Earth Innovation Institute

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**Strong Support for CARB Endorsing the Draft California Tropical Forest Standard**

**Public comment from Earth Innovation Institute**

The Earth Innovation Institute strongly supports the California Air Resources Board endorsing the updated California Tropical Forest Standard as a step toward integrating international jurisdictional sector-based offsets for reducing emissions from deforestation and forest degradation into the California cap-and-trade program.

Below, we describe the importance of the Standard in the larger context of solving climate change.

**Solving climate change necessitates reversing tropical deforestation.** The report of the Intergovernmental Panel on Climate Change on limiting global warming to 1.5 degrees Celsius makes clear that solving climate change requires two monumental transitions.[1] First, a transition in energy use from fossil fuels to solar, wind, and nuclear. And second, a transition in land use from deforestation and forest degradation to protecting and restoring forests in the tropics. California is already a world-renowned leader in policy for achieving the energy transition. By approving the Draft Tropical Forest Standard, California would go far toward being a policy leader for achieving the land transition as well.

**Tropical deforestation is still accelerating and not yet slowing let alone reversing.** As with energy, the state of tropical forests overall has been trending in the wrong direction. Tropical deforestation has steadily accelerated this century, with the most recent two years having the highest rates of tropical tree-cover loss on record.[2] Even so, some tropical countries and states have shown impressive successes in reducing deforestation, especially in the Brazilian Amazon, often with little recognition or reward.[3] Their successes in reducing deforestation have been accompanied by important progress addressing social issues, including enhanced rights, finance, and protected forest reserves for indigenous peoples.[4] In addition, the maintenance of tropical forests increases environmental services and habitat for biodiversity.

**Endorsing the standard would contribute to reversing tropical deforestation.** By endorsing the California Tropical Forest Standard, the California Air Resources Board would support tropical jurisdictions seeking to protect and restore forests by providing economic benefits while safeguarding

[1] IPCC (2018). Special Report on 1.5 Degrees.
[2] Mikaela Weisse and Liz Goldman (2018). "2017 was the second-worst year on record for tropical tree cover loss" Global Forest Watch Blog. https://blog.globalforestwatch.org/data/2017-was-the-second-worst-year-on-record-for-tropical-tree-cover-loss
[3] Claudia Stickler et al (2018). The State of Jurisdictional Sustainability: Synthesis for Practitioners and Policymakers. Earth Innovation Institute/Center for International Forestry Research/Governors Climate and Forest Taskforce. https://earthinnovation.org/wp-content/uploads/2018/09/Stickler_et_al_2018_StateJS_Synthesis_small.pdf
[4] Maria DiGiano et al (2018). The Twenty-Year-Old Partnership Between Indigenous Peoples and the Government of Acre, Brazil: Lessons for realizing climate change mitigation and social justice in tropical forest jurisdictions through partnerships between subnational governments and indigenous peoples. https://earthinnovation.org/publications/the-twenty-year-old-partnership-between-indigenous-peoples-and-the-government-of-acre-brazil/

the rights of local indigenous peoples and traditional communities. Currently, pay-for-performance finance has been leveraged to enhance indigenous peoples' rights in tropical forest jurisdictions, most notably in Acre, Brazil, where one-third of finance is channeled to support indigenous communities, through mechanisms determined by indigenous peoples themselves.[5] For the few jurisdictions able to sell offset credits directly to California, the possibility of offset finance would offer economic incentives to pursue alternatives to deforestation-driven economic development, converting forest conservation from a burden into an opportunity. However, the quantity of tropical forest offsets that could be sold to California has been tightly restricted so that nearly all emission reductions occur domestically. Importantly, approving the Standard also provides important indirect benefits to states in many other countries that have made commitments to reduce deforestation contingent on international finance, but may not be able to access finance directly. The Standard would set the precedent for cap-and-trade systems in other states, provinces, or countries, as well as industry associations or voluntary buyers. Tropical states could leverage the achievement of the Standard to obtain additional climate finance from other sources. Finally, the momentum from approving a Standard would inspire and motivate other tropical forest jurisdictions to reduce deforestation, as efforts to improve forest conservation and management are rewarded.

**California is the right leader.** California is known worldwide as a leader in environmental regulation and for setting strong standards. California's domestic forestry offsets have been successful at restoring forests and protecting biodiversity; half of the credits issued have been to projects led by Native Americans.[6] It can apply the same high bar for social and environmental safeguards to tropical forests. California, along with other members of the Governors' Climate and Forests (GCF) Task Force, are forging a new model for recognizing and supporting the rights of indigenous peoples and their role as forest stewards via their recent endorsement of the Guiding Principles of Collaboration and Partnership between Subnational Governments, Indigenous Peoples and Local Communities.[7] By including these Principles as an Annex to the Standard and California's regulatory framework, California sets an important precedent for other GCF Task Force member states to do the same.

**Endorsing the California Tropical Forest Standard would benefit all Californians.** Endorsing the California Tropical Forest Standard as a step toward including jurisdictional sector-based offsets from tropical forests into the cap-and-trade system would benefit all Californians. The availability of lower-cost offsets would contain compliance costs and help avoid sharp increases in electricity prices as California's cap on emissions ratchets downward. Because of the tight constraints on the use of offsets, tropical forest offsets would displace purchases of offsets from other sources rather than domestic

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[5] Maria DiGiano et al (2018). The Twenty-Year-Old Partnership Between Indigenous Peoples and the Government of Acre, Brazil: Lessons for realizing climate change mitigation and social justice in tropical forest jurisdictions through partnerships between subnational governments and indigenous peoples. https://earthinnovation.org/publications/the-twenty-year-old-partnership-between-indigenous-peoples-and-the-government-of-acre-brazil/

[6] Carolyn Kormann (2018) "How Carbon Trading Became a Way of Life for California's Yurok Tribe." The New Yorker. https://www.newyorker.com/news/dispatch/how-carbon-trading-became-a-way-of-life-for-californias-yurok-tribe

[7] Guiding Principles of Collaboration online: https://static1.squarespace.com/static/5896200f414fb57d26f3d600/t/5b915dc2f950b735d57ee294/1536253379182/Principles_ENGL_V8.pdf

emission reductions. It would expand the fight against climate change from the roughly 1% of global greenhouse gas emissions within California's borders to the 16-19% of emissions from gross tropical deforestation and forest degradation.[8] Keeping tropical forests standing lowers the long-term risks of climate change to all Californians, such as sea level rise, fires, and drought. Taking this step would be yet one more way for California to show the world that in the face of intransigence on climate in national capitals, "we are still in."

**The time is now: Advances in policy design and forest monitoring.** It has been more than a decade since California first introduced the Global Warming Solutions act in 2006. Since then there has been voluminous analysis of the design of performance-based payments for reducing emissions from deforestation and forest degradation, including by the REDD+ Offsets Working Group. There has been much useful practical experience with the implementation of performance-based payments for reducing emissions from deforestation and forest degradation, including through Brazil's Amazon Fund and the Carbon Fund of the Forest Carbon Partnership Facility. Furthermore, scientific and technical capacities to monitor forest loss have advanced rapidly and have been implemented in reliable, transparent governmental deforestation monitoring programs, such as the PRODES program in Brazil. Capabilities exist now to meet operational needs for measurement, reporting, and verification and reference levels for reducing emissions from deforestation and forest degradation. Measurement capabilities will continue to rapidly advance in the next few years as a result of new technology.[9]

**About Earth Innovation Institute**:
The Earth Innovation Institute is a not-for-profit, independent research institute with headquarters in San Francisco and programs in Brazil, Colombia, Indonesia, and Peru. We pursue our goals of slowing climate change, conserving tropical forests and fisheries, and improving rural livelihoods by promoting sustainable rural development through a blend of research, consensus-building, policy analysis and reform, and private sector engagement.

[8] California Air Resources Board (2018). California Greenhouse Gas Emission Inventory -2018 Edition. https://www.arb.ca.gov/cc/inventory/data/data.htm; IPCC (2013). AR5 WGIII Chapter 11 Figure 11.8.
[9] Scott Goetz et al (2015). Measurement and monitoring needs, capabilities and potential for addressing reduced emissions from deforestation and forest degradation under REDD+. *Environmental Research Letters* 10:123001.