

ISFL Emission Reductions Program Requirements

**FIRST-OF-ITS-KIND COMPREHENSIVE
LANDSCAPE ACCOUNTING APPROACH**



BioCarbon Fund
Initiative for Sustainable Forest Landscapes



Working at
Scale

Leveraging
Partnerships

Incentivizing
Results

Building on
Experience

The ISFL Approach

The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) is a multilateral facility that promotes and rewards reduced greenhouse gas (GHG) emissions and increased sequestration through better land management, including REDD+ (Reduced Emissions from Deforestation and forest Degradation), climate smart agriculture, and smarter land use planning and policies. The ISFL will pilot programs and interventions at a jurisdictional scale in order to test approaches and share lessons learned broadly.

The ISFL will achieve its objective of greenhouse gas emission reductions, while also addressing poverty and unsustainable land use, through four key design elements:

- **Working at Scale:** Each ISFL program focuses on an entire jurisdiction (state, province, or region) within a country and enables programs to engage with multiple sectors affecting land use, increasing their impact over a relatively large area.
- **Leveraging Partnerships:** The ISFL will create partnerships with other public sector initiatives and private sector actors. Engagements with the private sector can take several forms, from collaborating on sustainability approaches, to blending finance in-country, to convening stakeholders to work toward complementary goals.
- **Incentivizing Results:** The ISFL will provide significant results-based climate finance over a 10-15-year period by purchasing verified emission reductions.
- **Building on Experience:** To work at scale effectively, the ISFL builds on the experiences and lessons learned by the BioCarbon Fund's initial work piloting land use projects, the national REDD+ readiness work of the Forest Carbon Partnership Facility (FCPF) and the United Nations REDD Programme (UN-REDD), and other land use initiatives.

The ISFL utilizes a landscape approach in each jurisdiction, which requires stakeholders to consider the trade-offs and synergies between different sectors that may compete in a jurisdiction for land use—such as forests, agriculture, energy, mining, and infrastructure. In doing so, solutions that serve multiple objectives and influence a variety of sectors can be identified. The goal of the landscape approach is to implement a development strategy that pursues environmental, social, and economic impacts at scale and it also has advantages for GHG accounting approaches. For example, accounting for GHG emissions over a landscape provides a comprehensive understanding of land use emissions in an area and can serve to address potential feedbacks and leakages amongst activities in the landscape.

The Need for Innovative Approaches to GHG Accounting

There has been a growing consensus on the need to report on and account for GHG emission reductions across a landscape where a mosaic of land uses exists, but such an approach did not exist when the ISFL was established. The ISFL addressed this need by pioneering the development of a first-of-its-kind GHG reporting and accounting approach to meet its objectives to account for emission reductions across agriculture, forestry, and other land use sectors. This is not only a significant achievement for the ISFL, but also for the broader climate change community, as it will test approaches to comprehensive landscape GHG reporting and accounting that could be expected of emission reductions programs in the future.

More specifically, new approaches had to be developed to set baselines and account for emission reductions with sufficient confidence to allow for results-based payments, which requires a high level of environmental quality. The ISFL used this opportunity to bring together its program countries, contributors, external experts, and stakeholders—by organizing three workshops and introducing a public consultation period—to produce an ambitious yet realistic set of requirements that will test approaches to account for emission reductions at a landscape scale for the first time.

Meeting Countries’ Needs Through Innovation

To develop these innovative requirements, the ISFL had to define parameters for essential questions, such as what is “comprehensive” and how can emission reductions from activities in different land uses be accounted for in a straightforward way. In doing this, the ISFL aimed to build on existing systems and guidelines and streamline the accounting of emission reductions with a country’s reporting of GHG emissions to the UNFCCC.

The requirements for both reporting on and accounting for emissions under the ISFL therefore build on the 2006 IPCC Guidelines for National GHG Inventories and other relevant UNFCCC documents and

decisions.¹ The requirements developed by the ISFL and their implementation by program countries will provide critical lessons for future efforts on comprehensive landscape GHG accounting.

Full comprehensiveness ideally requires accounting for all emissions and removals related to agriculture, forestry, and other land use (AFOLU) sectors with data of sufficient quality and accuracy to allow for results-based payments. However, ISFL program countries are at different stages in terms of the availability and quality of GHG data. In general, tropical forest countries have significantly improved their reporting and accounting methods for *forests converted to other land uses* as part of REDD+ readiness. However, throughout the development of the ISFL requirements, countries noted that they find it more difficult to accurately report GHG data on *forests remaining forests* (forest degradation or enhancements)

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1 It should be noted that the ISFL requirements are meant for use in the ISFL only and do not preempt ongoing or future discussions under the UNFCCC on the implementation of the Paris Agreement.



and other AFOLU sectors. As different ministries or departments can be responsible for reporting on emissions from livestock, agriculture, and forestry, the degree of support for improving the reporting of GHG data across these sectors can vary widely. The ISFL is committed to working with countries by offering financial support and the necessary flexibility to enable countries to gradually build the capacity to account for GHG emissions from several AFOLU sectors.

ISFL program countries noted that improving the data quality and developing capacity for reporting across significant AFOLU sectors would take time. Considering these circumstances, a unique phased approach was adopted to allow countries to account and receive payments for emission reductions in significant AFOLU sectors once sufficient data of a specified level of quality are available. In other words, a country can begin accounting for and receiving payments for emission reductions from a limited set of land use categories that meet ISFL requirements for data quality. Over time, as a country improves the quality of its data, other significant emissions categories can be included in the accounting, and become eligible for results-based payments if emission reductions are achieved. This phased approach provides a roadmap as well as incentives for countries to improve their data on AFOLU sectors while receiving payments for results attained. Higher-quality data will also directly improve a country's ability to report to the UNFCCC for the AFOLU sector.

Each country will indicate how and when it will improve its data in the ISFL Emission Reductions Program Document (PD). The ISFL PD template was developed this past year and countries will complete it to detail their emission reductions (ER) programs², including their compliance with the ISFL's GHG reporting and accounting requirements. Furthermore, the phased approach to GHG accounting is mirrored in the unique structure of the ISFL Emission Reductions Purchase Agreement (ERPA) through subsidiary phase agreements to ensure that improvements to GHG data are made and that countries have incentives to make such improvements.

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2 ISFL programs that engage in ERPAs to receive results-based payments for GHG emission reductions and removals are referred to as 'ISFL ER Programs'.





How the ISFL’s GHG Accounting Requirements Meet Countries’ Needs

The ISFL recognized that countries may have limitations in implementing a comprehensive landscape GHG accounting approach. Therefore, the Initiative consulted extensively with ISFL program countries to ensure that its approach would take into account their challenges while advancing their ability to account and report on GHG emissions across land use categories.

Three interrelated challenges were echoed by ISFL program countries:

- 1. **Uneven development of GHG reporting and accounting capacity for some AFOLU categories.** Overall, ISFL program countries noted differing levels of capacity to account for GHG emissions related to forest degradation (forests remaining forests), livestock, and agriculture.
- 2. **Improving GHG data quality and availability requires time.** The ISFL is committed to ensuring the environmental integrity of GHG accounting data through its approach. To do so, standards for a level of data quality as well as a minimum time period for meeting this quality level were developed. Countries noted that for some AFOLU categories, time and financial support would be required to include them in their program’s GHG accounting scope.
- 3. **Payments for ER results can be made while GHG data improves.** Countries predicted that it could take up to five years to improve GHG data. The ISFL and its program countries were interested in incentivizing the improvement of data without precluding countries from receiving payments for results in AFOLU categories that already meet GHG data quality and availability requirements.

The ISFL is committed to working with countries by offering financial support and the necessary flexibility to enable countries to gradually build the capacity to account for GHG emissions from several AFOLU sectors. The ISFL will provide this support and flexibility through two means:

- 1. **ISFL Programs may obtain upfront grant funding and/or results-based payments for emission reductions.** The upfront grant funding is used to improve the enabling environments appropriate to achieving emission reductions; this might include technical assistance, policy development, and investment activities. ISFL grants will support the improvement of GHG data in order to meet the ISFL’s requirements, where necessary.
- 2. **The ISFL developed an innovative ‘phased approach’ to GHG accounting** to enable countries to account for GHG emissions as they meet requirements for data quality and availability. This phased approach provides a roadmap as well as incentives for countries to improve their data on AFOLU categories while receiving payments for results attained. Therefore, the ISFL ER Program Requirements will implement aspects of the REDD+ stepwise approach³ for improving reference levels, data, and methodologies through results-based payments.

These two measures will enable ISFL program countries to make improvements to their GHG data while receiving payments for results – a win-win for all involved. The progression towards a comprehensive landscape GHG accounting approach will benefit countries moving forward by providing them with more opportunities for results-based finance from a variety of sources.

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3 Para. 10 of Decision 12/CP.17 agrees that a step-wise approach to national forest reference emission level and/or forest reference level development may be applied, enabling Parties to improve them by incorporating better data, improved methodologies and, where appropriate, additional pools...

ISFL ER Program Requirements

The ISFL's innovative GHG reporting and accounting requirements are complemented by other key program design requirements related to benefit sharing, feedback and grievance redress, and land and resource tenure assessment, among others. These requirements build on the recognized approaches of the Forest Carbon Partnership Facility and were developed further in close consultation with program countries, contributors, and other stakeholders.

The GHG accounting requirements and program design requirements are collectively known as the ISFL Emission Reductions Program Requirements. They clearly detail the elements program countries need to have in place to receive results-based payments from the ISFL for emission reductions. However, the Program Requirements are much more than that—they will form the basis for countries to pilot innovative approaches to accounting for GHG emissions at the landscape level and foster programs that change the trajectory of land use across jurisdictions and sustain results over the long term.



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“This long term [BioCarbon Fund Initiative for Sustainable Forest Landscapes] program will be the engine that will help transform how we manage forests to foster poverty reduction, improved livelihoods, climate change resilience and mitigation, and biodiversity conservation.”

—Dr. Hassan Yusuf,

Director General, Environment, Forest and Climate
Change Authority, Oromia, Ethiopia



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