**Public comments submitted on ART TREES 2.0**
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Dear Secretariat of the Architecture for REDD+ Transactions:

Thank you for the opportunity to comment on ART TREES proposed update. While supporting effective efforts to reduce deforestation could not be more important, the following comments focus on whether buyers of ART TREES credits will be able to trust that the credits represent real tonnes of emissions reductions/ removals that they can use with confidence to meet an emissions reduction target. We focus our discussion on the method used by ART TREES to estimate baselines, leakage, and risk of reversals (permanence).

**Baselines/Additionality**

Jurisdiction-level crediting poses some fundamental challenges in judging additionality. As with all offset projects, additionality for ART TREES has to be measured against an uncertain counterfactual. The complexity of national and subnational land use trends makes constructing a counterfactual particularly difficult. In evaluating the trajectory of forest gain and loss within a country, questions quickly emerge about what sorts of policy levers are truly "additional" and how those can be linked to voluntary carbon finance.

ART TREES attempts to resolve these questions by focusing on the trends in forest cover changes over the prior five years and takes any net positive forest changes (decreased rate of loss or increase) from this historical period as de facto additional. In addition, the baseline is reset every five years to ensure new offsets generated continue to be additional. We appreciate this simple approach. It allows the judgement of additionality to be boiled down to the simple question of whether forest-based emissions are going down and/ or removals increasing over time?

However, this simple performance standard can generate credits from reductions that would have happened anyway. Deforestation over the previous five years is far from a perfect baseline against which to measure future deforestation. This is particularly true insofar as patterns of land use change are often linked to demographic trends, macro-scale shifts in the orientation of the (sub)national economy, and changes in the demand for global commodities, factors that are partially outside of government control. Emissions might decrease independent of voluntary carbon credits, and there

are many countries where forests have regrown without the intervention of carbon finance. There is a risk that ART TREES will enroll those countries that are already poised to experience decreasing deforestation and/or increasing removals relative to the prior five years.

Also, attributing causation for government policy and programs to external funding is challenging. While results-based payments may be able to meaningfully influence government policy and programs, it is difficult to be confident of that influence and assess if it is lasting. When does a government with little interest in implementing policies and programs that reduce deforestation choose to do so because they might be paid in future offset credits? Will those efforts be successful and lasting given how difficult they are to implement well? When does a government committed to reducing deforestation implement policy and programs because they may be paid in future offset credits? How much should ART TREES claim responsibility for reductions in deforestation if there is other international financial support for the same policies?

Clearly funds can support governments in implementing policies and programs that effectively reduce deforestation. Our concern is that the ART TREES standard can generate many more credits than reductions it actually achieves. Avoiding hot air credits would require carefully targeting REDD+ programs that do the difficult job of meaningfully addressing the true drivers of deforestation in ways that can have lasting influence. This is not a requirement that can be easily written into an objective standard. It certainly cannot be identified by monitoring short term shifts in deforestation rates from satellite imagery.

**Leakage**

When forests are conserved in one location, demand for the products that drove that deforestation can lead to increases in deforestation elsewhere. The main causes of tropical forest loss are expanding agriculture, especially palm oil, soy, and cattle ranching, mining, and timber. These are all very mobile commodities that can shift across country borders.

For national level REDD+, the ART TREES protocol does not require any deduction for international leakage of deforestation emissions or land used for removals. This is not supported by the science, which documents cases of national forest protection leading to international leakage.[1] In addition, leakage can vary considerably from country to country.[2] We believe the failure to include international leakage to be a weakness of the protocol, a likely source of over-crediting.

Similar to the comments above on baselines, REDD+ payments could be more effectively targeted to those jurisdictional REDD+ programs that effectively address the drivers of deforestation while reducing their deforestation rates. Such an assessment requires grounded understanding of the local markets and the local context, rather than a single discount figure that may misrepresent the actual effect of a program on forests elsewhere.

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[1] Ingalls, M. L., Meyfroidt, P., To, P. X., Kenney-Lazar, M., & Epprecht, M. (2018). The transboundary displacement of deforestation under REDD+: Problematic intersections between the trade of forest-risk commodities and land grabbing in the Mekong region. Global Environmental Change, 50, 255-267.

[2] Meyfroidt, P, TK Rudel, EF Lambin (2010) "Forest transitions, trade, and the global displacement of land use." PNAS 107 (49): 20917-20922.

**Permanence**

Permanence is managed solely with a buffer pool; credits are retired from the buffer pool to cover forest loss above the baseline or reforestation trends below the baseline for the full durability term. ART TREES+ projects registered for use in CORSIA essentially have a 20-year durability term from the start date (four successive 5-year enrollments required). ART TREES projects not used for CORSIA have an effective 5-year durability term. Given the short crediting periods, we are concerned that the program as a whole could run into issues with permanence insofar as a country or combination of countries experience large reversals and drop out of the program. This scenario could exhaust the buffer pool and result in lost credits.