

Conservation International comments on ART TREES

27 September 2019

Thank you for this opportunity to provide feedback on ART/TREES. We welcome this new initiative that seeks to catalyze new, large-scale finance towards reducing deforestation and forest degradation, and we would also like to see support for forest conservation, sustainable management of forests and enhancement of carbon stocks. To be effective the standard must be achievable while also ensuring the integrity and credibility of the emissions reductions without causing social and environmental harm. Our comments are provided with the aim of helping ART/TREES to meet these goals.

Although ART/TREES aims to reward countries with the most ambitious and effective programs and with rigorous and accurate carbon accounting systems, it is important that this standard does not unintentionally harm the potential for REDD+ in markets. Suggesting that ART/TREES is the *highest* quality standard that defines what is necessary for REDD+ credits to be “good enough” for compliance markets implies that other standards and national efforts that meet the UNFCCC Warsaw framework are not sufficient. Insinuating that other standards are not high quality could perpetuate the perception that REDD+ is complicated and risky and may lead decision-makers to believe that they should be excluded from markets. We urge the ART/TREES team to develop and use careful messaging and framing to avoid unintended repercussions that may limit or exclude REDD+ actions from markets and finance, for example by holding REDD+ emissions reductions to a higher standard than other sectors.

In reviewing the requirements of this standard against the progress on REDD+ readiness in countries where Conservation International works, we found that many of them would not be able to meet the requirements of ART/TREES in the next few years and/or that they would not generate sufficient emissions reductions for the rewards to outweigh the costs of meeting the standard. These concerns are outlined in the relevant sections providing comments on ART/TREES below.

Has the ART/TREES team done some analysis of countries that could potentially meet the standard and identified the possible in meeting the standard? We recommend that this analysis is published to help justify some of more demanding requirements.

TREES is an ambitious and rigorous standard, which many countries will be unable to meet in the near term. For the standard and its objective of increasing ambition to be successful, TREES must be accompanied by technical and financial resources to build countries’ readiness and implementation capacities, including for the initial submission of a concept and application for TREES Participant status. Through a significant investment in capacity building early in the process, ART can help accelerate the uptake of the standard and the delivery of TREES-compliant credits. Without additional, dedicated support, it is unlikely that many countries will be able to fulfill TREES requirements in a timely manner or deliver results that can be used in the numerous emerging carbon markets.

In order to facilitate the uptake of this standard, we encourage ART/TREES team to work with donors, investors and market actors to indicate potential carbon prices that could be earned, and also to indicate pathways for upfront investments that countries can use to generate emissions reductions and establish the systems and accounting needed to meet ART/TREES and access result-based finance.

Detailed comments and recommendations:

Participant shall be national governments

- Which national government entity can apply?
 - Recommendation: provide clarification on eligible entities. For example, the same that represents the government at the UNFCCC

National/Subnational accounting requirements

- Do the 6 million ha and 4 million ha limits refer to entire land area (including non-forest) or just forest?
 - Recommendation: clarify
- Most countries are taking a subnational approach to REDD+ accounting and it is unlikely that many would meet the minimum subnational eligibility requirements of TREES “At least 6 million ha OR at least 4 million ha and represent at least 30% of national forest area (using forest definition used in reporting to UNFCCC)”. This approach restricts the participation of many smaller countries, and seems to favor inclusion of jurisdictions with larger areas of forest that may not be under so much threat.
 - Recommendation: Allow subnational jurisdictions that have: a minimum level of GHGs (e.g. 1 million tCO₂) and a minimum amount of forest area (e.g. 1 million ha).
- Only allowing subnational accounting until 2025 does not seem a long enough time window to generate sufficient incentives and build enough capacity to transition to national level accounting in most countries
 - Recommendation: Allow each country to use a subnational accounting area for their first 5-year crediting period (regardless of the date when they become a TREES participant) instead of imposing a 2025 limit for all countries. This would enable all countries to issue 5 years of credits at subnational level to help with finance and experience to support a stepwise transition to national level accounting.
- A lot of positive actions are occurring at a project or site-scale that may not be facilitated if they are not recognized as a viable pathway through nesting arrangements under ART/TREES. This may result in a lack of private sector, NGO and landowner participation and investment in REDD+ actions.
 - Recommendation: Recognize site-scale activities that are nested within national or sub-national accounting, with approval by subnational and/or national governments, as a credible pathway for countries to implement REDD+ strategies and recognize the contributions of site-scale actors.

Scope of REDD+ activities

- Sustainable management of forests and enhancement of forest carbon stocks to sequester CO₂ are a key part of the REDD+ strategy in many countries so exclusion of GHG removals from ART/TREES is a major drawback.
 - Recommendation: Include crediting for GHG removals in the first version of ART/TREES. Such removals can be counted separately from emissions reductions from deforestation and forest degradation, and rewards could be contingent on emissions from these activities staying below certain benchmarks.

- High forest low deforestation (HFLD) countries need immediate incentives for forest conservation. The advantages of the HFLD tag are limited as the list of HFLD countries is already well known and any ERs they generate would already be recognized.
 - Recommendation: Include rules for adjusting the reference level based on expected future threats to forests in the first version of ART/TREES.

Reference level and crediting level

- Most national FREL/FRLs submitted to UNFCCC would not meet TREES requirements. It will be technically challenging and expensive, and potentially politically challenging, to revise FREL/FRLs to meet TREES. This standard should build on the Warsaw Framework and the efforts countries are making rather than requiring countries to start again. For example: The **Kenya FRL** says "National communication has adopted the period 1995 – 2015 due to availability of data from other sectors while the FRL has adopted the period 2002 – 2018 to capture the period of implementation of recent forest sector policy decisions. This length of time aligns well with other FRLs (FAO, 2018)... Accuracy of maps was a key factor in determining an appropriate Reference period." (sic). What would be the incentive to Kenya to review the FRL and adjust to 10 years reference period, knowing that would change the entire FRL?
 - Recommendation: While we understand the need to strengthen some aspects of the Warsaw Framework for market-ready REDD+, we suggest that this standard find ways to build on the Warsaw Framework and integrate ongoing efforts countries are making rather than requiring countries to start again.
- Countries need long term incentives which the reduction of the crediting level by a large amount like 20% every 5 years does not seem to support.
 - Recommendation: Do not automatically reduce by 20%. Instead require that countries revise the reference level every 5 years based on an updated historical average, although not allowing any increase in the crediting level.

Permanence

- How will mitigating factors to reduce permanence risk be assessed "MITIGATING FACTOR 1 (-5%): Legislation or executive decrees actively implemented and demonstrably supporting REDD+, issued by a relevant government agency, or with leadership from the Presidential or Prime Ministerial Office within the last five years."?
 - Recommendation: provide clarity and guidance on this point

Uncertainty

- Uncertainty is hard to calculate accurately. So much depends on details of both methods used to estimate fluxes, and methods used to estimate uncertainty, which vary widely by standard used, country/region, and activity. Often uncertainty methods used for REDD+ initiatives ignore various elements of uncertainty for which there is insufficient information to quantify uncertainty (and likewise for which uncertainty may be high). As a result, ironically, uncertainty can be reported as relatively low (e.g. around 15%) yet uncertainty might be reported as higher with better data. Also, some REDD+ activities (e.g. avoided deforestation) have considerably lower uncertainty if existing independent remote sensing datasets are used (e.g. Hansen UMD) for which uncertainty has been independently estimated in various geographies; however, countries usually use national remote sensing products with opaque information about both methods and uncertainty (and hence likely

high uncertainty). Also note that much of the uncertainty results from having very large, national/jurisdictional scale programs which ART/TREES aims to support rather than penalize.

- Recommendation: Provide more detailed guidance and develop a different approach to assessing uncertainty aiming to provide incentives for national scale accounting with the most reliable estimates without penalizing countries for using more detailed national or sub-national data for which reported uncertainty may be higher. Instead of setting a bar, propose that countries account for uncertainty in the activity data and emissions factors, and use those uncertainties to refine reported reference level (crediting level) and reporting period using methods described in Oloffson et.al. (2014).

http://reddcr.go.cr/sites/default/files/centro-de-documentacion/oloffson_et_al._2014_-_good_practices_for_estimating_area_and_assessing_accuracy_of_land_change.pdf

Activity data

- “Activity data may be derived from remote sensing data or from verifiable ground-derived data.”
 - Recommendation: Requiring a combination of remote sensing data *and* from verifiable ground-derived data would be a better approach.
 - Recommendation: Where activity data are sources from remote sensing TREES should include an accuracy assessment with regard to the avoided deforestation. It is implied but should be clearly laid out and highlighted.

Emissions factors

- There is not much reference to making use of or complementing ongoing national processes in terms of the National Forest Inventory, National Forest Monitoring System. It could be overly onerous to expect countries to use other data.
 - Recommendation: Should reference use of a National Forest Inventory, if available.

Safeguards

- The approach adopted providing concrete guidance on how a country can demonstrate that it has addressed and respected the Cancun safeguards by unpacking them into themes and indicators seems good, as is the use of structure, process and outcome indicators (in line with REDD+ SES).
- The range and detail of issues covered is good. Despite the claim that no additional safeguards requirements beyond those in the Cancun safeguards are included, we support the inclusion of some additional elements such as: Theme 2.2 Outcome indicator: disbursement and allocation of REDD+ finance have been carried out in a fair, transparent and accountable manner’ noting that ‘fair’ or ‘equitable’ is not mentioned in the Cancun safeguards.
- Verification will be conducted against the indicators, but it is not clear how this will be assessed without further guidance, e.g. safeguard A Theme 1. structure indicator “Domestic legal framework for REDD+ actions is clearly defined and designed in consistency with national forest policies/programs”. The domestic legal framework is complex – how to judge if it is clearly defined or not?
 - Recommendation: provide more guidance on exactly how compliance/conformance with the standard will be conducted. What is the bar that would enable an auditor to determine whether the safeguards are addressed and respected sufficiently to meet the ART/TREES requirements?

- While it seems simple to include only one of each type of structure, process and outcome indicator for each of the Cancun safeguards, some of the indicators combine several elements and it would be much easier to verify conformance if these were broken out into separate indicators, e.g. Theme 2.3 outcome indicator: Stakeholders had access to, use of, and control over land and resources in conformity with relevant ratified international conventions, agreements, and/or domestic legal framework; and no relocation took place without the free, prior, and informed consent (FPIC) of any indigenous peoples and local communities (or equivalent) concerned.
 - Recommendation: The guidance on validation and verification of the safeguards requirements should explain how an auditor should determine conformance for compound indicators that included several elements e.g., do they all need to be met? And what evidence is needed to judge if they are sufficiently met across the entire accounting area etc.?
- Theme 2.3 outcome indicator “Stakeholders had access to, use of, and control over land and resources in conformity with relevant ratified international conventions, agreements, and/or domestic legal framework; and no relocation took place without the free, prior, and informed consent (FPIC) of any indigenous peoples and local communities (or equivalent) concerned’ raises the big issue of land tenure and could be impossible for many countries to conform with because of the high administrative and legal costs for land tenure clarification.
 - Recommendation: clarify what level of performance and evidence is required to meet this indicator; clarify what ‘relocation’ means in this context. Does it include restriction of access to resources important for livelihoods as well as physical relocation of settlements and economic activities.
- Theme 2.2 Promote transparency and prevent and implement anti-corruption measures.
 - Recommendation: clarify language so don’t ‘prevent anti-corruption measures’. Propose to change to “Promote transparency and prevent corruption through the implementation of anti-corruption measures”.
- Theme 5.2 Outcome indicator: Why only require that biodiversity and ecosystem service priorities are identified. Why not also maintained?
 - Recommendation: Noting that monitoring biodiversity and ecosystem services could cost more than the expected rewards, we propose changing the text to: Measures are implemented to maintain biodiversity and ecosystem services

REDD+ Implementation Plan

- It is expected that the implementation plan will be the National REDD+ strategies/Action plan submitted to the UNFCCC in accordance with the Warsaw Framework. If a different implementation plan is submitted under TREES, the Participant must explain any differences between the two plans. In the case when a Participant is using a subnational accounting area, the Participant must specify which REDD+ interventions from its National REDD+ Strategies/Action Plan are relevant to the subnational accounting area”.
 - Recommendation: Provide more clarity on how this will be assessed.

Issuance process

- “The ART Board will request additional information or approve the credit issuance at the next possible quarterly Board meeting.” This process needs to be more transparent. It seems that there is

a lot of room for board members perceptions or personal judgment about whether more information is required or not.

- Recommendation: Clarify the criteria and process for ART Board requests for additional information and for approval or rejection of credit issuance.
- The need for Secretariat review at several points seems to be time consuming and unclear. It seems inappropriate once the Participant has selected and interacts with the VVB to have some interference from ART (between steps 7 and 8). The document states that the secretariat only reviews completeness but implies they would also do quality control. What would be the criteria for Secretariat approval/rejection?
 - Recommendation: Clarify the secretariat role and criteria for reviewing and approving TREES documentation at each relevant stage. Limit Secretariat review to review of the TC, Review of TRD and TMR and Review of VVB report and remove the secretariat involvement between contracting the VVB and the VVB conducting their work (i.e. remove arrow from step 9 to between steps 7-8 and keep between steps 8-11)
- The need for ART Board approval for all registration and issuance could create a bottleneck and undue administrative burden, as could the need for Winrock to review of all validations and verifications.
 - Recommendation: Enable rolling Participant approvals rather than only at quarterly board meetings
- What are the expected issuance fees? How will ART/TREES be financially sustainable?
 - Recommendation: Clarify the business model for ART/TREES

Schedule for revisions to TREES

- “The ART Secretariat and ART Board will conduct a review of the TREES Standard at a minimum of every three years and update the Standard if deemed necessary.” As a user of REDD+ standards we have found it onerous to revise all the design and monitoring documentation for every single verification event (2y) to use the most up-to-date standard documentation.
 - Propose revisions to the standard to be provided every 5 years to be aligned with the crediting period, or to allow participants to use the same version for each crediting period before requiring that they upgrade to the current version.

Verification intervals

- What happens if a Participant fails to conduct a verification one year (for example because the MRV is not precise due to cloud cover, or there has been a change in the government...). Are they still eligible?
 - Recommendation: clarify the consequences for not conducting verifications at the mandated intervals.