

## PUBLIC COMMENT ON ART/TREES

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We commend the new Secretariat for the work done to create this standard. This seems like an ambitious new standard for REDD+. We have some questions (see: “clarifications”) and have some feedback (see: “recommendations”) for the new standard.

### Overarching Comments:

#### Communications

The ART Secretariat has billed the new program and standard as a voluntary addition to existing work on REDD+.

*Recommendation:*

- We would like to ensure a continuation of this framing; we see this as one, but not the only, high quality standard. It is important that this standard does not unintentionally harm the potential for REDD+ across a diversity of markets by, even inadvertently, suggesting that no other standard is sufficient for any other circumstance. Doing so would also raise the risk of perpetuating what in some stakeholders is already a perception that REDD+ is too complicated and risky, and therefore should be excluded from markets. We urge the ART/TREES team bear this in mind in their messaging and framing.

#### Feasibility

The Forest Carbon Partnership Facility (FCPF) took much longer than anyone wanted but that was in large part because it is hard work to build such large programs with underlying economic pressures. Without a World Bank country team to help these countries, TREES may find progress even slower.

*Clarification:*

- Has ART/TREES assessed how long will it take to create country programs?

*Recommendation:*

- Developing countries will require sophisticated technical capacity and long-term institutional commitments of resources to meet this standard and continue their performance. Could ART serve as a platform for delivering these capacities and supporting such institutional efforts, apart from facilitating incentives *ex post*?

#### Price

The conservative accounting approach, narrow window of opportunity, and high expectations for meeting safeguards and other conditions will make the ART/TREES opportunity seem quite limited to many countries with vulnerable forest resources. To compensate and trigger a significant scale of action, the price offered for each ton of credited reductions will need to provide an incentive for country participation. In order to facilitate positive decision-making within forest countries, we suggest ART foster transparency and communicate any relevant information about potential prices for reductions that meet the TREES standard.

*Recommendation:*

- ART should communicate any relevant information about potential prices for reductions that meet the TREES standard, in a transparent way, in order to facilitate good decision-making within forest countries.

## Specific Comments:

### 3. Eligibility/Applicability/Key Requirements

#### Eligible Entities

At the moment, participants may only be national governments, even though subnational accounting areas are allowed until 2025. We see value in allowing subnational government entities to participate in this interim period, especially if given such authority by a national government.

*Recommendation:*

- Allow national governments to designate a subnational entity

#### Sub-national accounting area

The requirement that subnational accounting areas encompass at least 6 million (M) hectares (ha) or at least 4M ha and 30% of national forest area seems to favor inclusion of jurisdictions with larger areas of forest. While this approach may work to increase the scale of programs, we note the selected areas may or may not be under as much threat as covering smaller areas.

*Clarification:*

- Is exclusion of smaller jurisdictional areas intentional? Why?
- What is meant by “national-level accounting”? Could it mean that the national government’s accounting approach is an umbrella, but could also incorporate information from smaller, yet high quality, inputs?

*Recommendation:*

- Allow subnational jurisdictions that have: a minimum level of GHGs (e.g. 1 million tCO<sub>2</sub>) and a minimum amount of forest area (e.g. 1 million ha).
- Recognize project-based nesting, with approval by subnational and/or national governments, as a credible pathway for countries to enact REDD+ strategies. Many positive actions are occurring at a project scale and may be lost if they don’t have a viable structure to fit into. This may push projects to not work with national approaches rather than to coordinate and scale up work.

#### Timeframe

The subnational accounting is only allowed through an interim period of December 31, 2025. This appears to be an ambitious date, given that nearly all REDD+ programmatic work to date has occurred at the subnational level.

*Clarification:*

- Has there been any work done to see which countries could transition from a subnational to national REDD+ program by 2025? Have any other feasibility studies been conducted?

*Recommendation:*

- Allow subnational accounting for the first five years of any applying program (for example, if a government applies in 2026, the program can be sub-national until 2031); or consider extending the duration for subnational participation to 10 years.
- We also recommend that ART/TREES consider ways to bridge FCPF programmatic structures into country proposals. ART/TREES could potentially find ways to expand/support existing structures in place there. The FCPF has over 10 years of institutional capacity building that can improve and speed up similar work that will be needed for ART/TREES.

## 3.2 Eligible Activities

### Excluded activities

The standard asserts that removals associated with enhancement of forest carbon stocks are not eligible for crediting. However, recent research indicates that intact, natural forests continue to increase their carbon stocks, providing a net climate benefit (Phillips et al.2017; Qie et al.2017; Pan et al.2011). The exclusion of these removals would seem to create an asymmetry in accounting that fails to acknowledge this benefit. It is also inconsistent with the Paris Agreement goal of achieving a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century.

Additionally, sustainable management of forests and enhancement of forest carbon stocks to sequester CO<sub>2</sub> are a key part of the REDD+ strategy in many countries. The exclusion of GHG removals from ART/TREES could be a major drawback for countries thinking to participate.

*Recommendation:*

- We recommend that the standard acknowledge the removals occurring in natural forests and make them eligible for crediting in the first version of ART/TREES. Such removals can be counted separately from emissions reductions from deforestation and forest degradation, and rewards could be contingent on emissions from these activities staying below certain benchmarks. This approach will also bring ART/TREES into synch with the NDC guidance for the Paris Agreement.

## 3.3 High Forest Cover/Low Deforestation Countries

High forest low deforestation (HFLD) countries need immediate incentives for forest conservation. The advantages of the HFLD tag are limited as the list of HFLD countries is already well known and any ERs they generate would already be recognized.

*Clarification:*

- Could the standard find a better way to accommodate the situation of HFLD countries and reward their stewardship efforts?

*Recommendation:*

- Develop criteria in v.2 to facilitate long-term support of protection activities, as a complement to incentives for emission reductions.

## 3.4 Additionality

Additionality is assumed to be captured within the crediting levels.

*Recommendation:*

- Require some proof of additionality to show how an action or policy is new or enhanced. See the JNR or Carbon Fund methodologies for ideas.

## 5. Crediting Level

Most national FREL/FRLs submitted to UNFCCC would not meet TREES requirements. It will be technically challenging and expensive, and potentially politically challenging, to revise FREL/FRLs to meet TREES. Additionally, there may not be long-term incentive for countries based on the large reduction in crediting levels (20% every five years).

*Recommendation:*

- While we understand the need to strengthen some aspects of the Warsaw Framework for market-ready REDD+, we suggest that this standard find ways to build on the Warsaw Framework and integrate ongoing efforts countries are making rather than requiring countries to start again.
- We also recommend deleting the 20% reduction in crediting levels every five years. Instead, there should be a broader requirement to decrease the crediting level over time while allowing more flexibility in individual country approaches.

## 7. Reversals and Leakage

There does not seem to be a standardized way for countries to avoid penalties for reversals caused by *force majeure* (apart from applying for a variance or submitting a complaint). In addition, it appears that a country could experience a reversal due to a hurricane or tsunami in reporting years (1, 3, and 5) and be penalized under the standard, whereas a country that experienced a similar event in years 2 or 4 would not be penalized. This seems arbitrary and potentially unfair.

The leakage assessment tool seems somewhat arbitrary. It would be good to see additional considerations around leakage, besides the % of national forest area included. For example, the implementation of the current TREES standard, with its incomplete coverage of HFLD countries and intact forests, could create a perverse outcome of driving leakage into those countries and forests. This would seem to undermine the goal of the standard, and we hope this gap is addressed in the second version of this standard.

*Clarification:*

- Is there no standardized approach to address reversals caused by force majeure?

*Recommendation:*

- Develop a leakage risk tool that considers all forms of leakage (including leakage that could happen with 100% of all national forest area in a REDD+ program).

## 8. Uncertainty

*Clarification:*

- The uncertainty requirements are ambitious and worthwhile to strive for. However, much of the uncertainty results from having very large, national/jurisdiction scale programs; since TREES is focused on moving countries to nation-wide REDD+ programs, we are wondering how this will be accomplished.

## 12. Environmental, Social, and Governance Safeguards

The approach adopted providing concrete guidance on how a country can demonstrate that it has addressed and respected the Cancun safeguards by unpacking them into themes and indicators seems good, as is the use of structure, process and outcome indicators (in line with REDD+ SES). However, many of the indicators combine several elements and it is unclear how conformance would be verified.

### *Clarification:*

- More detailed guidance should be provided on what evidence is needed and how conformance will be assessed for each indicator.

## 13. Avoiding Double Counting

### *Recommendation:*

- How are countries determining they have a legal right to transfer (one of the FCPF's hardest legal questions in nearly all countries). We would recommend looking at how FCPF Tranche A is ensuring no double counting when credits are transferred.