

Recommendations for improving the current version of TREES

Submitted by UNDP Climate and Forests, 27 September 2019

Section 1.1 DESCRIPTION OF ART PROGRAM AND TREES STANDARD. Here, the program establishes a clear connection with countries' NDCs by requiring forests be included in the country's overall NDC target, which we very much support. It is not clear though if (a) a LULUCF target that includes forests but doesn't discretely refer to forests meets the requirement or (b) the same accounting methods as those being applied in applying TREES would be required since there is no demand for a sectoral target.

Section 2. ART CYCLE. There is currently no streamlining of reporting process with the UNFCCC which creates a lot of burden on countries. To promote coordination with the UNFCCC process, the crediting period should be extended to 6 years with biennial reporting (see comment below on CREDITING PERIOD).

Section 2.1 PROCESS FOR INITIAL REGISTRATION, VALIDATION, VERIFICATION AND ISSUANCE – Under Step 5, where it refers to the TREES Monitoring Report covering the initial calendar year, a footnote or other form of clarification would be useful here to indicate that the initial monitoring report may cover multiple years, in the case of a TREES Concept with a start date prior to the year of submission. While this is explained later in Section 2.5, it seems that clarification would be necessary here.

Section 2.3 CREDITING PERIOD AND RENEWAL- The document does not present a reason for 5 years as the required reporting period. We suggest enhancing flexibility by allowing 6 years as an optional crediting period. This would allow better alignment with the reporting frequency of REDD+ technical annexes to the BURs. Adjusting to 6 years would allow countries to submit 3 BUR technical annexes for each crediting period, with the assumption the reporting frequency of every 2 years is followed.

Section 2.4. DOCUMENTATION REQUIREMENTS –

- There is a lot of duplication in the documentation required. These could be streamlined, or it could potentially use an online system to fill in and generate reports that duplicate the information. This would allow the information to be constantly updated and would reduce the time taken to revise and go through the cycle.
- This section refers to instances where alternative forms of reporting may be acceptable for meeting specific requirements, but these exceptions are only noted in the templates. As is the case for safeguards and the SOI, it would be useful if the eligible alternate forms of reporting are indicated in the Standard itself.

Section 3.1.1 ELIGIBLE ENTITIES - The requisites for eligible subnational accounting areas include a minimum area of 6M ha or 4M ha and 30% of the forest area of the country. This would automatically exclude jurisdictions within small countries that do not fit those criteria or jurisdictions that may have significant ER potential but as a subnational unit, would not meet these criteria (such as Quintana Roo, Mexico or Aceh, Indonesia). While recognizing that these could be combined with other jurisdictions and/or national governments we recommend that TREES reviews the metrics under this criterion to allow for broader forest country and sub-national jurisdiction participation. Lessons from other programs show that sub-national governments can be empowered to implement a process in coordination with national governments and that these processes can facilitate national accounting in the longer term. Sub-national governments would still require national government's authorization. In other words, the national government should, at a minimum, be required to provide a non-objection. The national government can either be a party to the agreement or authorize the subnational entity to be the participant.

In addition, we recommend that the timeframe for the participation of subnational areas be extended beyond 2025. Requiring a transition to national accounting by 2025 would limit effective subnational participation and would be unlikely to empower subnational actors, noting the benefits above. One option could be to extend the deadline to 2030. Alternatively, given a new version of TREES is anticipated in the short term, the issue of a deadline on the transition to national accounting could also be deferred for consideration until version 2 of the Standard, taking into account the initial experience of using TREES.

Section 3.1.2 National reporting requirements. It mentions that “TREES Participants shall include forests in their NDCs and submit annual UNFCCC Summary of Information reports.” It is not clear what summary of information reports they refer to, whether this refers only the Summaries of Information (SoI) for safeguards, or if it is related to biennial transparency reports.

Section 3.2 ELIGIBLE ACTIVITIES – Reference to only potential inclusion of enhanced removals in this section: “...emission removals *may* be included in a future version of TREES.” This appears entirely inconsistent with the stated purpose of ART and the Immutable Principles it has adopted in Section 1.1 where removals are clearly part of the scope. Recommendation to strengthen text on a commitment to include enhanced removals within the scope of eligible activities in a v2.0 of this Standard by avoiding the use of “may.”

Section 3.5 FOREST DEFINITION – In order to operationalize this requirement, more clarity is needed. This Section refers to the forest definition being consistent with the “most recent definition used by the national government in reporting to the UNFCCC.” However, it is not entirely clear whether this refers to a country’s REDD+ reference level and reporting of results in the BUR technical annex, or whether it refers to the forest definition applied for GHG inventory reporting to the UNFCCC. While these should be consistent, there is room for differences – e.g., exclusion of plantations in the forest definition applied for the REDD+ submissions, for example. If the forest definition is to be consistent with the GHG inventory definition, there are implications related to inclusion of plantations, and it relates to the distinction to be made between natural forests and plantations, which is specified in the Safeguards section. The requirements listed under safeguard (e) should be considered here, and likely referenced or repeated here in Section 3.5.

SECTION 4 CARBON ACCOUNTING - The ART program uses the latest IPCC guidance as a basis and complements it with GFOI methods, as well as GOF-C-GOLD and refers also to a World Bank/Winrock produced Sourcebook for LULUCF projects. The GFOI methods have only recently been finalized, and applicability is still being tested in countries. There is no on-the-ground capacity to do that. There will likely be a heavy reliance on international consultants. This will limit country ownership of the process, leading to a potential missed opportunity for contributing to further institutionalization and advancement of countries’ MRV systems under the Enhanced Transparency Framework (ETF). Related to this, these are different methods from those applied in NDC estimates and expected for reporting under the ETF.

Section 4.1 ACCOUNTING REQUIREMENTS – Specifies that calculations shall use IPCC Tier 2/3 for representing land-use areas. This is not a clear requirement. Is it Tier 2 or 3? A clearer formulation would read “at least a Tier 2.” It is also not clear here if the managed land proxy approach for identifying anthropogenic emissions is eligible given the reference to “separating” which could imply factoring out. We would suggest re-wording to ensure complete consistency with the approaches offered in the IPCC guidance.

SECTION 5 CREDITING LEVEL - Considering all the deductions included in the program, it is difficult to envision which countries will have ERs to present to the program. There is the fixed 20% discount every 5 years, and in addition to that, there are discounts from subnational to national, buffer for reversals and leakage. This means that in the best-case scenario, a country that enters the program in 2020 (if operational by then), can present a crediting period for 2016 to 2020, with a reference period of 2006 to 2015. This crediting period would have a discount of on average 10 to 50%. This in year 2016, in which many countries saw an increase in deforestation.

In section 6.2 MONITORING AND REPORTING FREQUENCY and 14.1 VALIDATION AND VERIFICATION SCOPE AND FREQUENCY, the requirements could be adjusted to mirror UNFCCC reports. TREES Participants are required to monitor and submit a TREES Monitoring Report following calendar years 1, 3, and 5 of the crediting period. Flexibility would be enhanced by allowing adjustment to the UNFCCC schedule, if needed. It is important to make it clear that the verification is done in country and not only through desk review.

In Section 7.1.4 “If a Participant leaves ART at any time, all remaining buffer pool contributions are retired to compensate for any potential reversals that may occur”. This seems to assume that participants are leaving because they are not reducing emissions. There could be a case where the participant leaves because it needs to use its own emission reductions for meeting its NDC, instead of continuing to trade emission reductions. Shouldn’t this possibility be considered?

SECTION 8: UNCERTAINTY - Uncertainty requirements are high and associated discounts are punitive for countries to participate. It is not clear the reasoning behind the choice of the confidence intervals for the uncertainty assessment, and why they didn’t choose reliable minimum estimate if they wanted to go with overall uncertainty. It is important to consider the uncertainty of the emission reduction estimates rather than just uncertainties the baseline and the crediting period. Most countries do not estimate aggregate uncertainties yet, the ones that do often do not propagate the error. Countries are working on improving the management of uncertainties, but data, methodological and financial limitations, especially for small countries, are preventing rapid resolution of these issues.

SECTION 9 HFLD TAGGING - HFLD countries are considered eligible as TREES Participants, but as is recognized in Annex C of TREES, HFLD countries are likely to receive fewer emissions reduction credits under the initial TREES methodology than high deforestation countries. While ART provides recognition to HFLD countries through tagging, there is limited assurance of a demand for such tagged units, and therefore a question of incentives for these countries to invest in meeting all requirements of the Standard. We are encouraged the stated intent of ART to establish a robust approach to explicitly address this category and credit HFLDs beyond historical levels, for continued low deforestation, in a manner consistent and fungible with credits from other REDD+ activities or other carbon markets. We recommend that this work proceed rapidly to move toward such an approach in the next version (version 2) of TREES.

The HFLD definition applied in the Krutu Declaration (link is a broken one in Standard) was sourced from the FAO FRA, so we suggest ensuring an appropriate and accurate source be cited, though it may also be useful to refer to use of that FAO definition as being consistent with the definition referred to in the Krutu. However, this should be checked as we understand the Krutu incorrectly cited the 2015 FRA as opposed to 2005, which is the source of the thresholds referenced there.

SECTION 13.3 refers to Biennial Transparency reports but does not reference BURs or BUR REDD+ Technical Annexes. While countries may start submitting BTRs early, these are not required until 2024.

Given the intent is to have the Standard ready to be applied as soon as the ART Board approves, it should refer to the current reporting structure and requirements as well, to be relevant and applicable now.

SECTION 16 COMPLAINTS AND APPEALS – This section is sparse on details. We suggest it be revised and elaborated, reflecting consistency with the ‘Ruggie Principles’¹.

TEMPLATES. While there is some allowance for flexibility, such as exceptions to use of templates in some cases as well as in the form of variances, the flexibility is overall very limited. There are certain areas where more flexibility could be introduced/considered without jeopardizing the technical rigor. For example: at the TREES concept stage, a country has 20 days specifically to revise, based on the ART Secretariat desk review. This does not account for extent of revisions called for, and it could be considered to offer an extension beyond the 20 days. This may allow broader participation of countries.

¹ UN Human Rights Council, 2011. Report of the UN Special Representative of the Secretary-General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie: Guiding Principles on Business and Human Rights: Implementing the United Nations “Protect, Respect and Remedy” Framework. A/HRC/17/31, 21 March. Though developed initially as a guide for businesses with potential operational impacts on the rights of affected communities and other stakeholders, these Guiding Principles, and particularly the guidance on grievance mechanisms as a key component of remedy, have rapidly gained global support among multilateral agencies as a basis for developing and refining their organizational grievance mechanisms. Likewise, though the Principles are not officially addressed to government agencies or NGOs, they provide a strong foundation for reviewing, developing and refining grievance mechanisms.