Updated 30 July 2019 version of the California Tropical Forest Standard will not prevent false REDD+ offset credit issuance

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Dear members of the California Air Resources Board,

I submit these comments as an activist and biologist whose action-oriented research aims to support social movements in analysing and assessing new tendencies in nature conservation, environmental protection and international forest policy and their impact on communities for whom forests provide a home and livelihood. My research over the course of more than 25 years has highlighted the role of voluntary certification schemes, carbon markets and the new economy of nature in maintaining ecologically unequal trade, and the associated corporate abuse of human rights and rights to land and use of peoples' traditional territories. Since 2000, I have documented the local impacts of numerous climate/carbon and biodiversity projects that market compensation credits. So-called REDD+ projects and jurisdictional REDD+ programmes have been a particular focus of this research in recent years (see a selection of relevant publications at the end of the submission).

1 Allow me to repeat my consternation expressed in my November 2018 submission to the previous version of the Tropical Forest Standard. The updated 30 July 2019 version of the Tropical Forest Standard appears to continue to confuse the basic economic concepts of 'uncertainty' and 'risk'. As mentioned in my November 2018 submission, the impermanence of carbon storage in forests is not a "risk" but an "uncertainty" issue. This is highly relevant in assessing the harm that offset trading schemes which equate fossil and forest carbon might cause to efforts to avert climate chaos. It is disappointing to observe that this fundamental issue remains unaddressed in the most recent version of the Tropical Forest Standard.

The Board has clarified that endorsement of the Tropical Forest Standard by the California Air Resources Board would not *"result in any linkage with any jurisdiction, nor would it allow any tropical forest offsets into the California Cap-and-Trade Program"*. However, the purpose of the Tropical Forest Standard is *"to establish robust criteria against which to assess jurisdictions seeking to link their sector-based crediting programs that reduce emissions from tropical deforestation with an emissions trading system (ETS), such as California's Cap-and-Trade Program."* As a standard which confuses the issues of 'uncertainty' and 'risk' cannot be considered to provide "robust" criteria, I will summarize the difference between "risk" and "uncertainty" in the following paragraphs. The following paragraph is verbatim from my November 2018 submission; the issues raised have not been addressed in the updated 30 July 2019 version of the Tropical Forest Standard.

The economist Frank H. Knight established the economic definition of the terms in his 1921 landmark book, *Risk, Uncertainty, and Profit*. He explains that ***risk*** establishes a ***measurable probability*** of future events while ***uncertainty*** is ***not measurable,*** and ***cannot be quantified***.

Uncertainty occurs when circumstances cannot be analysed either on *a priori* grounds - because they are too irregular - or through empirical observation – because they are too unique, for example. In other words, in uncertainty, the outcome of any future event is completely unknown, and it cannot be measured or guessed. ***The future of carbon storage in tropical forests over the coming 100 years – the minimum time of storage guarantee required by California's Cap-and-Trade Regulation – must be considered a circumstance that meets the definition of uncertainty, not risk***: It is neither measurable nor quantifiable on a priori grounds or through empirical observation, and it cannot be guessed. As a consequence, a circumstance of uncertainty must not be deemed to be resolved through insurance or buffer pool arrangements.

Yet, that is precisely what the updated 30 July 2019 version of the Tropical Forest Standard continues to propose. The updated 30 July 2019 version of the Tropical Forest Standard seems to suggest that a proposed minimum 10 percent "buffer pool" will guard against what is falsely identified as permanence "risk", but what in reality is the uncertainty of permanence that is inherent in any (tropical) forest carbon storage. Buffer pools and insurance are instruments designed to address "risk", not "uncertainty".

This uncertainty of carbon storage in (tropical) forests ought to rule out (tropical) forest carbon projects from inclusion in any ***offset scheme*** that requires assurance that emission reductions are "permanent". By proposing an instrument designed to address "risk" when the issue at hand is one of "uncertainty", the updated 30 July 2019 version of the Tropical Forest Standard does still not provide credible assurance that storage of the carbon sold as offset credit can be considered a "permanent" reduction. The experience I cite in my November 2018 submission of a REDD+ project in Cambodia which the California Air Resources Board's 2015 White Paper on International Sector-based Offsets cites as a positive example for addressing the uncertainty in permanence of carbon storage in forests in under the chapter ' Ensuring “Permanent” Emission Reductions from a Jurisdictional REDD Program' continues to be a striking example for why buffer pools are inadequate to address the impermanence of carbon storage in forests over the time scales relevant to averting climate chaos.

How can a standard which demonstrably confuses the concepts of 'uncertainty' and 'risk' be considered to provide "robust criteria"[1] for assessment whether alleged emission reductions from reducing deforestation represent real, additional, ***permanent, quantifiable, verifiable***, and enforceable reductions? Ignoring that attempting to offset interference of fossil carbon, once released, with the Earth's climate system requires carbon storage over timescales that cannot be guaranteed with carbon storage in forests risks endorsing a Tropical Forest Standard which may undermine rather than aid action to avert climate chaos. For this reason alone, the California Air Resources Board must not endorse the updated Tropical Forest Standard.

2 In addition to constituting an inadequate approach to the challenge of 'uncertainty', the size of the 'buffer pool' (10 percent) appears extremely low, considering that uncertainty margins of data sets and forest carbon storage calculations are routinely 30 percent and

[1] 1.1 (a). "The purpose of the California Tropical Forest Standard is to establish robust criteria against which to assess jurisdictions seeking to link their sector-based crediting programs that reduce emissions from tropical deforestation with an emissions trading system (ETS), such as California’s Cap-and-Trade Program."

(much) higher. A 10 percent buffer pool requirement will in many cases lead to a buffer pool containing buffer credits that are merely the result of calculation and measurement uncertainties rather than actual emission reductions or avoided emissions. A case in point is the jurisdictional REDD+ Programme in Ecuador which recently applied for 'results-based' payments under a Green Climate Fund programme on REDD+.[2] The application revealed "an ***aggregate uncertainty estimate of 39.9%***" for the deforestation rates and hence, crediting results period 2009 – 2014. The ***uncertainty of the estimated area deforested*** over the period relevant for the calculation of the 'results-based' REDD+ payments alone amounted to 39.6 percent. Such ranges are the norm rather than the exception, and might even represent the lower end of uncertainty ranges related to forest reference levels and the underlying data sets used to establish these reference levels.

3 Chapter 4, Reference Level, remains unclear on at least one crucial aspect:
The formulation used in the Standard ("*To ensure integrity in reducing emissions, the reference level must be based on* ***historical data*** *rather than projections of future deforestation rates"* (emphasis added)) suggests that the standard is applicable primarily in countries with high deforestation rates in the (recent) past.

The standard also states that "*The reference level must be developed consistent with IPCC methodologies"*. These methodologies include the possibility for countries with low historical deforestation rates and high forest cover to increase their reference level above that calculated on the basis of historical deforestation rates, by applying a 'development factor'.

The Tropical Forest Standard does not clarify whether it also accepts such an inflation of a reference level derived from historical deforestation rates or whether the basis for calculation of the reference level is solely the historical deforestation data over a consecutive 10 year period for the jurisdiction in question.

4 It remains unclear what responsibility the California Air Resources Board would assume if it were to endorse the Tropical Forest Standard: Would it as the entity that developed and endorsed the Standard be responsible to monitor that the Standard is used as intended by the California Air Resources Board? What mandate or mechanisms for monitoring the use of the Standard does the California Air Resources Board have or intend to put in place? What measures would be taken if other governments or actors used the California Tropical Forest Standard in a way that jeopardized the credibility or reputation of the California Air Resources Board? Will others wanting to use the Standard have to apply for accreditation to do so? Entities releasing or endorsing standards such as the Tropical Forest Standard assume a responsibility over the use of their standard and usually detail the governance structure that will apply to use and implementation of the standard. Such information does not appear to be available in relation to the California Tropical Forest Standard and it remains unclear who would assume responsibility for monitoring the use of the standard by other governments or actors.

5 Finally, I would like to reiterate that the updated Tropical Forest Standard continues to be based on the untenable assumption that the climate impacts of fossil carbon and forest carbon are commensurate. They are not, as has been pointed out to the California Air Resources Board in earlier submissions on the topic of forest carbon offsets (Lohmann 2015:

[2] FP110. Ecuador REDD-plus RBP for results period 2014. https://www.greenclimate.fund/projects/fp110

51, McAffee 2015:47, Furtado 2015:14, to name just a few). Yet, nowhere do the updated 30 July 2019 version of the Tropical Forest Standard or the Draft Environmental Analysis presented alongside the November 2018 version of the Standard even acknowledge this crucial difference of the climate impact of forest and fossil carbon. Because the climate impact of fossil and forest carbon are not equivalent, no standard based on the false assumption that they are, can be considered to provide "*robust criteria against which to assess jurisdictions seeking to link their sector-based crediting programs that reduce emissions from tropical deforestation with an emissions trading system (ETS), such as California's Cap-and-Trade Program*" – let alone meet the general requirements set out in California's Cap-and-Trade Regulation, sections 95991-95994.

Not least because of the reasons stated above, I strongly urge the California Air Resources Board to not endorse the updated 30 July 2019 version of the Tropical Forest Standard, and reject any attempts to accept REDD+ credits into California's carbon trading system.

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Selection of publications relevant to this submission:

J. Kill & L. Schalatek (2019): Green Climate Fund and REDD+: Funding the Paradigm Shift or Another Lost Decade for Forests and the Climate? https://us.boell.org/2019/03/21/green-climate-fund-and-redd-funding-paradigm-shift-or-another-lost-decade-forests-and

J. Kill (2018): REDD Early Movers. Ergebnisbasierte Zahlungen ohne klimarelevante Ergebnisse? A critical assessment of the REDD Early Movers jurisdictional programme funded by the German development bank KfW in the Brazilian state of Acre. https://www.rosalux.de/publikation/id/38711/redd-early-movers/

J. Kill (2018): Envira REDD+ project in Acre, Brazil: Gold certificate from carbon certifiers for empty promises. https://wrm.org.uy/articles-from-the-wrm-bulletin/section1/envira-redd-project-in-acre-brazil-gold-certificate-from-carbon-certifiers-for-empty-promises/

S. Counsell and J. Kill (2017): Public comment Mai Ndombe REDD+ project verification to the CCB standard. 07 September 2017. https://www.vcsprojectdatabase.org/services/publicViewServices/downloadDocumentById/28497

J. Kill (2016): The Kasigau Corridor REDD+ Project in Kenya: A crash dive for Althelia Climate Fund. Report published by Re:Common & Counter Balance. http://www.counter-balance.org/wp-content/uploads/2017/02/The-Kasigau-Corridor-REDD_Kenya.pdf

Jutta Kill (2015): Economic Valuation and Payment for Environmental Services: Recognizing Nature's Value or Pricing Nature's Destruction? https://www.boell.de/en/2015/11/06/economic-valuation-and-payment-environmental-services

World Rainforest Movement (2014): REDD: A Collection of Conflicts, Contradictions and Lies. http://wrm.org.uy/books-and-briefings/redd-a-collection-of-conflicts-contradictions-and-lies/