

Consultation feedback

ART / TREES 2.0

Submission of the UK Department for Business, Energy & Industrial Strategy (BEIS)

UK BEIS welcomes the efforts of the ART Secretariat and Board to develop this updated version of ART TREES.

We appreciate the intent and ambition of ART and TREES to help accelerate progress toward national scale accounting and achievement of emissions reductions at scale. We are supportive, too, of the role that ART can play in helping to drive up the integrity and ambition of REDD+ results-based finance, including through global carbon markets.

The opportunity to comment upon the standard through a transparent public process is welcomed. We would like to provide suggestions for several procedural and technical considerations and clarifications regarding the current updated draft of TREES 2.0.

Section 3.1 – Eligible Participants - Indigenous Peoples & Subnational Accounting

Indigenous Peoples

We welcome the intent to strengthen the ability of Indigenous Peoples to participate in and benefit from the ART-TREES standard, considering the high value of indigenous community guardianship and management of forests, and the need to ensure they can fairly benefit from results-based finance, and other incentives for continuing to protect forests.

However, we note some concerns on the complexity of defining Indigenous Peoples' eligibility and the lack of further detailed explanation or guidance on how this may be implemented in practice, particularly where political and titling issues may interplay, and in considering the array of different country circumstances. We therefore would suggest the creation of supporting guidance on this.

Regarding the option for direct accreditation, we note the problematic history of third parties exploiting the resources, including carbon stocks, within Indigenous Territories for financial benefit, and consider the essential role that strong safeguards and independent reviews will play in avoiding this outcome. We are unclear how the institutional and operational requirements required for compliance with the standard could be met by a discrete (indigenous) community; more explanation or guidance could be welcome here. We would anticipate there may be a need for more frequent independent reviews to appraise and safeguard this than is currently suggested within ART TREES, at a reasonable scale and cost. We are also understanding that a good, fair and equitable outcome for Indigenous Peoples will be contingent on the wider benefit-sharing arrangements, and the acknowledge the value of inclusivity and integration of these, and other, local forest communities.

Additionally, without the inclusion of 'forests remaining forests' within this iteration of the standard, this presents a lack of recognition and reduces prospects for Indigenous Communities to be effectively engaged and eligible where most of their lands are well managed forests. It is important that these communities are recognised and rewarded too, and not excluded from growing carbon finance opportunities. We note the document stipulates this may be addressed in future versions of TREES, and we would therefore encourage accelerated exploration of this possibility.

We appreciate the efforts of the ART Secretariat to socialise the standard, via webinars for example. We encourage specific consideration of how to proactively engage and integrate IPLCs and local CSOs, and meaningful socialisation and testing of these elements with relevant and valuable indigenous forest communities, in a way that is clear, accessible and understandable to multiple groups.

Subnational Accounting

We welcome the proposal to acknowledge and allow for a diversity of approaches to delivering emissions reductions in ART-certified areas, in recognition of the crucial role that locally determined approaches and activities can play.

Section 5.2 - HFLD

We appreciate the effort to define a new approach for HFLD crediting. It is of great importance to ensure that those countries without historically high deforestation rates are able to receive financial benefits in order to strengthen their ability to maintain this pathway.

However, we consider the approach appears unlikely to effectively incentivise countries who have managed to avoid any increase in their emissions from eligible activities throughout the 5 – 15 years reference period, as they would not be able to benefit from the current standard. Countries that may benefit the most will be those with increasing emissions from deforestation and forest degradation over the last few years, although meeting the HFLD Score Threshold throughout the historical reference period for which data is available.

We are concerned that this approach may unfairly diminish the recognition of HFLD countries which have performed well in the management and conservation of their forests over the reference period and that are just able to maintain low emissions from deforestation and forest degradation rather than reduce it during the commitment period. We would welcome and recommend further work in relation to this approach and encourage ART's participation in wider dialogue around the design of systems that ensure equitable distribution of benefits to reward stock as well as flow across jurisdictions, and that, at a global level, amplify positive incentives as opposed to options that could only benefit countries who have recently performed less well in preserving their forests (which could potentially create perverse incentives in the long run).

We also note that as an alternative to deriving the foregone removals rate from measurements within Participant's jurisdictions, the standard also provides flexibility to allow the use of default assumptions from the IPCC refinements (table 4.9 of volume 4 - noting also there appears to be a typo of table 2.9, instead of 4.9) to claim credits for the sink of natural forests preserved thanks to a reduction in deforestation in HFLD countries. While this seems proportionate when the quantity of removals that can be credited is very small, the sink of natural forests can be quite variable in time, therefore, if this becomes a significant share of the units it may also be worthwhile exploring a limitation to its use through additional safeguards to ensure credits correspond to real removals over the crediting period.

Section 5.3 (& other sections including removals): Removals

We welcome the inclusion of "Removals" within ART TREES 2.0, noting numerous country-wide schemes to restore and reforest within the UN Decade for Ecosystem Restoration. We would like to provide some recommendations relating to ART's crediting approach for removals.

Within section 5.3, the standard states - "... at a minimum stratification between commercial forest and natural forest restoration is suggested". It would be important to know why this is only being "suggested" and not reworded to "must". There are significant carbon, biodiversity and ecosystem differences between these types of forest and so a distinction between the purpose/intent of the forest area is critical. Additionally, this stratification is important for providing sufficient incentives for removals via natural forest restoration. Areas of natural forest restoration can be excluded from the crediting level, thus enabling all new areas of natural forest regeneration to be eligible for crediting. Jurisdictions not using stratification would be at a disadvantage. We note it is possible that historical data may not always allow for such stratification, however, it may be useful to bring out this justification.

It is currently unclear within the text whether credit should be given to activities where forest land was not previously native-forest land before clearance/conversion (e.g., Savannah). The planting and

growing of forest land on previously non-forest natural land can result in a number of issues related to biodiversity and changes to ecosystems, which is linked to the Cancun Safeguards (although we note, never specifically included within these).

On a few more specific points:

- If remote sensing products are being used to evaluate activity data, it should be noted that a consistent methodology that uses a single product should be recommended when evaluating both the gains and losses to avoid issues of double counting for some land-use pixels which may have been misclassified. For example, some RS products struggle to accurately distinguish natural regrowth from some key plantation trees (e.g., Oil Palm). Where one product may classify the pixel as natural regrowth another product may classify the pixel as plantation. If the products are mixed to determine emissions from deforestation/degradation and removals from regrowth the regions of overlap may be over/under accounted for in terms of their overall flux. Alternatively, where multiple products are used and there are differences in the overlapping pixels these should be carefully evaluated with regards to accuracy. Additionally, where remote-sensing data is used it would be effective to ensure that the spatial and temporal scale of the evaluation of activity data is mentioned for inclusion. This helps to determine whether small-scale activities of deforestation, degradation and regrowth are considered.
- In section 4.1, the standard references that only "anthropogenic emissions" shall be considered, however for removals it makes no such clarification, and this leaves things potentially ambiguous. Some portion of removals via natural regeneration could be considered as 'natural' rather than 'anthropogenic' and thus theoretically should not be reported on. Whether this subset of removals should be reported on is made more complicated if one were using activity-based accounting rather than land-based accounting (where a managed land proxy would likely be used). From our understanding of section 5.3, removals of both anthropogenic and natural origins would qualify, - clarity could therefore be enhanced by some additions to the wording in section 4.1.
- Current wording within the removals portion do not allow for 'adjustment' to the historical average in the reference period when determining the crediting level for removals. This may be warranted in future revisions to the standard.

Section 8 – Uncertainty

We welcome ART TREES thinking on ensuring participant countries seek to minimise uncertainty. However, we had some specific reflections, and note an apparent error within the text.

Within equation 6, UF_t is presented as unitless and CI_t in tonnes CO₂e, while both having the same dimension. We assume that both should here be presented as relative uncertainty to be consistent with the text "Under TREES, uncertainty shall be quantified in terms of the half-width of the 90% confidence interval as a percentage of the estimated emissions. Sampling errors must be estimated and included in the uncertainty calculation". Additionally, this phrasing could be clarified to define whether it is relating to estimated gross or net emissions. In the case this is gross emissions, uncertainties on removals, if of different magnitudes than those of emission, are not well reflected in the analysis. In the case this is net emissions, then there may be serious issues for countries for which emissions and removals happens to be in the same order of magnitude, as the relative uncertainty could become very large, or theoretically infinite. It may be worth clarifying within the logic, that uncertainty on gross removals are reflected in the calculation in a way that avoids this divergence. This could be done by a change such as $UNC_t = (GHG\ ER_t * UF [gross\ emissions]_t) + (GHG\ REMV_t * UF [gross\ removals]_t)$.

It may be worth reflecting more broadly that uncertainty on activity data and emissions factors do not have an equivalent impact on trends between the reference period and crediting period, and thus ER, as developed in section 3.2.3 of Chapter 3, Volume 1 of the 2006 IPCC guidelines.