

## Comments for the public consultation on *The REDD+ Environmental Excellency Standard*

Provided by UK Department for Business, Energy and Industrial Strategy (BEIS)

UK BEIS welcomes the efforts of the ART Secretariat and Board to develop this new and ambitious standard. We appreciate the intent of ART and “The REDD+ Environmental Excellency Standard” (TREES) to help accelerate progress toward national scale accounting and REDD+ implementation to achieve emissions reductions at scale.

One of the key barriers driving forest loss is the ‘externality’ of the massive carbon services they provide. Forests have often been excluded from key domestic and international carbon markets that could help internalise the value of these carbon services. We wholly support the objectives underlying initiatives like ART/TREES to help address this market failure.

Towards these goals, we would like to provide several considerations, suggestions and clarifications regarding the current draft of TREES.

### **Procedural considerations and clarifications**

We feel that it is fundamental to the objectives of ART/TREES that this initiative provides an opportunity to strengthen multi-stakeholder consensus on the REDD+ and markets agenda. Given diverse forest country contexts, we believe there is a role for a range of options to support REDD+ implementation, and we see the potential added value of ART/TREES to provide another complementary instrument in the REDD+ ‘toolbox’. Communicating how the ART fits within this wider set of REDD+ standards and initiatives will help ensure that TREES does not unduly detract from other high-quality REDD+ standards and their potential role in carbon markets.

We would welcome further detail around the process for engaging relevant stakeholders in the development of the standard. In particular, understanding how actors in forested countries potentially eligible for applying to ART/TREES will be engaged in the further development of TREES, as well as commercial actors who participate in carbon markets.

### **Technical considerations and clarifications**

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

*“The ART Secretariat and ART Board will conduct a review of the TREES Standard at a minimum of every three years and update the Standard”* – what will be the implications for programmes under the prior version of the standard, e.g. if significant elements were updated which rendered a programme ‘non-compliant’ under the revised standard?

We would also appreciate further information around how the three-year review cycle process is envisaged. For example, will there be further consultations and with whom? What will be the feedback process between the review and changes to the standard? Are there mechanisms for adjusting the standard in between review cycles?

#### 1.3 CONFLICT OF INTEREST

Will the “*ART Ethical Standards*” be made publicly available?

## 2.2 PROCESS FOR ONGOING VALIDATION, VERIFICATION, AND ISSUANCE

How will ART mitigate the risk that in seeking to outbid each other on price, VVBs provide a less rigorous approach? Experience has indicated how important it is to set clear, quality requirements and expectations for independent verifiers.

See comment under 3.3 regarding issuance for HFLD credits.

## 2.3 CREDITING PERIOD AND RENEWAL

*“The initial crediting period may begin up to four years prior to the TREES Participant’s submittal date of the TREES Concept Note”.* Experience in other mechanisms indicates there can be several years between submitting a concept and having a concept approved. It would be useful to have more information on how ART selected the ‘submittal’ date instead of the ‘approval’ date, including any consideration of the additionality of credits generated under this arrangement.

### 3.1 ELIGIBLE ENTITIES

*“TREES Participants shall be national governments.”* Why have subnational government entities been excluded for the interim period that sub-national jurisdictions are eligible? Several forest countries have undertaken reforms to decentralise forest management, in order to promote local ownership and governance closer to the ground. We would suggest allowing eligibility of subnational governments or entities appointed by national or subnational governments, with approval of the national government.

#### 3.1.1 Subnational accounting area

*“During an interim period through December 31, 2025, national governments may register subnational accounting areas as a recognized step to national-level accounting. After the interim period, accounting shall be at a national level”.* National-level accounting implies a mechanism to integrate results from smaller-scale activities. It would be helpful to signal how TREES will integrate subnational and project-scale initiatives (which may use different methods and data as appropriate to the scale they are operating at) in a way which incentivises on-the-ground activities in the highest-threat areas while maintaining environmental integrity at the national scale.

Further, we would appreciate clarity on the rationale for the identification of December 31, 2025 as an appropriate milestone to require transition to a national scale accounting area. We note that most prior experience of REDD+ programme development, capacity building and accounting has been done at subnational scale and has taken sustained efforts over several years. We are therefore interested to understand the Secretariat’s expectations for which countries are likely to be in a position to transition to national-level accounting in this relatively short period of time.

### 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.”* Why have these ‘plus’ activities been excluded from this current version of TREES? We consider that this could be a missed opportunity to leverage the full potential of forests and REDD+ to contribute to 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.

### 3.3 HIGH FOREST COVER/LOW DEFORESTATION COUNTRIES

We are cautious about the potential unintended consequences of making a distinction for HFLD credits through a ‘tagging’ approach and are unclear of the intended benefits (for example, distinguishing forestry projects in the CDM through temporary crediting may have exacerbated perceived risks associated with forest and land-use carbon units). It is crucial to enable incentives to flow for forest conservation in HFLD countries and we would encourage the ART Secretariat to prioritise further work to clarify an approach to address and incorporate HFLD credits in TREES. As part of this, we would encourage that all TREES credits are treated equivalently in order to maintain the overall integrity of TREES.

### 4.1 ACCOUNTING REQUIREMENTS

It would be useful to clarify whether calculations shall use IPCC guidance as adopted by the UNFCCC or the latest version, as the 2019 IPCC refinements (which have not yet been approved in reporting guidelines under the UNFCCC) introduce a facultative second order separation of anthropogenic and non-anthropogenic emissions. Further, we suggest that staying with “managed land proxy” would be most transparent.

#### 4.1.1 Activity Data

“Activity data should be derived from reference data stratified by a forest area change map using a peer-reviewed method, i.e., area estimates should be obtained through stratified area estimation”. We question whether it is proportionate to require stratified area estimation. We propose that systematic sampling is kept in-scope as an alternative, non-biased, approach. This would be consistent with GFOI guidance, which does not exclude systematic sampling, just encourages entities to consider the opportunity of moving to stratified area estimation.

### 4.2 STRATIFICATION

We would welcome clarification as to whether stratification is compulsory or not, since in this section it is referenced as “*When stratification is employed*”. As above, we would recommend stratification is encouraged but not compulsory.

### 4.4 SCOPE OF ACTIVITIES

“This may occur where it can be demonstrated that annual emissions from forests remaining forests are higher in the prior five years than will occur under the current TREES crediting period”. Please clarify whether this refers to gross emissions or net emissions (nationwide, after deduction of forest sinks), as this can have a substantial impact on figures.

### 4.5 SCOPE OF POOLS AND GASES

Please indicate the rationale for excluding belowground deadwood from the Secondary carbon pools eligible under TREES.

### 5.1 CALCULATING A TREES CREDITING LEVEL

We note the objective of the approach of ratcheting down the crediting level to enhance ambition. We would welcome clarification on the anticipated feasibility of this approach, and how it will ensure sufficient, long-term incentives to reduce deforestation.

Regarding “*allowable uncertainty (15% at the 90% confidence level)*”, we welcome incentives to reduce uncertainty, but note that the proposed provision (as operationalised through equations 2 and 3) and the symmetric provision on reported emissions (equations 12 and 13) could discourage the inclusion of additional, more uncertain carbon pools and activities compared to losses in aboveground biomass as a result of deforestation. Have the ART Secretariat done analysis to understand the implications of this provision, e.g. that in combination with the criteria set in section 4.4, it could effectively exclude countries where forest degradation represents an important share of the combined emissions from deforestation and forest degradation?

Further, a reduction in a baseline is one option to represent host country effort and increased ambition over time; how was this option landed on, and what is the rationale for the 20% fixed figure across all countries?

### 7.1 REVERSALS

Permanence has been a key consideration in the eligibility of REDD+ credits in compliance markets, because forests are both a carbon sink and a carbon source. It is important that TREES includes robust provisions to give confidence in the permanence of credits in a way which facilitates their fungibility with units from other sectors. We would be interested to learn what testing the ART Secretariat has done with relevant experts (including carbon market actors) to gauge the level of comfort with the current permanence provisions.

How have ‘reversals’ and reversal risk been defined, and how was the starting level of reversal risk for Participants selected to be 25%? How much of this is non-anthropogenic vs anthropogenic? It would be helpful to understand whether this approach could be enhanced to better reflect the differing level of reversal risk different contexts may face, or if this has been ruled out and for which reasons.

We would be interested to understand the calculations underpinning the size of the buffer pool contributions, and how they are sufficient to give confidence, particularly to compliance market actors that we understand, in many cases, have been sceptical of permanence in the forest and land use sector, in the permanence of results past the end of a TREES programme, should a Participant exit. Regarding the provision to return historic buffer units back to countries as positive incentives to maintain a continued reduction in emissions, how will arrangements be made in practice; is it intended that countries share performance risk across the ART portfolio? It is unclear what constitutes a reversal and what happens to the programme and the buffer if a reversal exceeds the total ER amount in the buffer.

### 7.2 LEAKAGE

It would be useful to have clarification on the rationale behind the figures included in the leakage tool.

### 8 UNCERTAINTY

The uncertainty requirements are innovative and ambitious.

However, given that much uncertainty in results comes from using national/jurisdictional-scale data, we are cognisant of the challenges countries will face to meet the requirements (comment on section 5.1). This is another reason it is important to clarify how TREES will integrate results at smaller scales (which often utilise more certain datasets) in a way which promotes activities at all levels while maintaining integrity of accounting at the national level (see comment under 3.1.1).

#### 9 HIGH FOREST COVER, LOW DEFORESTATION

See previous comments on HFLD and tagging under section 3.3.

#### 12 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE SAFEGUARDS

We appreciate the detail relating to the Cancun Safeguards and the elaboration of specific themes and would welcome further guidance on how implementation will be tracked, and issues handled and remedied.

#### 13 AVOIDING DOUBLE COUNTING

We welcome TREES' strong provisions to avoid double counting. We note that they may require updates to align with rules under the Paris Rulebook.

Could the Secretariat elaborate on how countries will determine they have a legal right to transfer?

*“TREES requires that the host country issue a letter to explicitly authorize the use of the specific ERs by another Party and in that letter agree to report the transfer to the UNFCCC and to make an accounting adjustment in the structured summary of its biennial transparency reports”* – we suggest to extend the provision to include reporting to CORSIA, too, and include an additional provision to clarify that Parties agree to demonstrate when this has taken place. This should also apply when *“TREES requires that the host country issue a letter to explicitly authorize the use of the specific ERs by the transferee (buyer) and in that letter agree to report the transfer to the UNFCCC and to make an accounting adjustment in the structured summary of its biennial transparency reports”*.

#### 14.2 VALIDATION AND VERIFICATION BODY ACCREDITATION

Will VVBs have to be accredited under ISO 14065 for scope ISO 14064-2?