentives for sustainable agriculture or community forestry frameworks, and conducting local and regional activities. To do this, governments collaborate with stakeholders like civil society, Indigenous Peoples, local communities, private companies, farmers, and landowners to establish comprehensive land-use planning, benefit distribution mechanisms, policy development, and sustainable land management plans.

During the planning phase, governments collaborate with such stakeholders to design national strategies, build capacity in relevant institutions and communities, and develop policies for REDD+ implementation. This provides the foundation for subsequent phases of the JREDD+ program implementation process and is critical to the long-term sustainability of the JREDD+ program and its impacts.

One important aspect of planning is determining how benefits from the JREDD+ program will be shared. Benefits can be financial or in-kind in nature and may or may not be linked to activities supporting the JREDD+ program. For example, benefits received by Indigenous Peoples, local communities, landowners, and participating organizations can include infrastructure development, title to carbon credits and/or revenues from the carbon program. Transparent and inclusive processes help to ensure fair benefit-sharing with broad participation and minimize conflicts.

All JREDD+ crediting programs must have safeguards in place to ensure social and environmental guardrails for all stages of the process. This includes planning and determination of benefit sharing arrangements as well as establishing grievance redress mechanisms and ensuring free prior and informed consent is conducted as appropriate.

For example, if interventions take place on land that is in or near areas where Indigenous Peoples or local communities reside or conduct traditional activities, then they should be fully consulted about the planned intervention, involved to the extent that they wish in the implementation, and included in benefit sharing arrangements as appropriate, with free, prior and informed consent (FPIC) obtained where required.

Planning and designing an effective JREDD+ program requires significant effort and financing. Historically, the FCPF, bilateral agreements, and philanthropy have supported jurisdictions to conduct the initial phases through funding and technical assistance, but this support is not sufficient for all jurisdictions, especially not in the current geopolitical environment where overseas development aid/foreign assistance funds have, and continue to, steeply contract. The private sector can support the planning phase through up-front investment in JREDD+ programs.

2.2. Implementation and monitoring

In this phase, governments and other stakeholders (e.g. project developers, NGOs, Indigenous Peoples, and local communities) implement the activities included in their national strategies or action plans and begin monitoring their impacts (this is often referred to as the "monitoring period"). This may involve the introduction of new policies, implementing comprehensive land-use planning, strengthening law enforcement, and designing economic incentives for landowners and land stewards to promote sustainable development practices and reduce deforestation and degradation.

JREDD+ activities vary significantly depending on the context. For example, a jurisdiction might address illegal logging - a key driver of its forest loss - by mandating a timber tracking system, improving processes for developing forest management plans, increasing field checks, and providing resources and opportunities and incentive structures to create an enabling environment for forest communities to pursue alternative practices that improve impacts on the forests while simultaneously providing economic opportunities. This could involve integration of community-based forest wardens, community sustainable livelihood education programmes, or a wide range of other initiatives.

As in the planning phase, stakeholder consultation and addressing following of safeguards is critical to implementing a quality JREDD+ program. It is often thought that safeguards are implemented a single time during planning. This is incorrect. They are iterative, with ongoing consultations and engagement to the extent that stakeholders wish to monitor ongoing success of programs, update and revise plans for activities, and ensure ongoing agreement on benefit sharing.

Throughout this phase, jurisdictions monitor both the emissions reductions and removals as well as the adherence to safeguards across the entire national or subnational program boundary, collecting data and information from the various actors implementing activities to help inform any necessary adjustments to the JREDD+ program and forming the basis of the reports submitted in the next step.

Emission reductions and removals in JREDD+ programs are quantified using jurisdictional-scale baselines, typically derived from historical deforestation data and trends. These baselines represent a form of counterfactual scenario, reflecting expected deforestation in the absence of interventions, based on observed historical patterns and modelling approaches.

This differs from earlier project-level REDD+ methodologies, which often applied more localised counterfactual approaches (e.g. reference areas or modelled alternative scenarios) tailored to specific project boundaries. However, more recent methodologies increasingly incorporate jurisdictional or national-level deforestation baselines to improve consistency, reduce leakage risk, and align with broader accounting frameworks. While approaches may still differ in implementation and scale, both jurisdictional and project-level REDD+ rely on establishing credible counterfactual scenarios against which emission reductions are measured.

There is increasing alignment between these approaches, particularly in nested systems where project-level activities may be integrated within jurisdictional accounting frameworks.

2.3. Nesting

Nesting provides a mechanism to integrate jurisdictional and project-level REDD+ approaches, enabling them to function as complementary components of a broader system. While jurisdictional programs provide the policy framework, accounting structure, and scale, project-level activities contribute local expertise, innovation, and implementation capacity on the ground.

Many REDD+ projects operate within or alongside jurisdictional programs. These can be led by communities, Indigenous Peoples, project developers or other stakeholders. Nesting refers to the integration of these smaller scale activities into the broader JREDD+ framework to ensure coherence, avoid double counting and maximize overall impact. In some cases, the projects may be fully nested and contribute to the results of the jurisdiction without conducting independent monitoring and reporting. The project proponents - including Indigenous Peoples, local communities, project developers, private sector actors, NGOs, and landowners - can negotiate arrangements with the jurisdiction that best meet their needs, and may receive carbon credits, financial compensation, or other benefits in return for their efforts. In other cases, project proponents may wish to do monitoring and report results from their activities. They can share these results with the jurisdiction for inclusion in the jurisdictional program reporting only or they can share the information and also participate in a project scale greenhouse gas crediting program. In either case, the project would coordinate with the jurisdictional program on accounting rules, safeguards and monitoring approaches in order to be nested. These types of arrangements can enable smaller-scale activities and projects to contribute to large-scale outcomes while benefiting from market recognition and financing opportunities, while ensuring alignment with jurisdictional accounting, safeguards, and long-term policy frameworks.

The integration of smaller scale interventions achieved by projects into a jurisdictional program's overall impact are important considerations that are further addressed in the guide *Natural Climate Solutions Carbon Credits: the role of project developers and communities*.

2.4. Verification and issuance

At the end of the monitoring period, jurisdictions report their emissions reductions and removals and their progress on safeguards to the relevant carbon crediting program (e.g. ART, Verra). These reports are then independently validated and verified by a third-party Validation and Verification Body (VVB) against the relevant crediting standard (e.g. the ART TREES Standard, the Verified Carbon Standard). The VVB verifies both the emissions reductions and removals results that the jurisdiction is claiming as well as conformance to the safeguards, according to the requirements of the crediting program used. The verification process often involves multiple rounds of requests for information, clarification, and adjustment to the reports to ensure the JREDD+ program's compliance with the selected methodology, and jurisdictions may require support from technical assistance providers to respond to all findings issued by the VVB. The process includes extensive review of documentation and interviews. Multiple pieces of evidence are required to determine conformance or non-conformance with the crediting program requirements. Interviews are conducted both remotely and in person during site visits to ensure the views and experiences of a broad range of stakeholders are incorporated into the audit. Public comment periods also offer any stakeholder a chance to provide inputs to the VVBs and crediting programs about information reported by a JREDD+ program.

Once the VVB issues a positive verification, the crediting program issues carbon credits to the jurisdiction for its emission reductions and removals during that period. The credits are issued to the program entity (in most cases, the governmental authority, e.g. Ministry of Environment of the country where the JREDD+ program is located) and listed on the respective registry (usually the registry associated with the carbon crediting program/standard used). Once the credits are issued into the JREDD+ program's account, the JREDD+ program entity can take action regarding the credits Typically, this involves selling them to a buyer or intermediary, receiving results-based payments without transferring credits, or retiring them for use toward the jurisdiction's Nationally Determined Contribution (NDC). In some cases, a JREDD+ program entity may distribute a portion of the credits issued to them to project developers, communities, or other actors operating within the jurisdiction, in accordance with the benefit-sharing arrangements defined during the planning phase of the program.

Jurisdictions also have many options for how to use the revenue generated through the sales of the credits. As mentioned, JREDD+ programs will have determined benefit sharing arrangements in the planning and implementation phases, in consultation with relevant stakeholders. Revenue distribution arrangements are implemented once funds start to be received following the agreed-upon governance and transparency requirements. JREDD+ can provide an opportunity to generate revenue that enables equitable flows of financial and/or non-financial benefits to land stewards, including Indigenous Peoples and local communities, which will be key to support delivery and durability on the ground. Investment in communities serves as a de-risking mechanism for REDD+ investments and underpins the durability of program implementation. Revenues from the payment or transaction can also be reinvested into the JREDD+ program, beginning the planning phase again to evolve and adapt the program as new threats and opportunities are identified or the effectiveness of activities is evaluated.

2.5. Mobilizing financial flows

Historically, funding for jurisdictional REDD+ results has largely been in the form of results-based payments from sovereign nations and international/multilateral organizations (e.g. the Green Climate Fund, the World Bank, or other countries through bilateral agreements). With the development of market-grade standards for JREDD+, jurisdictions can now also issue and transfer carbon credits in exchange for payment, complementing project-level REDD+ activities that have long supplied credits to voluntary carbon markets. Potential buyers include other countries (according to the rules established under Article 6.2 of the Paris Agreement), corporate buyers, compliance markets such as ICAO's CORSIA, voluntary use through individual purchases or buyers' groups like the LEAF Coalition and Race to Belem.

For corporate buyers, agreements with jurisdictions can take similar forms to agreements with individual carbon project developers, such as offtake agreements, investment agreements, or equity agreements, for example. The key difference is that the agreement is made with the jurisdiction (e.g., a national or subnational government authority) in contrast to a private entity or NGO. For some cases, credit transfers may require a "corresponding adjustment," where the country adjusts its progress toward its NDC to account for the transfer of Internationally Traded Mitigation Outcome results that underpin the JREDD+ credits.

Agreements between jurisdictions and other parties vary and may include requirements or conditions beyond those imposed by specific JREDD+ crediting standards. For example, some buyers may include terms that go beyond what the standard requires, like additional auditing or tracking and reporting on the use of funds.

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3. How companies can engage with JREDD+

3.1. Pathways for private sector engagement

There are several ways for businesses to engage with JREDD+ programs, each with its own set of considerations. Note that these examples are not always mutually exclusive and can be complementary.

- **Up-front financing:** Some buyers may choose to engage with jurisdictions from the beginning of the program development cycle, providing early-stage financing to support planning and implementation of JREDD+ programs and providing technical assistance. This approach has a longer-term return on investment, but it allows the buyer to play a more active role throughout the process. This approach also enables participation of jurisdictions that may not have otherwise been able to access carbon markets. For example, the agreement between Mercuria and the state of Tocantins in Brazil included up front financing.

- **Forward purchase agreements:** Alternatively, private sector actors can enter into forward purchase agreements, committing to buy credits from JREDD+ programs at future points in time when they are issued. Examples include the bilateral deals between the Government of Guyana and Hess Corporation through a direct purchase agreement or purchase agreements between the LEAF Coalition and the governments of Costa Rica, Ecuador, Ghana and the state of Pará in Brazil. The *TFCI Guide* provides more detailed information on how companies can invest in JREDD+ through forward finance agreements or forward credit purchase commitments.

- **Spot purchases:** Businesses can also make spot purchases of JREDD+ credits that have already been issued via direct agreements or mechanisms such as auctions. This approach has a lower risk of non-delivery, as the emissions reductions and removals have already been verified, but also gives the private sector actor less control and insight into the credit generation process. It may not be as impactful for JREDD+ programs (and therefore actual impact toward halting and reversing deforestation), as program entities often struggle to raise up-front financing without advanced commitments in the form of offtake agreements.

- **Buyers' groups:** Buyers' groups, such as the LEAF Coalition and the Race to Belem, allow businesses to mobilize finance at a greater scale and negotiate as a block. Some credits reserved by LEAF Coalition governments (Norway, UK, US and Republic of Korea) will be available for resale to the private sector.

3.2. Strategic value for corporates to engage with JREDD+ programs

As companies develop their climate and nature strategies, a growing number of use cases for JREDD+ credits are emerging. While many of these apply to carbon credits broadly, JREDD+ credits have distinct characteristics – particularly their jurisdictional scale, government backing and integrated approach to climate, nature and social outcomes – that differentiate their strategic value.

Compensation for remaining ongoing emissions on the road to net zero

As companies work to reduce internal and supply chain emissions and progress toward net zero, some emissions will remain during the transition. Without efforts to address these ongoing emissions, significant amounts of greenhouse gases will continue to enter the atmosphere. While most corporate net-zero frameworks prioritize deep emissions reductions within a company's operations and value chain, there is a growing discussion about how companies can take responsibility for emissions that remain during the transition. High-integrity carbon credits can play a complementary role in addressing these ongoing emissions, provided they are used transparently and in addition to, not as a substitute for, decarbonization. In this context, JREDD+ credits offer particular advantages due to their scale and ability to address systemic drivers of deforestation, delivering mitigation outcomes that extend beyond individual project boundaries.

Looking ahead, evolving frameworks - such as future iterations of the Science Based Targets initiative (SBTi) and emerging International Organization for Standardization (ISO) net-zero standards - are expected to further clarify the role that high-integrity carbon credits may play in addressing ongoing emissions outside of value chain abatement.

Supporting broader nature, people and non-carbon climate goals

Tropical forests are among the most biodiverse ecosystems on the planet, hosting the majority of global terrestrial vertebrates and providing critical ecosystem services - such as watershed protection, air purification, soil stability, and pollination. These services underpin many corporate dependencies and risks, including food and water security, climate resilience, disease regulation, and drug discovery.

Forests are also home to Indigenous Peoples and other forest dependent communities, including over 350 Indigenous and ethnic groups in the Amazon alone, who play a vital role in stewardship and conservation through traditional knowledge, local governance and cultural ties to the land. Recognizing these communities' rights and contributions is essential for high-integrity JREDD+ programs and aligns with corporate social and sustainability goals, including the UN Sustainable Development Goals (SDGs).

JREDD+ programs are particularly well positioned to deliver these core benefits at scale due to their jurisdiction-wide scope and integration into public policy frameworks. This enables impacts across entire landscapes and jurisdictions, rather than within isolated project boundaries.

JREDD+ programs deliver measurable impacts across multiple dimensions:

- Carbon mitigation
- Nature and biodiversity protection (via landscape-scale conservation and restoration)
- Water security (by safeguarding forested watersheds)
- Local and regional climate resilience
- Maintenance of ecosystem services critical to business continuity and supply chain resilience
- Public health (mitigating risks of zoonic and waterborne diseases)

For businesses in sectors such as agriculture, food and beverage, pharmaceuticals, and finance, these forest-derived services represent material nature-related dependencies and risks. Supporting high-integrity JREDD+ programs allows companies to contribute to climate, nature and SDGs, while advancing just and inclusive transitions that centre both people and planet.

Addressing deforestation risks in commodity sourcing regions (with limitations)

Many companies with agricultural supply chains (e.g. beef, soy) in tropical forest countries face limited traceability. These supply chains are often fragmented, dynamic, and involve numerous smallholders and intermediaries, making it challenging to quantify and reduce emissions associated with deforestation within the value chain.

JREDD+ programs can support large-scale, government-led efforts to reduce deforestation across entire jurisdictions, including regions from which companies source commodities. By addressing systemic drivers of deforestation at the landscape level, these programs can complement corporate supply chain interventions and contribute to improved environmental conditions in sourcing regions.

However, it is important to note that the use of JREDD+ credits to address Scope 3 emissions or to make “insetting” claims is not currently recognized under most corporate accounting or standard-setting frameworks. Companies should therefore exercise caution in making claims and ensure transparency about how such investments are positioned within their broader climate and supply chain strategies.

Securing deforestation free supply chains

Similar to the use case above, companies with sourcing footprints in tropical forest countries and limited transparency may struggle to deliver on deforestation free commitments. Contributing to jurisdictional programs can enhance transparency and enable datasets that companies can use to meet their deforestation-free supply chain targets.

Preparing for compliance

A growing number of countries are looking to introduce domestic carbon markets and compliance programs. A number of these are considering the use of international carbon credits similar to the model used by the existing Singapore Carbon Tax. In addition, the deadline for airlines to retire credits for the first phase of CORSIA, a compliance scheme for international aviation emissions, is January 2028. With the growing number of JREDD+ programs approaching issuance, these credits could form a significant volume of the credits eligible for use under these compliance programs. Engaging with JREDD+ now, via the voluntary carbon market, provides an opportunity for corporations to build an understanding of the market and better prepare to meet long term credit needs for compliance use.

4. Conclusion

The scale of the climate and biodiversity crises demand solutions that match them. - Jurisdictional REDD+ programs are among the key mechanisms that can truly deliver at that scale. By operating at the national and subnational level, JREDD+ addresses the systemic drivers of deforestation, while simultaneously delivering measurable benefits for communities, ecosystems, and economies.

For the private sector, the case for engagement has never been clearer. Whether through up-front financing, forward purchase agreements, spot purchases, or participation in buyers' groups, companies have real and accessible pathways to direct capital toward some of the world's most critical forests. In doing so, they not only advance their own climate and nature commitments but contribute to a broader shift in how the global economy values and protects natural systems.

While jurisdictional REDD+ programs are essential for addressing deforestation at scale, they are most effective when complemented by high-quality project-level activities. Project-level REDD+ plays a critical role in driving innovation, supporting implementation on the ground, and engaging local communities and land stewards. Nested approaches can enable countries to combine system-wide policy action with localized delivery, strengthening both environmental integrity and real-world impact

The window to act is open, but it will not remain so indefinitely. As more JREDD+ programs reach market readiness and demand for high-integrity credits grows, early movers will be better positioned - commercially, reputationally, and strategically. The forests that JREDD+ programs protect are not a future consideration. They are a present imperative, and the private sector has both the opportunity and the responsibility to help keep them standing.

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