

**Architecture for REDD+ Transaction (ART)
The REDD+ Environmental Excellency Standard (TREES)**

ART Secretariat
American Carbon Registry · c/o Winrock International
2121 Crystal Drive, Suite 500 · Arlington, VA 22202

27th September 2019

Re: Response to ART stakeholder consultation for TREES

Dear ART Secretariat,

It is clearly stated in the proposed documentation that “ART’s objective is to provide confidence in the environmental and social integrity of national and jurisdictional-scale forest emissions reductions, creating credits that are fungible with those from other sectors and catalysing new, large-scale finance for REDD+”. Unfortunately, it is our view that not only does this proposed standard diminish the environmental integrity of reliable best practices in the market, but it will also result in curtailing existing finance, and will be unlikely to catalyse new finance. We see uptake of this new standard as potentially damaging to the current market, which under the Verified Carbon Standard (VCS) is on track to issue c.100 million tCO₂e of VERs to year end 2019. Our concerns are as follows:

1. **We fail to see how the proposed standard can create emission reductions with reliable permanence.** Permanence refers to the capacity of reduced emissions *not* to re-enter the atmosphere. In practical terms, this means giving the end user the confidence that declared emissions reductions will not be reversed by a future event thus resulting in no net positive impact for the climate. According to the proposed standard, should any sub-national or national program be rescinded under TREES, all buffer credits would be voided. The suggested five-year crediting periods simply would not demonstrate permanence nor allow adequate time for ‘buffer’ credits to build up and provide a sufficient insurance mechanism to safeguard against reversals. We propose a minimum time requirement more closely linked to currently accepted market practices be required to ensure permanence of emission reductions.
 - i. Projects under the VCS using the “AFOLU Non-Permanence Risk Tool: VCS v3” require project longevity of not less than 30 years otherwise the project fails the risk assessment and is not eligible for crediting.
 - ii. REDD+ projects under the American Carbon Registry (ACR) also require(d) the use of this tool (it is unclear whether ACR still support their own REDD+ Methodology, since this methodology has been removed from ACR’s approved list).
 - iii. IFM projects under ACR have 20-year crediting periods and require a minimum project term of 40 years of management to demonstrate permanence.
2. **Leakage is poorly addressed by the proposed standard bringing rise to risk of significant emissions.** Leakage considers how the cessation of forest damaging activities on the project site has not led to a direct transfer of those activities to another site.
 - i. By suggesting a participant will have (or may report) zero leakage when more than 90% of their forest estate is included, encourages the exclusion of the most threatened 10% of forest cover. Permitting monitoring of less than the full area of forest would be nothing short of ridiculous. In the case of Brazil this implies that 51 million hectares of the country’s total forest estate (or 35 million hectares of Amazonian forest) can be cleared without any repercussions or being considered leakage.
3. **Simple straight-line extrapolation baselines derived using 10-year historical average deforestation rates should not be permitted:**

- i. Allowing for a simple flat deforestation rate across the subnational or national accounting area would make it very likely that the most threatened areas will be deforested as there will be no incentive to protect them.
 - ii. This approach, as set out in the proposed methodology, does not appropriately account for regionally specific threats, nor does it consider specific current events. It is simply backward looking, which is unhelpful.
 - iii. A more granular approach, producing a spatially explicit deforestation model, must be required. At a minimum: categories of forest, current levels of fragmentation, land rights and land uses need to be considered in these models.
 - iv. This granular approach allows for more complex but accurate allocation models to be produced to determine where emission reductions can actually be achieved, thus driving finance into areas where the highest threats are present. Mitigating these threats requires finance.
4. **Is there any technical justification for the arbitrary 20% reduction in crediting levels upon each subsequent five-year crediting period?** This looks like another of many indicators that the proposed standard is intended to endorse government implementation using donor funding and is not intended to facilitate private sector investment. The arbitrary reduction is presumably to avoid breeding dependency on donor finance by host countries.
 5. **Risk of 'gaming the system'.** By design, the proposed standard would require a vast amount of data and analysis, which would place considerable pressure on auditors (validation and verification bodies – VVBs). As auditors would likely be operating on a limited budget and timeline, combined with the framework's flexible approach of using "best practice" calculation methods thus putting significant onus on the auditors, we believe this opens loopholes for unscrupulous manipulation of information and data. This is another area of the proposed standard that must be unambiguous.
 6. We query the lack of preventative measures in the proposed standard to prevent a country from artificially increasing its "baseline" by allowing rapid deforestation before joining the program, thus skewing the 10-year historic average.
 7. **We recommend that the proposed standard require a Minimum Mapping Unit (MMU).** This should not exceed an area of one hectare which would match with most, if not all, forest definitions. Freely available data such as Landsat allows for monitoring at a one-hectare MMU, so any coarser resolution should be prohibited.
 8. **Section 4.2:** states "when stratification is employed" - why not require the use of carbon stock stratifications?
 9. **Cyclical Systems:** On the point of cyclical systems such as timber or tree crop harvest rotations, would it be easier to require separate historical models depending on land use? And equally to monitor different land uses?
 10. **Emissions from remaining forests must be included unless exclusion can be demonstrated** - why not require remote sensing proof? If enough data is collected to demonstrate this, it could likely be used to calculate the resulting carbon fluxes as well.
 11. **How do you prove the degradation emissions will be less than 10% of deforestation emissions without accurately monitoring them?** If you monitor them, what is the justification for not including them? This seems counter intuitive to us.
 12. **Why allow for omission of activity-based emissions in plantations if less than 3% of total?** 3% can be substantial across a national landscape.

13. **Timeline of verification appears problematic.** This will likely be compounded by our concerns regarding bottlenecks at the audit phase noted above.
14. **What is the basis for determining the four-year backdating of credits that can be claimed?** Is this specifically set to be in line with a perceived ICAO CORSIA 2016 vintage constraint?
15. **We agree that High Forest Low Deforestation (HFLD) countries have been neglected to date.** We believe this has been because focus has been on trying to address areas with the greatest threats. We applaud ART's attempt to address this however with the artificially diminished ability for a program under TREES to generate any emission reductions and the incredibly high mandatory levels of buffers, it is likely the level of crediting from HFLD countries would be so low it would never justify the cost of implementing the program. That compounded with an apparent strategy of trying to prevent and preclude the private sector from participating in national or sub-national REDD+ programs, mean that it is likely no finance will reach these countries as intended.
16. **We support the approach taken by the proposed standard to uncertainty as being well addressed.** We agree with the thorough approach to uncertainty of crediting level and annual emissions and support the 15% threshold proposed.
17. We appreciate the suggestion that the standard attempts to allow for flexibility regarding project level activities nesting into sub-national and national frameworks but question whether this will be feasible considering all of the various constraints imposed as described here, which would preclude private sector investment.

We ask that you consider carefully each of the points that we have raised, as we are deeply concerned by the potential damage TREES could inflict to an already sensitive market, and at a key point in global climate negotiations.

Regards,



Stephen Rumsey / Edward Rumsey / Gerry Elias

Chairman & Managing Partner / Managing Partner / Managing Partner