

California Tropical Forest Standard

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Once again leading the world with pioneering climate action, California is laying the groundwork to help protect tropical forests around the world.

A [draft standard](#) proposed September 5, 2018 by the California Air Resources Board (CARB) sets out comprehensive requirements for large-scale programs to reduce emissions from tropical deforestation. Endorsement of the standard by the Board would set a high bar for jurisdictions hoping to have their forest protection programs recognized in compliance carbon markets around the world. This could be a game changer in the effort to stop tropical deforestation.

Deforestation's major contribution to climate change

Stopping deforestation is a critical step to avoiding dangerous global warming and to meeting the goals of the Paris agreement. Gross emissions from tropical deforestation are responsible for 16%-19% of the world's greenhouse gases. Another 8%-11% would be removed from the atmosphere by sustaining tropical forest regrowth. Stopping deforestation and allowing forest regrowth would account for about 24%-30% of global emissions – twice as much as the amount of pollution from the global transport sector.

Because forests are valued for their timber or as potential cropland and cattle pasture, the short-term economic pressure to deforest in the absence of incentives that value standing forest is high – particularly in tropical nations with large forest estates. But forests provide the critical global ecosystem service of storing carbon, as well as sustaining the livelihoods of indigenous and traditional forest communities. Cutting them down releases that carbon into the atmosphere, and destroys the basis of forest peoples' livelihoods and cultures.

Transforming the economic incentives to make forests more valuable alive than dead would be one of the most effective paths to lower global emissions in a way that protects the livelihoods of indigenous communities who safeguard and sustainably manage those forests today. Now California is proposing a way to do just that.

California's proposed standard

Although endorsement of the [California Tropical Forest Standard](#) would not link it with California's cap-and-trade program – a separate regulatory action would be needed – it would set the bar for international jurisdictions with programs to reduce deforestation emissions, if they'd like to sell credits in other compliance markets around the world. Credits issued in California would fall under the state's quantitative limit on offsets.

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The proposed standard specifies certain criteria for rainforest credits – e.g. indigenous people and forest community engagement and benefits, and jurisdiction-wide reduction in deforestation below its historical levels.

Specifically, the California Tropical Forest Standard:

- “Applies to subnational jurisdictions implementing jurisdiction-scale sector-based crediting programs to reduce emissions from tropical deforestation and degradation.”
- Includes provisions “to ensure that any implementing jurisdiction has robust consultation, public participation, and participatory management requirements, in particular of local and indigenous communities. The provisions would require transparent documentation of this process, third party verification of such documentation, a grievance mechanism process, and benefits sharing requirements. These social and environmental safeguards would build on international best practice principles, criteria, and indicators.”
- Specifies “any implementing jurisdiction would need to ensure the permanence of any emission reductions... such that the environmental integrity of credits issued by a linked program is always maintained.”

Global impact

If adopted, the California Tropical Forest Standard would become the high bar for carbon markets, as well as jurisdictions interested in accessing market-based finance.

To date, no jurisdiction has used its carbon market to create credits for protecting whole forest landscapes (across entire states or nations). However, the potential for carbon markets in these landscapes is hard to overstate. There are about 4 billion net tons of tropical forest carbon around the world being burned off into the atmosphere year by year. Financial incentives to keep this carbon in the trees are minimal.

Backing such a high integrity standard would uniquely position California to have a transformational influence in how forests are managed globally – and whether they continue to put billions of tons per year of pollution into the atmosphere. Or we can reverse that trend globally, and begin to drive forest recovery that removes additional carbon from the atmosphere and transitions the world to sustainable uses and conservation that also protects the livelihoods of forest-dependent communities.

Markets that adhere to California’s standard can catalyze high quality programs that are reducing emissions from deforestation while benefiting forest communities.

Rainforest credits in action

Acre, in the western Brazilian Amazon, established an excellent example of how a comprehensive jurisdictional program to reduce deforestation works, and how the money from the credits can benefit communities and state efforts.

A series of progressive governments in Acre laid the groundwork for sustainable development over the last 20 years. From 2003–2017 Acre reduced state-wide deforestation about 76%, while increasing GDP and growing the agricultural economy. Acre’s statewide program was established under a law called “Statewide System of Environmental Services,” whose design has demonstrated that the criteria set out in California’s standard can be met with positive results.

Acre has used both command-and-control and incentive policies to control deforestation, investing in building sustainable value chains on already cleared land (e.g. fish farming, replacing cattle pasture, growing acai and other tropical fruits, intensifying cattle ranching to create more value on less land). The state has also invested in sustainable value chains for indigenous and traditional forest communities, such as agroforestry systems and sustainable forest management, as well as building processing plants for the community-run Brazil nut collectors’ cooperative that increase family income and have made Acre Brazil’s largest producer.

Indigenous and traditional people participate in an international donor-funded program to compensate reduced deforestation statewide. Indigenous people used their share to develop territorial management plans for their lands in nearly all of the officially recognized and demarcated territories in the state, and to support recuperation of traditional cultures and celebrations. The state Incentive System for Environmental Services (SISA) includes robust safeguards of indigenous and forest peoples' rights adopted from the most highly regarded international standards, as well as inclusive participation in the program's development and implementation.

Despite Brazilian President Jair Bolsonaro's [war on the forests and forest peoples of the Amazon](#), Amazon states continue to show that stopping deforestation has important economic, social and environmental value. As new state governments establish their priorities and begin to move policy agendas forward, they are receiving the loud and clear international signal from many corners that continuing this effort is of global significance. The world is watching.

A decade of research

California has been interested in rainforest protection for more than 10 years.

- 2008: As a founding member of the Governors' Climate and Forests Task Force (GCF), a coalition of subnational governments working to combat climate change and reduce tropical deforestation, California has played an important role in spearheading strategic forest partnerships alongside key tropical forest states and provinces working to reduce deforestation.
- 2010: Through a Memorandum of Understanding between the states of California, Acre (Brazil), and Chiapas (Mexico), California helped advance technical standards on environmental and social requirements for jurisdictional programs that aim to receive carbon credits by working together with tropical forest governments and technical experts.
- 2013: The state's groundbreaking [cap-and-trade market](#) launched.
- 2013: An expert working group released comprehensive [recommendations](#) for how California could incorporate credits for reduced deforestation into its cap-and-trade system.
- 2015: CARB released a [white paper](#) addressing the history, status and next steps of its evaluation of sector-based crediting.
- 2016: CARB released a [technical paper](#) evaluating the potential for international sector-based offset credits in California's cap-and-trade program.
- 2016: CARB hosted a [workshop](#) that addressed sector-based crediting programs including Acre's, and requirements for social and environmental safeguards for potential linked sector-based offset programs.
- 2018: CARB held a hearing on the Tropical Forest Standard where indigenous leaders, including members from COICA, a group representing nine indigenous organizations from across the Amazon Basin, and the Yurok Tribe, the largest Native American tribe in California, underlined the strong environmental and social safeguards included in the Standard.
- 2019: California lawmakers, led by Assembly Members Eduardo Garcia (D-Coachella), Ash Kalra (D-San Jose), Eloise Gomez Reyes (D-San Bernardino) and Richard Bloom (D-Santa Monica), sent a letter to [CARB officially supporting endorsement](#) of the Tropical Forest Standard.