**Wildlife Conservation Society Submission to Public Consultation on ART TREES v.2.0**

## Introduction

The Wildlife Conservation Society (WCS) has decades of relevant institutional experience on forest issues at a global level as well as in most tropical countries with significant forests and the three key boreal regions. Examples of relevant activities include our extensive involvement in the development of global protected areas practice and policy, engagement in national land-use policy (and development of national REDD+ strategies) in many forest countries, award-winning on-the ground work with Indigenous Peoples and local communities in many countries, co-founding the Conservation Initiative for Human Rights, active membership of the Forest Stewardship Council, and series of collaborations with extractive industries. We work comprehensively on issues of wildlife trafficking, over-hunting, and defaunation, one of the more neglected aspects of ecological intactness. Recently we played a significant role in the drafting of the Sustainable Development Goals involving biodiversity, for example, and co-sponsored the 2016 IUCN Motion 48 on intact and primary forest landscapes. Our intact forest initiative seeks to establish the scientific consensus, policy models, practices, and incentive structures that will end the loss of intact forest (i.e. forests free from significant anthropogenic degradation, including fragmentation) by 2030.

WCS has actively supported the development of REDD+ since 2002. Our goal is to achieve the conservation of forests in the countries where we work in a way that contributes positively to climate change mitigation, local livelihoods, and biodiversity. WCS has played a central role in REDD+ readiness in Cambodia and Republic of Congo and is actively engaged in National REDD+ Readiness processes through demonstration activities or the development of jurisdictional programs in 20 landscapes in 12 countries including Cameroon, DRC, Guatemala, Lao PDR, Madagascar, Myanmar, Papua New Guinea, Tanzania and Uganda. Through our broad portfolio, WCS has developed global expertise and published extensively in the technical aspects of REDD, such as remote sensing and ground-truthing, carbon stock evaluation and monitoring, socio-economic assessment, planning for reference emission levels, benefit-sharing, and stakeholder consultation. Increasingly, we are moving field-based experience into national and global policy forums, using successful implementation to drive development of REDD+ frameworks.

WCS welcomes the TREES draft v.2.0 and commends ART for its efforts to expand access and incentivize participation through an HFLD crediting approach, the inclusion of removals (and foregone removals) as well as an eligibility pathway for Indigenous Peoples.

WCS is pleased to share the following 5 categories of inputs to the ART Secretariat for consideration in the process of finalizing the TREES v.2.0. In case this is deemed helpful, WCS remains at the disposal of the ART Secretariat and ART Board to further clarify these elements in follow up exchanges before TREES v.2.0 is finalised.

## 1. Positive elements

- Removals module: we appreciate that a removals module has been developed for TREES v2.0, and that it recognizes the importance of non-forests converted to forests. We see this as a positive step forward, but note that the current approach creates an imbalance in incentives between new forests and existing forests, as there is no crediting available for removals from forests remaining forests (see Section 2).
- HFLD crediting mechanism: we strongly support the idea of widening the pathway for eligibility of HFLD countries through special considerations in the TREES standard. We think the HFLD score as a metric for identifying when a participant can be considered an HFLD participant is a useful addition to the standard.
- Foregone removals: we are pleased to see and we strongly agree with the approach that recognizes the results that can be obtained from areas that are preserved and protected, through the removals they deliver in addition to the emissions reductions they achieve (Maxwell et al. 2019).

## 2. Eligibility of removals from forests remaining forests

Sinks provided by 'forests remaining forests' are insufficiently valued in climate finance frameworks, but they are significant in scale, are expected to continue functioning decades into the future if undisturbed, and face increasing threats. Section 3.2 of TREES draft Version 2.0 also does not yet recognize the value of forests remaining forests, thereby excluding the role of such sinks as a REDD+ activity, whereas we believe this should be recognized as either a part of the 'conservation of carbon stocks' or as part of the 'enhancement of forest carbon stocks', depending on the context. WCS believes that it is important to operationalise financial recognition of these vital forest sinks. This recognition is especially relevant for HFLD countries that have actively protected and conserved these forests, so that they can continue to function as sinks while providing wider ecosystem services. WCS believes that it is important to incorporate eligibility of removals from forests remaining forests in the revised v.2 of the Standard in a way that is consistent with the Immutable Principles of ART TREES, embodying high environmental integrity and promotion of high ambition and large-scale mitigation.

In order to ensure this, we suggest that such removals could be made eligible specifically where there is active and effective implementation of relevant policies and measures by the participant. This is particularly important as financial incentives will be critical to the implementation of the full suite of REDD+ activities for countries that are aiming to maximize national ambition under the Paris Agreement.

## 3. Supplemental crediting for HFLD countries

WCS applauds the efforts made in TREES 2.0 to address the special circumstances of HFLD jurisdictions. However, we are concerned that the approaches proposed in the revised standard may still be insufficient to robustly incentivize ongoing efforts to protect forests in some of these jurisdictions. In fact, they may fail to provide any incentive to many good forest stewards that have successfully kept deforestation low. This outcome would appear to go against the spirit of ART's Immutable Principles. We request that the ART Board commission analysis and seek to ensure that the current approach does not lead to such an imbalance.

Our concern is based on the proposed approach under section 5.2 of the standard and its relationship to other elements of the standard. In our interpretation, the method of determining the HFLD crediting level would yield a relatively higher crediting level for those jurisdictions that have experienced recent increases in emissions, compared to those that had maintained low emissions over time. Furthermore, the median of a regression of historical emissions data would tend to produce a more generous crediting level for countries that had high interannual variability in their emissions, relative to those that had maintained consistently low levels. Thus, this approach still tends to preclude those jurisdictions with good historical performance from receiving any reward for their ongoing stewardship. As a further consideration, we note that if HFLD jurisdictions are successful in reducing their emissions during the crediting period, this will actually diminish or close off their opportunity for earning credits in a second period, because the slope of the historical trend in their emissions will approach zero or become negative due to their success. This could risk making the approach a less attractive long-term option for HFLD jurisdictions.

This approach also seems to interact with the Uncertainty section (Section 8), in that countries with a track record of very low emissions would still need to overcome the threshold of the 90% confidence interval before earning any credits -- and minor fluctuations around relatively small emission levels can make this threshold a very difficult one to achieve. In contrast, countries with consistently high emissions levels would find it relatively less challenging to generate credits, because their uncertainty level would be small relative to the scale of their emissions. The statistical approach chosen to account for uncertainty presents an obstacle to jurisdictions with high interannual variability or consistently low emissions, but not to those with consistently high emissions. Furthermore, since activity data tends to be available with greater precision than emission factors, countries with consistently low levels of deforestation activity may be disproportionately affected by uncertainties in their emission factors, when they are propagated through a Monte Carlo simulation -- even if the uncertainty of their emission factors is identical to countries with higher levels of deforestation activity.

We also have concerns when we compare the data-intensive and statistically sophisticated approaches required for earning credits to the simple manner in which deductions for leakage and reversal risks are determined. The asymmetry creates a sharp contrast between the demands placed on REDD+ jurisdictions to develop crediting levels versus the indicators that ART uses to disqualify some mitigation outcomes from earning credits. These deductions fall especially hard on HFLD jurisdictions, which already face challenges to meet the demanding data requirements, only to yield a scanty quantity of credits, which then face deductions which in our view are hard to justify. In many cases, the levels of relief they could achieve through the mitigating factors applied in the standard are outside of their control, or rely on the same overly conservative factors as the crediting level. We have a sense that these factors have not been subjected to the same level of empirical scrutiny that is applied to the REDD+ jurisdictions themselves.

The penalties imposed for leakage and the risk of reversal seem inappropriate and excessively conservative for jurisdictions that show little indication that either phenomenon affects their emissions. Such approaches are like speed bumps on a road where no one is ever speeding: they impose unnecessary obstructions without increasing the margin of safety. That is, they obstruct rewards for jurisdictions that have an established track record of high performance, while adding little to the environmental integrity of the overall system, since jurisdictions with a record of poorer performance have a better shot of earning rewards. These tools will do little to reward good stewards, since they only serve to push rewards farther out of their reach.

With these concerns in mind, we suggest that approaches may be available that would yield improved, more equitable outcomes. In particular, we urge further analysis of the statistical approach used for setting HFLD crediting levels and the application of an uncertainty penalty to estimates of emissions reductions, with consideration of whether they can be statistically normalized to avoid disproportionately penalizing countries with consistent, historically low levels of emissions. WCS would be pleased to join our partners in offering support with these analyses.

One possible approach for consideration could be to incentivize HFLD jurisdictions by adding supplemental credits to the calculation of their emission reductions in Section 10. These supplemental credits could be based on a quantification of the emissions that would have occurred if these jurisdictions had not maintained their HFLD status. As such, they would reflect the ongoing climate mitigation contribution that these jurisdictions make by preventing leakage and reversals within their boundaries.

One possibility for calculating the quantity of these supplemental credits could be to use an algebraic combination of factors such as the pan-tropical or regional deforestation rate (from FAO or other sources), the jurisdictional deforestation rate, the level of jurisdictional carbon stocks, and the HFLD score of the jurisdiction.

We suggest that any supplemental crediting approach should only be available to those jurisdictions that already meet the criteria for HFLD status, as described in Section 9. We also note that this change in the calculation of credits (under Section 10) can be a discrete issue that is separate from any changes that may be made to Section 5.2. We see this as a means to compensate HFLD jurisdictions *ex post* for deductions that are applied to all participants, but which may be unjustified in the case of HFLDs.

## 4. Eligibility of IP territories

WCS appreciates that the proposed revision of the TREES standard suggests recognized Indigenous territories as potential eligible entities. This opening would be an important, and well-deserved, recognition of the invaluable and undervalued contribution that Indigenous peoples have made to protect tropical forests, particularly the most intact parts, and the carbon they store for generations. It also amplifies legal recognition of Indigenous territories as an effective solution to protecting forests.

It is important that the incentives, and responsibility, for a jurisdiction to address and reduce deforestation and forest degradation in its entire area, including the Indigenous territories within the jurisdiction. We understand the current proposal to only allow Indigenous territories to be eligible when the jurisdiction it belongs to is not itself also part of ART, as the boundaries of an accounting area shall correspond with the entire area of the administrative jurisdiction(s). This prevents jurisdictions from selectively removing IP territories from their crediting area.

We believe that Indigenous peoples in general should be prioritized as recipients of REDD+ funding, because of their longstanding efficiency in keeping deforestation low and their key role in protecting forests going forward. While directly crediting the Indigenous territories can channel REDD+ funding to Indigenous peoples, we believe ART should ideally seek to do so within a jurisdiction. The most universal approach would be to apply a minimum standard for benefit sharing of payments for ART credits within a jurisdiction.

We would also favor creating direct crediting to Indigenous territories but would encourage such a solution to be clearly anchored in relevant jurisdictional schemes in order to maintain the jurisdictions incentives and responsibilities.

We read the proposed standard to allow multiple Indigenous territories to be credited jointly as a combined area of more than 2.5 million ha: “Participating territories must be comprised of a total area (forest and non-forest) of at least 2.5 million hectares”.

This is important as most Indigenous territories are smaller than 2.5 million ha. The text could make this option more explicit, also clarifying that these areas do not have to be adjacent.

We also want to highlight two concerns with the current proposal.

First, it is important to recognize that Indigenous people have different rights and obligations than governments, and they have significantly lower administrative capacities. The safeguards in TREES are clearly based on governments' international legal obligations, and therefore contain many obligations that are not applicable to Indigenous peoples and their self-governance. For this reason, Indigenous groups are simply not equipped or empowered to demonstrate compliance against many of these obligations. We therefore suggest that ART develops a simplified reporting standard for Indigenous territories that is more suitable for their situation, in consultation with representative Indigenous organisations.

Further, there is a limited and patchy understanding of TREES among Indigenous peoples, and even possible skepticism on the role of high-integrity carbon markets as ART/TREES represent. This is negative for the global REDD+ agenda, for ART and for Indigenous peoples themselves, as it is a missed opportunity for forest solutions. In this sense, we strongly recommend dedicated outreach, which includes both a capacity-building element and consultations, so that Indigenous peoples understand ART/TREES and can inform it so as to generate a genuine engagement and collaborative dynamic. We therefore suggest that a dedicated IP participation and consultation process on ART/TREES could be organized to inform TREES 3.0. These dedicated consultations could also inform the development of supplemental operational or technical guidance to complement such provisions in the Standard itself for "Indigenous jurisdictions".

Finally, due to their longstanding efficiency in keeping deforestation and degradation low, Indigenous territories are unlikely to produce significant results under the proposed ART methodology. Most legally recognized territories have deforestation and degradation rates that are significantly lower than the country they reside within, and while it has also increased recently in many recognized territories due to increased outside pressure, it is still at a very low level. We fear the suggested crediting approach, including the optional approach for HFLD entities, will fall far short of meaningfully rewarding Indigenous peoples for their contribution to keeping carbon out of the atmosphere.

## 5. Terminology and editorial feedback

The inputs below focus primarily on specific examples where we see a need for further clarity, to ensure the effective use of the Standard, avoiding inconsistent assumptions and interpretations of how to apply the provisions of TREES.

| Section | Topic | Comment |
|---|---|---|
| 4.1.3 | Removal factors | Editorial – refers to "emission" factors where it should refer to removals |

| Section | Topic | Comment |
|---|---|---|
| 4.5 | Scope of primary pools | Most countries do not have sufficient information on SOM, making it very challenging or impossible to determine if conservative or not. |
| 5.2 | TREES crediting level for HFLD participants | We found the description of foregone removals as an additional potential claim, as well as the proposed approach to calculate those foregone removals confusing. In order to illustrate more clearly, perhaps a worked example of ERs calculated against the HFLD crediting level, with the avoided foregone removals added, would be helpful to provide, either within the Standard, in a box, or in an accompanying technical note or guidance document. |
| 5.2 | TREES crediting level for HFLD participants | What is the relationship between the "foregone removals rate" and removal factors requirements included in 4.1.3. Should there be a cross-reference made to 4.1.3? |
| 5.2 | Sentence about claiming '...removals from the greenhouse gas storage that would have occurred during the crediting period in forest that would have been lost,' | It appears intended phrasing is should be '...removals from the greenhouse gas storage that have occurred during the crediting period in forest that would have been lost,' |
| 5.2 | Sentence beginning 'In order to quantify these lost removals…' | We believe the intended phrasing is 'In order to quantify these avoided lost removals…' |
| 5.2 | Bullet 4 '...to determine total foregone sequestration as a result of REDD+ program implementation' | '...to determine total avoided foregone sequestration as a result of REDD+ program implementation'. |

| Section | Topic | Comment |
|---|---|---|
| 5.2 | Sentence beginning 'The forgone removals rate…' | 'The avoided foregone removals rate..'<br>(foregone sequestration is bad for the atmosphere in the same way that forgone income is bad; *avoided* foregone sequestration is good) |
| 5.3 | TREES crediting level for removals | 5.3 allows combining strata when separate factors do not exist for a given stratum. Will additional guidance be considered for when and how combining is eligible, noting there have been issues raised in UNFCCC TARs regarding this matter. |
| 5.2 | Use of IPCC default tables. | The relevant table in the IPCC guidelines is 4.9 not 2.9. We applaud the option to use published defaults, but note that the associated uncertainty ranges in Table 4.9 would probably cancel out any benefit from using them. We suggest countries be permitted to use the median default removal rates without an uncertainty deduction. |
| 5.3 | TREES crediting level for removals | We recommend consideration of improved text to enhance the description of the "ongoing removals stratum." Currently, it may lead to confusion. |
| 5.3 | Stratification of commercial and natural forests | In our view, the stratification should be a requirement not a suggestion. There is an important risk of conversion that needs to be considered. |
| 6.2 | CORSIA | In those cases where national governments do not join ART, it is unclear how subnational governments will be able to commit to continue the MRV beyond 2030 if they are no longer part of the program. |
| 7.1 | Reversals | Text is missing here to define reversals in the case of removals. Though the equation has been added in 7.1.2, the text was not revised here. |
| 7.1.4 | Reversal compensation and buffer pool management | What happens if participants leave ART, and there is a debt or future reversal? |
| 8 | Uncertainty | There seems to be an error in equation 6. |

| Section | Topic | Comment |
|---|---|---|
| Glossary | Suggested new entry on ‘foregone removals’ | Foregone removals: removals which have not taken place during a given period because an area of forest has experienced anthropogenic deforestation or degradation. This can be avoided by the prevention of those anthropogenic activities. |