



Board Members of The Integrity Council for the Voluntary Carbon Market

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Esteemed members of the IC-VCM board:

EDF wishes to commend The Integrity Council for the Voluntary Carbon Market (IC-VCM) for the measures it has taken to date to evaluate whether high-quality Jurisdictional REDD+ credits are eligible according to its assessment framework. It notes in particular the IC-VCM's May announcement that leading REDD+ standards, [the Architecture for REDD+ Transactions \(ART\) and Verra, meet its high-integrity benchmark for program governance](#).

With the [IC-VCM poised to decide on the eligibility of REDD+ methodologies](#) in the weeks ahead, EDF wishes to reaffirm its established position on the importance and value of high-integrity jurisdictional REDD+ credits and encourages the IC-VCM to approve credits issued under ART's The REDD+ Environmental Excellence Standard (TREES) as eligible for the CCP label.

This recommendation includes eligibility for credits verified against the high-forest, low-deforestation (HFLD) crediting approach under ART-TREES.

High-quality jurisdictional REDD+ credits can serve as a linchpin to help the IC-VCM achieve its objectives of scale, integrity and a just transition in the voluntary carbon marketplace for reasons EDF [laid out in a commentary published in March, 2023](#).

We acknowledge there has been healthy debate and differing viewpoints on HFLD.

In consideration of that debate, we wish to share four reasons why, in our view, it is both essential, and advantageous, for the IC-VCM to approve ART HFLD credits alongside ART TREES reduction and removal credits in the upcoming decision cycle. In our assessment, the HFLD crediting approach meets the requirements of the IC-VCM Core Carbon Principles.

**1. ART's TREES HFLD crediting levels are additional and conservative. Emerging research suggests they may materially under-credit the true climate benefit of intact tropical forest landscapes.**

Arguments against jurisdictional HFLD crediting include that it is not additional as forests with low historical rates of deforestation do not face threats, or that deforestation will eventually stop without

incentivization. However, there are few practical examples of these arguments in tropical deforestation dynamics at present.

To the contrary, as laid out in [several EDF publications](#) and a growing body of literature, deforestation happens in HFLD areas. For example, between 2010 and 2019 six countries<sup>1</sup> lost their HFLD designation due to forest loss. Forests in HFLD jurisdictions are at risk, and their emerging threats shift rapidly. Reducing deforestation and conserving forest carbon stock in HFLD areas requires active and ongoing intervention – often the same REDD+ interventions that are implemented in high deforestation areas.

[New peer-reviewed literature from the National University of Singapore](#) confirms that HFLD jurisdictions experience higher deforestation rates than their historical baselines: “...from 2002 to 2020, HFLDs ( $n = 310$ ) experienced 44% higher deforestation rates than their historical baselines, and 60 HFLDs underwent periods of high deforestation (deforestation rate  $> 0.501\%$ ) at  $0.983 \pm 0.649\%$  (mean  $\pm$  SD)—a rate 7.5 times higher than the 10-y historical baseline of all HFLDs.”

The study goes on to note that threats to HFLD areas are forecast to grow: “...over the next 18 y, HFLDs are expected to lose  $2.16 \text{ Mha } y^{-1}$  of forests corresponding to  $585 \pm 74 \text{ MtCO}_2e \text{ } y^{-1}$  (mean  $\pm$  SE) of emissions.”

This informs the study’s overall finding that “*crediting levels...can generally reflect the collective historical performance of HFLDs, [and] they are very conservative for those HFLDs facing higher risks and also underestimate the potential for rising deforestation in the future.*”

Further, new research continues to be published suggesting that, if anything, the climate benefits of intact tropical forests may be materially under-accounted for with current methodologies. One example is a recent [peer-reviewed publication in Nature](#) suggesting that “*there may be substantial CH<sub>4</sub>-associated climate benefit from the presence of trees, which is not now accounted for in natural climate solutions frameworks*”. Another example can be found in a recent [WRI research report](#), which draws on an extensive body of scientific literature in suggesting “*that tropical forests can also provide up to 50 percent more global cooling beyond what is accounted for by carbon emissions and sequestrations alone.*”

These additional climate benefits are not incorporated in ART’s TREES crediting levels.

The point here is not to incorporate additional non-carbon effects of tropical deforestation into carbon crediting methodologies. Rather, it is to acknowledge that the REDD+ mechanism – including HFLD – punches higher above its “climate benefit” weight than can be accounted for in conservative TREES methodological guidelines for carbon credit accounting. This should give members of the board further comfort in the conservativeness of ART’s HFLD crediting approach, especially when coupled with the already significant deductions for uncertainty, leakage, and contributions to a buffer pool to mitigate the risk of reversal.

## **2. High-integrity HFLD credits advance the IC-VCM’s objectives of just transition with Indigenous Peoples as few other credits can.**

Major indigenous federations, including Pan-Amazon Indigenous organization COICA<sup>2</sup>, are on record as supportive of high-integrity HFLD crediting avenues. In fact, three leading Peruvian Indigenous federations – including ANECAP – whose President serves as a member of the IC-VCM

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<sup>1</sup> Cambodia, Colombia, Laos, Samoa, Sao Tome and Principe, and Zambia

<sup>2</sup> For example, through COICA’s signing-on to the [Tropical Forest Credit Integrity Guide](#), which encourages credit purchases of conservatively issued HFLD credits, such as those offered by ART.

Engagement Forum, recently announced that they are developing the world's first indigenous-led J-REDD+ proposal that uses ART's HFLD approach, in partnership with the Peruvian government.

These and other leading Indigenous Peoples groups support HFLD credits because many Indigenous territories are HFLD territories, and financing is sorely needed to implement the additional actions of e.g., monitoring, defense and protection of these territories from deforestation threats. In many ways, to include high-integrity HFLD credits is to include these Indigenous Peoples in the future of carbon markets. To exclude HFLD credits is to risk excluding them.

Yet Indigenous Peoples cannot be excluded from these processes as their lives and lands are in jeopardy. In addition to the quantitative evidence of HFLD threat and forest loss outlined in the National University of Singapore paper and other literature, the varied and deep anecdotal evidence of intense threats to the lives and lands of Indigenous forest defenders illustrated in articles such as [A look at violence and conflict over Indigenous lands in nine Latin American countries](#)<sup>3</sup> further demonstrates that ongoing and new threats to Indigenous and HFLD territories exist. Clearly, these threats are real: lives are lost, year after year. These recent examples are part of a much broader historical trend that suggests that time and again, Indigenous Peoples' lands are under threat. For those familiar with United States history, imagine dialoguing with tribes in the mid-1800s who were concerned with encroaching settlements, road building and new plans for infrastructure and energy projects on their lands, and suggesting that, in fact, they are wrong, and their lands are not under threat. This is analogous to what e.g. Indigenous Peoples in the Amazon Basin, experience today. The threats to Indigenous Peoples' lives and lands are dynamic and real. Repelling these threats requires sustained, active and additional intervention.

With the IC-VCM's recent creation of its new [Engagement Forum for Indigenous Peoples' and local communities](#), designed to "give Indigenous Peoples and local communities a strong voice in shaping a high-integrity VCM", there is a clear opportunity to live up to the intent of this Forum by listening to the Indigenous Peoples who wish to participate in carbon markets through the HFLD mechanism, defending their lives and territories while delivering irreplaceable, additional and essential net positive climate impacts.

### **3. Approving ART's TREES HFLD crediting approach will enable further harmonization of definitions of high integrity with leading regulatory frameworks such as CORSIA, further consolidating the market.**

All TREES crediting approaches, including for HFLD, are approved under the United Nations-backed Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Recently, the Government of Guyana reported the first corresponding adjustment for ART-issued HFLD credits to create CORSIA-eligible credits.

Alongside this regulatory signal, leading environmental organizations Conservation International, Coordinating Body of Indigenous Organizations of the Amazon Basin, Environmental Defense Fund, IPAM Amazonia, The Nature Conservancy, Wildlife Conservation Society, World Resources Institute, and World Wildlife Fund, together with the Coordinating Body of Indigenous Organizations of the Amazon Basin (COICA) have also consolidated views on high integrity forest carbon

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<sup>3</sup> Relevant extracts include:

- *Indigenous people make up a third of the total number of environmental defenders killed across the globe, despite being a total of 4% of the world's population, according to a report by Global Witness. The most critical situation is in Colombia, where 117 Indigenous people have been murdered between 2012 and 2020.*
- *Conflicts over extractive industries and territorial invasions are a major cause of violence against Indigenous communities. Between 2017 and 2021, there were 2,109 cases of communities affected by extractive industries and their associated activities in Peru, Colombia, Mexico, Guatemala and Honduras.*

crediting. These organizations issued the [Tropical Forest Credit Integrity Guide](#), which, as part of its consensus recommendations, encourages companies to include conservatively issued jurisdictional HFLD credits in their portfolios. IC-VCM's approval of ART's HFLD credits will further consolidate, rather than fragment, the emerging global consensus around high-integrity credits.

While the pipeline of high-integrity ART J-REDD+ credits is growing, Guyana's verified credits remain the only such credits issued today. In this context and considering the multiple pre-existing NGO and demand-side signals of the integrity of ART's HFLD credits, rejecting or delaying a decision on HFLD credits may lead to further supplier and buyer frustration, confusion and trepidation, hindering IC-VCM in its efforts to scale the market.

#### **4. Approving ART's HFLD crediting approach will help align and mobilize both public and private finance for high-integrity carbon credits.**

In addition to their authorization for use by CORSIA, the generation of HFLD credits under ART has benefitted from significant investments from leading government supporters of high-integrity forest carbon markets. For example, the Government of Norway has invested considerably in the development of Guyana's national REDD+ program, as well as REDD+ programs in many other countries. The Green Climate Fund includes a mechanism for financing HFLD under its REDD+ results-based payments program. The governments of Norway, the United States, the United Kingdom, South Korea, and over 25 major companies have made purchase pledges to buy ART's TREES credits through the [LEAF Coalition](#). In the US, the Biden-Harris Administration's recently published [Voluntary Carbon Markets Joint Policy Statement and Principles](#) and corresponding [Fact Sheet](#) reference CORSIA, the LEAF Coalition and jurisdictional approaches as examples of high integrity approaches.

In summation, a diverse coalition of stakeholders from constituencies important to the overall success of IC-VCM – Indigenous Peoples organizations, forest governments, multilateral agencies, civil society and public-private partnership initiatives – are already advancing financing for HFLD crediting. IC-VCM can leverage this pre-existing support for HFLD to further advance the IC-VCM's objectives of scale, impact and just transition. Conversely, discarding the growing consensus on HFLD amongst these constituencies, and supported by a growing body of research, could risk undermining the IC-VCM's objectives and risk fracturing, rather than consolidating, the emerging high-integrity marketplace.

For all these reasons, EDF encourages the IC-VCM Board to approve ART's HFLD Crediting approach during its upcoming decision cycle. It is an important opportunity to advance scale, integrity and a just transition in the voluntary carbon market, and is one the world cannot afford to miss.

EDF colleagues are ready to provide any information needed to provide you with additional support for this important decision. Please do not hesitate to contact us.