BioCarbon Fund - Initiative for Sustainable Forest Landscapes

ISFL ER Program Requirements for GHG Reporting and Accounting
Public Consultation Period
April 2017
The ISFL ER Program Requirements were made public on April 18th on the ISFL website: http://www.biocarbonfund-isfl.org/methodology

Next steps:

- Webinar on Program Design Requirements on Wednesday, May 3rd (9:00 – 11:00am EST)
- The ISFL will be accepting comments through May 18th; send comments to Katie O’Gara (kogara@worldbank.org).
- The ISFL will review comments and incorporate feedback
- The ISFL and its Contributors will finalize the first version of the ISFL ER Program Requirements and make them public on the ISFL website.
CONTENTS

1. ISFL OVERVIEW
2. ISFL ER PROGRAM REQUIREMENTS
3. GHG REPORTING AND ACCOUNTING REQUIREMENTS
ISFL OVERVIEW

The ISFL aims to promote and reward reduced greenhouse gas emission and increased sequestration through better land management, including REDD+, climate smart agriculture, and smarter land use planning and policies.

**Total Fund Capital: $342 million**

- **BioCFplus:** Technical Assistance, Capacity Building, Implementation
  - $98M
- **BioCF T3:** Result-based payments
  - $244M

**Contributors:** Germany, Norway, United Kingdom, United States
ISFL EMISSION REDUCTIONS (ER) PROGRAMS

Selection process
- Jurisdictional program agreed and funding initiated
- Target jurisdiction – under consideration

Countries: Colombia, Zambia, Ethiopia, Indonesia
The ISFL Approach

The ISFL will achieve its objective of reducing GHG emissions, while also addressing poverty and unsustainable land use, through four key design elements.
CONTENTS

1. ISFL OVERVIEW
2. ISFL ER PROGRAM REQUIREMENTS
3. GHG REPORTING AND ACCOUNTING REQUIREMENTS
ISFL ER PROGRAM REQUIREMENTS OVERVIEW

A document outlining the requirements that ISFL emission reductions (ER) Programs must comply with in order to be eligible to receive results-based finance from BioCF T3. It covers the following elements:

- World Bank Group Requirements
- Program Design Requirements
- GHG Reporting and Accounting Requirements
- Documents and Assessment Process
ISFL ER Program Requirements Development
To date, the ISFL has worked actively with the below groups to develop the ISFL ER Program Requirements.

Through this webinar series and the public comment period, the ISFL looks forward to engaging the above groups in the review of the ISFL ER Program Requirements.
CONTENTS

1. ISFL OVERVIEW
2. ISFL ER PROGRAM REQUIREMENTS
3. GHG REPORTING AND ACCOUNTING REQUIREMENTS
BUILDING CAPACITY FOR COMPREHENSIVE LANDSCAPE ACCOUNTING

The ISFL is committed to working with countries to build capacity and data quality in order to be able to account for multiple AFOLU sectors, including financial support and time to reach requirements.
PHASED APPROACH FOR COMPREHENSIVE LANDSCAPE ACCOUNTING

Example ISFL ER Program – Country X

- ISFL ER Program host country budget
- ISFL grant for MRV support for gaps for additional subcategories
- ISFL results based payments for emission reductions

Financial Support to Meet Requirements

ERPA Signature | End of Phase I | End of Phase II | End of ERPA

ERPA Term
ISFL ER PROGRAM REQUIREMENTS FOR GHG REPORTING AND ACCOUNTING

- ISFL Reporting
- Quality requirements for ISFL Accounting
- Scope and baseline setting for ISFL Accounting
- Monitoring and calculation of emission reductions for ISFL Accounting
- Uncertainty and uncertainty set-aside factor for ISFL Accounting
- Reversals

- Does not contain detailed calculation methods or protocols, but instead are a standard for consistency across ISFL ER Programs.
- Builds on the IPCC Guidelines for National GHG Inventories and other relevant UNFCCC documents and decisions.
- Do not preempt ongoing or future discussions under the UNFCCC, including implementation of the Paris Agreement.
ISFL REPORTING

ISFL ER Programs will perform a GHG inventory of all AFOLU categories, subcategories, gases, and pools in the Program Area, using the most recent IPCC guidance and guidelines and based on best available methods and data.

GHG inventory builds on the national GHG inventory and other national processes

Comparable in its use of definitions, categories and subcategories
## ISFL Reporting – How Terms are Used in Requirements

<table>
<thead>
<tr>
<th>Categories</th>
<th>Subcategories</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Livestock</strong></td>
<td></td>
</tr>
<tr>
<td>A. Enteric fermentation</td>
<td>Cattle</td>
</tr>
<tr>
<td></td>
<td>Sheep</td>
</tr>
<tr>
<td></td>
<td>Swine</td>
</tr>
<tr>
<td></td>
<td>Other livestock</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
</tr>
<tr>
<td>C. Rice cultivation</td>
<td>Irrigated</td>
</tr>
<tr>
<td></td>
<td>Rain-fed</td>
</tr>
<tr>
<td></td>
<td>Deep water</td>
</tr>
<tr>
<td></td>
<td>Other</td>
</tr>
<tr>
<td><strong>LULUCF</strong></td>
<td></td>
</tr>
<tr>
<td>A. Forest Land</td>
<td>Forest Land remaining forest land</td>
</tr>
<tr>
<td></td>
<td>Land converted to forest land</td>
</tr>
<tr>
<td>B. Cropland</td>
<td>Cropland remaining cropland</td>
</tr>
<tr>
<td></td>
<td>Land converted to cropland</td>
</tr>
</tbody>
</table>
OTHER ISFL REPORTING REQUIREMENTS

- Inventory during program design and every second year during the term of ERPA
- In case of improvements → re-calculate entire time series
- Reported at the level of subcategories
QUESTIONS
ISFL REPORTING AND ISFL ACCOUNTING

ISFL Reporting

ISFL Accounting
ISFL ER Program Requirements sets the accounting rules and other requirements that emission reductions need to comply with to be purchased by the ISFL.
ISFL ACCOUNTING – DETERMINING ACCOUNTING SCOPE

Analyze Inventory

• List subcategories in order of the contribution to the absolute level of the total GHG emissions and removals

Initial selection

• Initial selection of required and voluntary subcategories
**ISFL Accounting – Initial Selection**

<table>
<thead>
<tr>
<th>Example ISFL ER Program – Country X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forests to croplands i.</td>
</tr>
<tr>
<td>Forests to grasslands i.</td>
</tr>
<tr>
<td>Forests remaining forests ii.</td>
</tr>
<tr>
<td>Grasslands to croplands iii.</td>
</tr>
<tr>
<td>Enteric fermentation iv.</td>
</tr>
<tr>
<td>Wetlands remaining wetlands *</td>
</tr>
</tbody>
</table>

All ISFL ER Programs shall initially select the following subcategories:

i. Any subcategories involving conversions from or to forest land;

ii. Forest land remaining forest land;

iii. Any subcategories involving conversions between land-use categories other than forest land that cumulatively with the conversions from or to forest land, amount to 90% of the absolute level of the total GHG emissions and removals associated with all land use conversions in the Program GHG Inventory; and

iv. The single most significant of the remaining subcategories.

*Additional non-forest related subcategories may be included at the discretion of the ISFL ER Program, if quality requirements are met.
Analyze Inventory
- List subcategories in order of the contribution to the absolute level of the total GHG emissions and removals

Initial selection
- Initial selection of required and voluntary subcategories

Check initial selection
- Quality requirements
- Baseline setting requirements
Initial selection is checked against:

1. Quality requirements
   - Use at minimum IPCC Tier 2 methods and data (all significant pools and gases for a subcategory) → exception for forest-remaining-forest
   - For land use change-related subcategories, Approach 3 should be used for land representation. Approach 2 may be used if this is not possible.
Initial selection is checked against:

2. Baseline requirements

- Expressed as tonnes of CO2e per year
- Based on the average annual historical GHG emissions and removals over a baseline period of approximately 10-year → exception for most significant non-forest category
- End date is the most recent date prior to two years before the submission of baseline for independent technical assessment
## Requirements for Determining Scope

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>Emissions Baseline setting</th>
<th>Methods and data</th>
<th>Spatial information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any subcategories involving conversions from or to forest land</td>
<td>Historical Baseline Period of 10 years</td>
<td>Tier 2 methods and data for setting the Emissions Baseline</td>
<td>Approach 2 or 3 for setting the Emissions Baseline</td>
</tr>
<tr>
<td>Forest Land remaining Forest Land</td>
<td>Historical Baseline Period of 10 years</td>
<td>Tier 2 methods and data for setting the Emissions Baseline, <em>using jurisdiction-specific proxies as necessary</em></td>
<td>Approach 2 or 3 for setting the Emissions Baseline</td>
</tr>
<tr>
<td>Any subcategories involving conversions between land-use categories other than forest land</td>
<td>Historical Baseline Period of 10 years</td>
<td>Tier 2 methods and data for setting the Emissions Baseline</td>
<td>Approach 2 or 3 for setting the Emissions Baseline</td>
</tr>
<tr>
<td>Most significant of the remaining non-forest subcategories</td>
<td>Historical Baseline Period of 10 years as default. <em>Where not possible and convincing justification is provided, at least 5 years</em></td>
<td>Tier 2 methods and data for setting the Emissions Baseline</td>
<td></td>
</tr>
<tr>
<td>Additional non-forest related subcategories</td>
<td>Historical Baseline Period of 10 years</td>
<td>Tier 2 methods and data for setting the Emissions Baseline</td>
<td></td>
</tr>
</tbody>
</table>
ISFL ACCOUNTING – DETERMINING ACCOUNTING SCOPE

Analyze Inventory
- List subcategories in order of the contribution to the absolute level of the total GHG emissions and removals

Initial selection
- Initial selection of required and voluntary subcategories

Check initial selection
- Quality requirements
- Baseline setting requirements

Final scope
- Determine final scope and take action on subcategories that don’t meet the requirements
Outcome of the quality and baseline check is a subset of the initial selection which is considered as the final Accounting scope.

**Example ISFL ER Program – Country X**

- ✔ Forests to croplands
- ✔ Forests to grasslands
- ✔ Forests remaining forests
- ✔ Grasslands to croplands
- ✔ Enteric fermentation
- ✔ Wetlands remaining wetlands
ISFL ER Programs will begin to collect data with the aim of including additional subcategories in the Accounting scope for subsequent ERPA Phase(s).
### ISFL Accounting for Subsequent ERPA Phase(s)

<table>
<thead>
<tr>
<th>Insufficient historic data available to create 10 year historic average</th>
<th>10 year historic data available, but does not meet quality requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Monitor the emissions for that subcategory in accordance with the quality requirements during the ERPA Phase.</td>
<td>• A subcategory can only be included for Accounting in the ERPA Phase if the quality requirements are met through improved methods and data.</td>
</tr>
<tr>
<td>• These monitored data collected during the ERPA Phase(s) shall be used to estimate the Emissions Baseline during the subsequent ERPA Phase.</td>
<td>• Quality requirements can be met at the latest by the end of the ERPA Phase.</td>
</tr>
<tr>
<td></td>
<td>• An interim Emissions Baseline will be required at the beginning of the ERPA Phase using best available data.</td>
</tr>
</tbody>
</table>
For each ERPA Phase the process will be repeated and the Emissions Baseline will be updated.

ISFL ACCOUNTING – DETERMINING ACCOUNTING SCOPE
Measure all the subcategories and their associated carbon pools and gases included in the Accounting scope, following quality requirements.

Ensure methodological consistency between the Emissions Baseline and the monitored net GHG emissions.
Identify and assess
• Systematically identify and assess sources of uncertainty in the determination of the Emissions Baseline and the monitoring of emissions and removals

Manage and reduce
• To the extent feasible, manage and reduce uncertainty of activity data and emission factors used in determination of the Emissions Baseline and the monitoring of emissions and removals

Quantify
• Quantify the uncertainty of the emission reductions using a Monte Carlo method
ISFL ACCOUNTING - UNCERTAINTY

• Programs shall set aside a portion of emission reductions in a buffer reserve to reflect the level of uncertainty associated with the estimation of emission reductions during the ERPA Phase

<table>
<thead>
<tr>
<th>Aggregate uncertainty of emission reductions</th>
<th>Uncertainty set-aside factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 15%</td>
<td>0%</td>
</tr>
<tr>
<td>&gt; 15% and ≤ 30%</td>
<td>4%</td>
</tr>
<tr>
<td>&gt; 30% and ≤ 60%</td>
<td>8%</td>
</tr>
<tr>
<td>&gt; 60% and ≤100%</td>
<td>12%</td>
</tr>
<tr>
<td>&gt; 100%</td>
<td>15%</td>
</tr>
</tbody>
</table>
Assess
- Assess the anthropogenic and natural risk of Reversals that might affect emission reductions during and after the ERPA Term (inclusive of all Phases)

Set-aside
- Set aside a portion of emission reductions in a buffer reserve
- The portion to be set aside shall be determined using an ISFL approved risk assessment and buffer tool

Monitor
- Monitor and report major emissions that could lead to Reversals of emission reductions
FURTHER INFORMATION

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