

# WWF-US detailed comments to The REDD+ Environmental Excellency Standard (TREES) from Architecture for REDD+ Transactions's

## 1.1 Description of ART program and trees standard

- Is ART meant to compete with, or complement, GCF, FCPF, ISFL, FIP, VERRA, Gold Standard? If it is intending to complement these other initiatives, how so?
- We understand that engaging with ART/TREES is voluntary, but it is not clear what are the underlying assumptions that would grant ART the authority/legitimacy to certify nations (as we are not talking anymore about small scale projects).
- How is ART connected/related to the UNFCCC, GCF, FCPF? Is ART and the application of TREES compatible with the UNFCCC process and framework?
- "Accounting for uncertainty": The term "Accounting" has various implications under the IPCC. Also, uncertainty cannot be accounted for but estimated. We suggest to clarify the language here.
- "ART credits will represent the highest quality" What is meant here? What will be the added value of ART with regards to other alternatives? How is that value to be quantified? How will this be presented so countries can assess the rate of return vs investment that compliance with ART will imply?
- Interim steering committee: Does interim refer here to the members themselves or the committee as a whole? When will/will the steering committee be permanent? How were the members selected? Which criteria were used? How do members relate to matters of national sovereignty beyond the technical accounting aspects?

## 1.2 ART governance

- The Board:
  - o The board functions are very significative. The document would benefit from elaboration on how these would be fulfilled, particularly what is meant by "final decision on disputes" when these refer to matters of national interest.
  - o Membership: Given the fact that ART intends to assess countries, should board members be nominated by countries? What are the selection criteria?
- The Secretariat:
  - o Roster of experts: How will the secretariat maintain a large enough qualified roster of experts? Given the experience with UNFCCC and FCPF, it is very likely there will be not enough availability. How will ART address such a matter?

### 1.2.2 Adoption of and Revisions to the TREES Standard

- Updates:
  - o How will the 3-year revision cycle fit with/affect 5-year agreements?
  - o What are the potential implications of an update rendering an approved ongoing agreement ineligible under the new standard? Particularly if it affects the intended evolution of the reference level (downwards adjustment of 20%)? How will this be managed? A clear governance regime cycle would be of great help here.

## 2.1 Process for initial Registration, Validation, Verification, and Issuance

- "Applicant shall be a national entity": As ART is considering subnational programs as interim

measure, this will need clarification as we have seen that within the same country different ministries can be implementing different programs, which has been the cause for difficulties in terms of carbon accounting, for example. Additionally, as means to avoid confusion, double accounting or even multiple registries, we suggest ART simply indicate only the national agency in charge of relations with UNFCCC and submission of GHG, NDC, FREL should be involved.

- Approval for participation: How some of the criteria will be met remains to be detailed. How will you reconcile incompatibilities between ART requirements and requirements a jurisdiction is already adhering to under other standards? How will TREES deal with that? Which registry will be used and how will double accounting be avoided? Are these expected to evolve towards ART reporting and abandon the others?
- Validation and Verification: How will these bodies be accredited and selected? Who will assess/define their qualities? How? This is where the balance will lie. ART will need to develop SOPs, staff itself accordingly and assume full responsibility for the process. Distancing itself via accredited verifiers will not really help.
- The fact participants will have to shop around for verifiers might constitute a perverse incentive in itself. We wonder if instead of a verification process, a fully transparent peer-review process could be considered.

## **2.2 Process for ongoing Validation, Verification, and Issuance**

- Periodicity of reporting: Time periods seem short. Uncertainties will therefore be higher than estimates for FRELs. We think this has not been considered as per the uncertainty ranges considered later in the document and we are worried this gives a false sense of security.
- The verifiers' bidding process may trigger a lack of continuity and consistency among verifiers as the programs move forward. Also shopping around might result in perverse incentives both for countries themselves but also for verification agencies looking for business.
- ART Board approval: Will the ART board publish a transparent report explaining how each of the criteria were assessed and what specific decision was made for each as e.g. with the TARs from FCPF ER programs? This relates to matters of transparency as required from the countries but that would need to be applied to the ART mechanism. A peer review of ART decisions is also advised as the ART board may very well fall behind in methods and know how.

## **2.3 Crediting Period and Renewal**

- Crediting period length: It seems to us the crediting period is too short given what we have seen so far in the REDD+ world and the length of time the impact of implemented measures might take. Unless ART is designed for countries considering harsh top to bottom approaches, it is rather unlikely performance at the level of reducing the FREL by 20% in 5 years for 25 years will be possible. In particular because of the drivers of deforestation present in most developing REDD+ countries. This added to the emphasis ART has on D&D.
  - o Additionally, this disregards the implications for uncertainty in the activity data as we are mapping the smallest portion of the entire landscape.
  - o The fact FCPF has a 5-year cycle does not need to be followed.
  - o As the FREL is expected to be 10+ years, comparability would imply a performance period of similar length.

### **3.1.1 Subnational accounting area**

- National level 90% Threshold: What is the rationale for the value? What if a concept is national in scope but covers only those areas not currently covered by other programs/agreements as

the country attempts to avoid e.g. double accounting? This is related to previous comment on ART's relationship to other country commitments and its stated purpose to bring private complementary investment (e.g. blended finance opportunities)?

- 6 million ha or 4 million ha/30%: How was this defined? Small countries would seem to be excluded under this criteria, e.g. the Terai Arc landscape in Nepal would be left out because of the size.

### **3.2 Eligible activities:**

- "Emission removals associated with reforestation, afforestation, enhancement of forest carbon stocks, or improved forest management are not eligible for crediting under this version of TREES." What is the rationale for this? How does this fit with the short-term cycle?
- We welcome the request for programmatic alignment with the national REDD+ implementation strategy. However, we would like to highlight the fact that as such, the strategy and its success to tackle emissions is likely the result of the combination of activities aimed at D&D combined or supported by implementation of measures aimed at other REDD+ activities. By this we mean, the ask for an integral strategic approach but recognizing only a partial performance might result in lack of coherence and asymmetry of finance that impacts all the strategy. This could be particularly the case when benefit sharing does not consider the need for transfer of funds towards low performing regions from the high performing (low hanging fruit regions). We have seen this with projects and jurisdictions and it could very much be the case among activity areas. In many cases the performance and its long term maintenance in one region will result from action elsewhere.

### **3.3 High forest cover/low deforestation countries**

- This section will need further elaboration as the emphasis on D&D seems to de facto leave these countries out, for the most part and, the tag seems to be senseless unless something results from that.

### **3.4. Additionality**

- The way the term is used here is confusing as it differs from its common use in the REDD+ space: it does not require "additional" ERs or actions. Countries can perform under the crediting period solely based on performance from the 4 years prior to application as allowed in 3.8 (e.g. Colombia or Gabon could use to their benefit the deforestation peak of 2016-2018).
- The wording of the section is awkward: Why not state plainly that ERs used towards NDC will not be transferable and double accounting should/shall be avoided?

### **3.8 Earliest crediting period start date and vintage**

- Similar to the reporting, program length the 4-year selection seems arbitrary. Can you please elaborate on why this specific number of years?

## **4. Carbon accounting:**

- We welcome the request for use of GWP values. Please include reference to value sources like: [https://www.ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29\\_1.pdf](https://www.ghgprotocol.org/sites/default/files/ghgp/Global-Warming-Potential-Values%20%28Feb%2016%202016%29_1.pdf)

### **4.1.1 Activity data:**

- “from verifiable ground-derived data.” The experience we have had so far with sample assessment makes it so this will need further elaboration based on actual examples, if any are available.
- Remote Sensing Stipulations: The underlying rationale for what is requested in the section needs to be explained. Bias removal is a key rationale to explain how uncertainty has 2 separate yet complementary components: accuracy and precision. The number of interpreters seeks to remove interpretation bias (recent research points towards the need for 7).
  - o The MMU concept is incorrectly managed here: The MMU size will likely be the forest area component under the country forest definition. The spatial resolution of the data used to inform such condition needs to enable MMU condition (Forested, not forested, etc...) tracking. The rule of thumb for the spatial resolution of the data used that it should be at most 1/4 the area of the MMU area).
- On cyclical systems: In another section it is indicated that average carbon estimates for cycle will need to be used. As such, use of the initial emissions value (committed emissions) would disregard that indication and result in over estimation.

#### **4.1.2 Emissions factors:**

- Remote sensing-based approaches: recently we have learnt about some caveats that will need to take into consideration related to uncertainty estimates as these are expected to be larger than previously thought by those who have been proposing these approaches, principally because of the large covariance component among all pixels to all pixels as we have recently learned (GFOI discussions).
- Minor activities 3% threshold value: How was this value selected? In many cases countries lack data to even assess some of the pools, sources, gases.
- “Models and equations may be used where justified and shall be peer-reviewed”: How will this process be implemented and governed? The use of verifiers is not going to address all the details this entails, particularly when very likely country technical teams will be more knowledgeable than the verifiers themselves.
- Post emissions removals need to be tracked year by year: This will result in increased uncertainties as management cycles often are longer than the 5 year agreement or 1, 3, 5 year reporting intervals. In some cases, tier 1 estimates will need to be used or pseudo-time series with data from other places or the literature. This will de facto drive uncertainty estimates above the 15% threshold penalizing countries because of compliance with this requirement.
- Footnote 10: this will likely contribute to drive uncertainty estimates above the 15% threshold.
- Peat: estimates are modeled for the most part and result in extremely high reference levels. This will need to be considered and assessed very carefully. The case of Indonesia, for example at the CF.

#### **4.2. Stratification:**

- Given the implications of stratification both for activity data as well as for EF's, It could be worth pointing out that as the number of strata increases, the combination of strata with activity data increases exponentially the number of emissions factors for which reference data will be required, lowering the sample size for each and resulting in higher uncertainty estimates. The point here is that adequate balance needs to be sought after by the countries and ART needs to be mindful of the logistical implications this entails.

### 4.3 Land-based versus Activity-based accounting

- For land-based accounting and on restoration:
  - We do not understand why countries need to report emissions from loss of areas under afforestation/reforestation as those activities are not to be recognized by ART. Why report reversals from activities ART is not recognizing.
    - One way around this could be allowing countries to remove such areas from the scope reported to ART.
  - This brings up: How will TREES treat the relocation of emissions from TREES areas (e.g. natural forests), towards planted forests not within the scope of TREES? Is this why this point is here? If so, why not recognize afforestation as long as it is part of the overarching strategy to reduce emissions from deforestation and degradation? This is linked with the point raised above about attribution and the fact that success in D&D may be the result of a comprehensive strategy.
  - Emissions from forests remaining forests:
    - Perhaps emphasize a management regime change needs to occur in order to be included? E.g. From protected area to forest concession.
    - This may bring up questions as why not include emissions reductions from management regimes moving in the opposite direction (e.g. from concession to conservation for example)
    - On use of tier 1 estimates for 3% and 10% threshold for forests remaining forests activities not reported: Should this be standardized? It is very common that tier 1 estimates are used but not for the reported ones.
      - This should be considered over uncertainty estimates as to not go against countries performance.

### 5.1 Calculating TREES crediting level:

- “A conservative approach is applied whereby, beyond an allowable uncertainty (15% at the 90% confidence level) the Crediting Level is reduced by the calculated percentage uncertainty.”:
  - A footnote example would be of great help.
  - Can you elaborate on where the 15% value comes from and how it is considered to be fair under different country circumstances?
  - In our opinion, based on the work we have done with REDD+ countries, it is unlikely a country will be able to meet such threshold unless a wrongful application of Montecarlo randomizations results in an artificially inflated sample size, resulting in smaller confidence intervals, but not in more certain estimates.
  - We believe this approach unfairly penalizes countries whose forests show higher heterogeneity. Stratification could be proposed as a way around this but would result in enormous logistical challenges (both for AD and EF) in order to produce large enough sample sizes as to have small confidence intervals
  - We believe this “classic” approach towards uncertainty is less accurate and novel approaches or others from e.g. actuarial sciences or stock markets should be explored as they relate to risk of investment as opposed to offsetting.
  - We also believe that if the ultimate objective is to deliver offsets, those emissions to be offset will need to be subjected to similar assessment processes, following similar statistical principles and verification of underlying assumptions as well as levels of transparency.
- 20% reduction after every 5 years: This implies ART expects countries are almost eliminating emissions from D&D in 25 years, without considering other activities and without explaining

how integration of additional activities will refer to the initial reference level as well as to the reduction.

- We understand the push for ambition but consider the approach ill fitted to country realities with difficulty for delivery as well as not considering long enough time cycles for impact. We suggest an alternative approach be developed, with more constructive ways to incentivize ambition. In that matter we believe the approach under the global stock-take is a good basis for reference.
- We are worried that the 20% value risks discarding significant efforts in total volume yet not so relatively as per TREES that can deliver overall larger impact at the global scale. This could be the case of large emitters delivering large volumes of ER's.
- Example under footnote 13 is not well calculated: This results in a de facto reduction that is higher than the 200 tons. This is because the 3000 tons include the performance delivered by the project during the previous 5 years, which by definition have contributed to lower the reference level. So, the country is being penalized against such expected performance. The performance within the accounting area needs be considered as well, not just the national average. If the project reduces emissions by 100 tons, this means the national average would have been 3100 tons without the project, not 3000 tons and therefore the 20% reduction would make crediting level to be 2900 and not 2800.

### **7.1. Reversals:**

- Comment: The fact that reversals are to be communicated only during the reporting period and not reported if the country abandons ART raises concerns about permanence. The reversal risk assessment seeks to mitigate the potential impact of this condition. However, this raises for us the big question of the actual status of ART with respect to countries' sovereignty and policy making.
- The risk assessment approach seems to need further elaboration: The values seem likely to become a deterrent.
- We have recently seen how a change in administration can deliver a blow to the risk levels of an otherwise stable political context. We have seen this both in REDD+ and non-REDD+ countries.
- We wonder how these risk assessments should be applied to other sectors and countries as well as the private sector ART seems to target?

### **7.2. Leakage**

- In general terms, we find the leakage assessment tool to be unnecessary if the lack of performance outside the project area will be collected by the national reference level to be delivered by 2025.

General Note: Has ART has carried out an exercise in which the criteria for uncertainty, buffers and leakage are applied to the programs under FCPF and how it would affect their eligibility and performance benchmarks? How many geographies would make the cut?

### **8. Uncertainty**

- As expressed above: One major issue regarding the bounds is how natural variation affects the estimates and can penalize countries with large heterogeneity in their forests (which are the major sources of potential ERs).

- Components of uncertainty to include: Guidance may be needed on how these are to be incorporated towards the 1/2 confidence interval. In many cases these are educated guesses as opposed to statistically derived because of logistical and technical constraints. In other cases, these are dealt with SOP's and similar tools that seek to minimize the risk of error.
- Montecarlo: This is not a silver bullet approach. Additionally, it needs to be used well. Adequate choice of frequency distribution model is for example fundamental. Otherwise one runs the risk of results giving a false sense of certainty resulting from narrow confidence interval estimates resulting from inflated sampling. Adequate guidance needs to be provided.
- As mentioned above, TREES need to be aware of the fact that short term change detection usually brings larger uncertainty in change data as spurious change resulting not from deforestation and degradation will be included.

## 9. HFLD tagging

- It still remains unclear how the tagging will become appealing both to countries and to potential buyers
- As conceived, ART risks leaving out HFLD countries overall
- We suggest, perhaps, a combined incentives approach that recognizes that value of stable forests, allows for allocation of resources to stocks maintenance to avoid leakage, risk of reversals and supports success maintenance in the long term see: <https://www.tandfonline.com/doi/full/10.1080/14693062.2019.1598838>

## 11. Variance

- The term variance is used in a confusing manner, which is exacerbated by the fact a lot has been covered on uncertainty. We suggest another terminology be used here (perhaps "refinements" as was the case for IPCC guidelines).
- We believe this process should be transparent and peer reviewed. As in this initial instance, the general public should be able to give feedback on the proposed modifications. Proceeding as proposed could undermine the general public trust in ART. Transparency should be biggest underlying principle of ART. In similar manner all reporting, verification and decision making should be publicly available.

### 12.1 Purpose

- The Standard will provide 'concrete guidance' on safeguards. What does that entail? Does it include ongoing technical support to participants, giving them access to safeguards experts?
- The standard is not supposed to have detailed specifications on how the Cancun Safeguards must be met. Yet, it requests participants to report compliance on a series of indicators and provides a Safeguards monitoring template. This is stricter than what is established by the UNFCCC (which gives countries freedom to interpret the Cancun safeguards according to their circumstances and report in their preferred format).

### 12.2 Structure

- Overall, it would be good to provide more information on this interpretation of the Cancun safeguards. How were the themes and indicators defined? Are these based on other safeguards instruments (e.g. Carbon Fund's MF, SES safeguards, World Bank safeguards)?

### 12.3 Reporting scope:

- Participants must demonstrate adherence to all structure indicators at the beginning of the crediting period. It will be good to specify here if this will be determined by third-party verification. What will be the role of the TREE Safeguards Committee in the process, if any? Also, it would be good to consider ways to engage in-country actors in the safeguards verification process (e.g NGOs, academia, or local experts who have better understanding of the local context, issues, etc.).
- If participants don't meet the indicators, they need to present a plan on how they are going to do so. But there is no information on who will cover the cost of developing and implementing such plans. If participants are expected to bear the costs, will they receive technical support? Is there a template they should follow?
- The safeguards evaluation process will happen only at the beginning and end of each crediting period. If a midterm review is not planned, how could countries check if they are on track or making progress? What if they face difficulties? Will there be a mechanism for providing participants technical support on safeguards (e.g. guidelines, access to experts, etc.)?
- There will be a TREES Safeguard monitoring report template. It is not available in the website yet. Who is going to design it? Will it be available for consultation?
- Participants can submit their UNFCCC-submitted Safeguards to demonstrate compliance. The Convention's guidance on safeguards is very flexible and gives countries the freedom to interpret the Cancun safeguards and report in their preferred format. Due to this flexibility, it may be difficult for countries to comply with exactly all the indicators of the standard just through their 'safeguards summary.' What would happen if summaries don't have sufficient information to meet all indicators? Would they be asked to submit more than one document? This may make the evaluation/verification process harder.

## **16. Complaints and appeals**

- Complaints and appeals are confidential. We believe that in this context, confidentiality would violate the principle of transparency. Personal information of people submitting a complaint, or an appeal should be confidential, but the description and supporting documentation related to the claim/appeal should be made available.

## **Definitions:**

- Indigenous peoples: This definition does not necessarily capture all the elements that define Indigenous people in some countries. For example, in Mexico the legal definition of Indigenous peoples recognizes people who identify themselves as such. So, the definition here should be more flexible in allowing countries to use their own definitions of Indigenous peoples.
- REDD+ Actions: Reforestation is given as an example in the definition. Reforestation shouldn't be used as example as it is not an eligible activity under this standard, as far as we understand.