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September 24, 2019

Architecture for REDD+ Transactions (ART) Secretariat  
Winrock International

Dear ART Secretariat and Board Members,

We write to you as members of the Governors' Climate and Forests (GCF) Task Force, the world's largest network of states and provinces dedicated to climate and forest action whose members contain more than 1/3<sup>rd</sup> of the world's tropical forests. We have worked tirelessly to develop and implement programs and strategies to reduce deforestation over the past decade and in the face of rising global deforestation, the GCF Task Force has been a beacon of hope with member states [reducing forest-based emissions by 6.8 GtCO<sub>2</sub>](#) since 2001. While many GCF Task Force state, provincial and regional governments are well-positioned to pursue performance-based funding, we have yet to see substantial flows of international finance in support and recognition of the programs that we have established.

We applaud you on your initial efforts to advance The REDD+ Environmental Excellency Standard (TREES), which we believe presents one promising opportunity to increase international finance for tropical forests. However, in its current form, we do not see a substantial incentive for subnational governments to engage with the TREES. Moreover, we believe it is unclear whether the standard will result in finance reaching the local level—which is where funding will ultimately be most effective. We believe important revisions could greatly improve the standard while encouraging the participation of subnational governments and local stakeholders who are the linchpins in tackling drivers of deforestation. Our primary concerns include:

**Eligible entities:**

National governments are the only entities eligible to act as “participants” as described in the standard. While the roles and responsibilities of a participant are not clear from the document, we strongly believe that excluding subnational governments as eligible participants is a lost opportunity. In the current version of the standard, “subnational” references only occur in the context of an “accounting area”—ignoring the important role that state, provincial, and regional governments play in regulating land use change and controlling deforestation. Further, we believe relegating subnational governments to mere “accounting areas” in the standard is a tacit endorsement of top-down approaches to addressing deforestation, which have proven ineffective to date.

Subnational governments are widely recognized as laboratories for innovation—we are able to react nimbly and develop novel solutions to land-use challenges that can be scaled-up to the national level. Empowering subnational governments through this standard would actually accelerate the pace at which we can transition to effective national programs.

Institutions such as the Global Environment Facility and the Green Climate Fund have demonstrated how subnational governments can be empowered as implementation partners in coordination with national



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governments. We strongly recommend TREES look at different models to allow subnational governments to serve as participants with the approval of the national government.

#### **Subnational accounting area:**

The current version of the standard makes an arbitrary determination that subnational accounting areas are limited to a minimum area of 6 million hectares, or 4 million hectares *and* 30 percent of the country's total forest area. We believe this requirement is too strict and would limit the ability for some of the leading state, provincial and regional governments in our network to participate unless the linked with additional jurisdictions in their country. An example of jurisdictions that would be excluded from participating under this requirement include:

- San Martín, Peru
- Quintana Roo, Mexico
- Aceh, Indonesia
- Pastaza, Ecuador

While we appreciate the need to establish a minimum area to participate in TREES, the existing requirement would exclude priority regions that have high forest cover and/or significant deforestation threats. We recommend additional flexibility in this requirement; for example, by setting a threshold for either forest-based emissions *or* minimum forest area. We believe 4 million tCO<sub>2</sub> equivalent annually or 2 million hectares of forest area would be reasonable thresholds to ensure actions at scale while allowing sufficient flexibility for participation.

#### **Timing for transition to national accounting:**

The draft standard requires a transition to fully national accounting by 2025, presenting a short timeline for subnational actions to be recognized. This limited on-ramp reduces our incentive to engage with TREES and makes it less likely that we would invest the financial and human resources necessary to participate. Additionally, we face increased uncertainty by this requirement considering continued participation would be subject to the completion of national frameworks that are beyond our control. It is unlikely that we would find sufficient incentive to dedicate resources to pursuing TREES without ensuring that subnational accounting will be accepted through 2030.

We thank you for taking these comments into consideration and hope that revisions can be made to the TREES standard to better incorporate the interests and views of subnational governments.

Best Regards,



Campeche, Mexico



Chiapas, Mexico



Jalisco, Mexico



Oaxaca, Mexico



Quintana Roo, Mexico



Tabasco, Mexico



Amazonas, Peru



Huánuco, Peru



Loreto, Peru



Madre de Dios, Peru



Piura, Peru



San Martín, Peru



Ucayali, Peru



Caquetá, Colombia



W. Kalimantan, Indonesia



Aceh, Indonesia



W. Papua, Indonesia



N. Kalimantan, Indonesia



E. Kalimantan, Indonesia



Amapá, Brazil



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Tocantins, Brazil