



BioCarbon Fund - Initiative for Sustainable Forest Landscapes

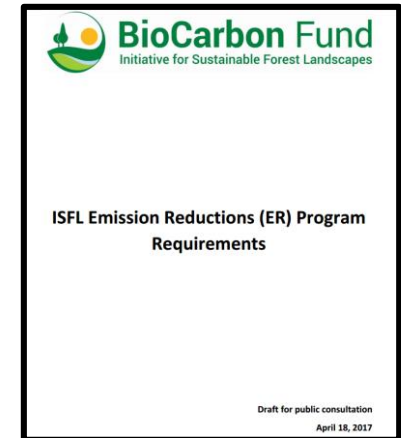
*ISFL ER Program Requirements for GHG Reporting and Accounting
Public Consultation Period
April 2017*



BioCarbon Fund
Initiative for Sustainable Forest Landscapes

ISFL ER PROGRAM REQUIREMENTS DEVELOPMENT

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

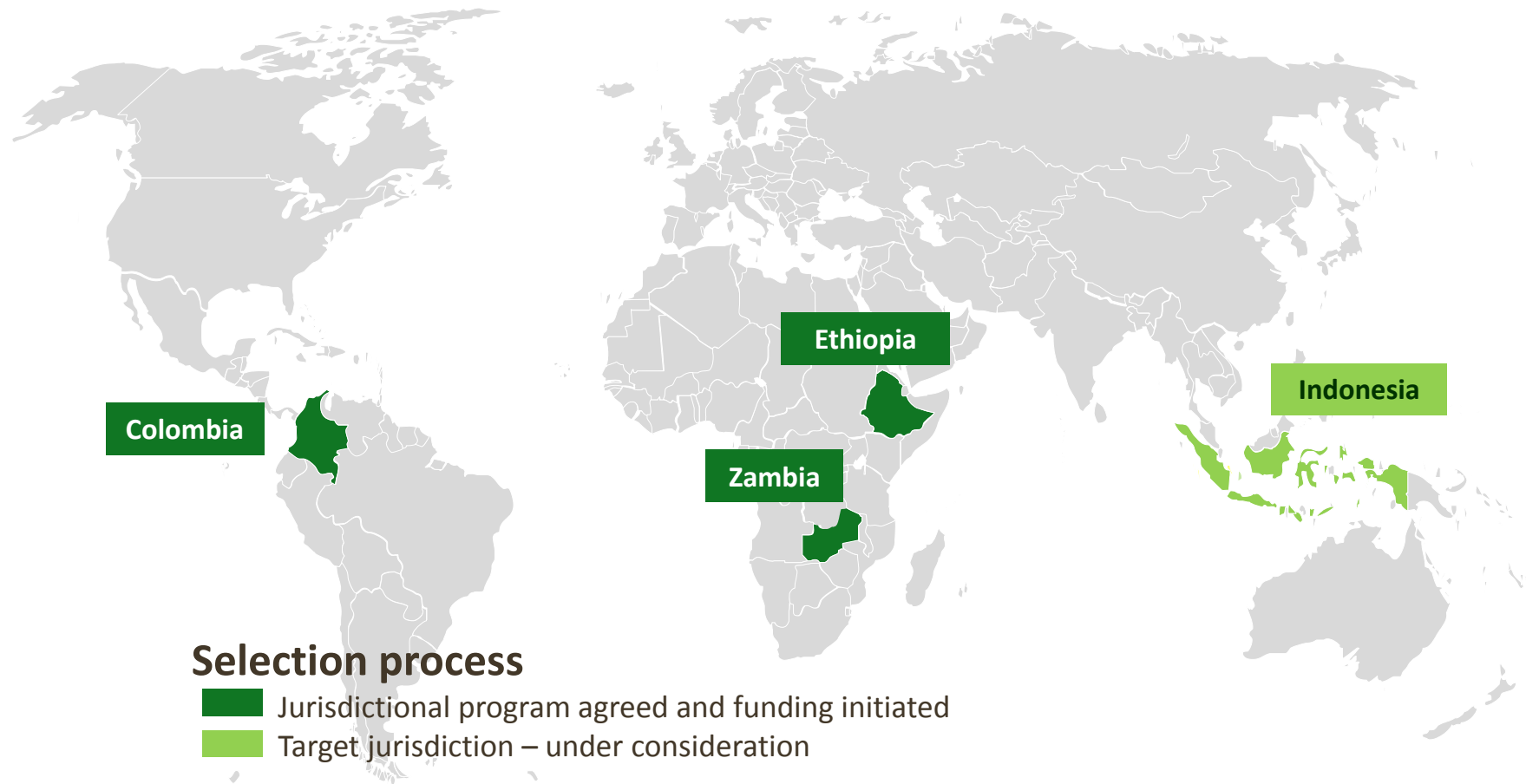
\$98M

BioCF T3: Result-based payments

\$244M

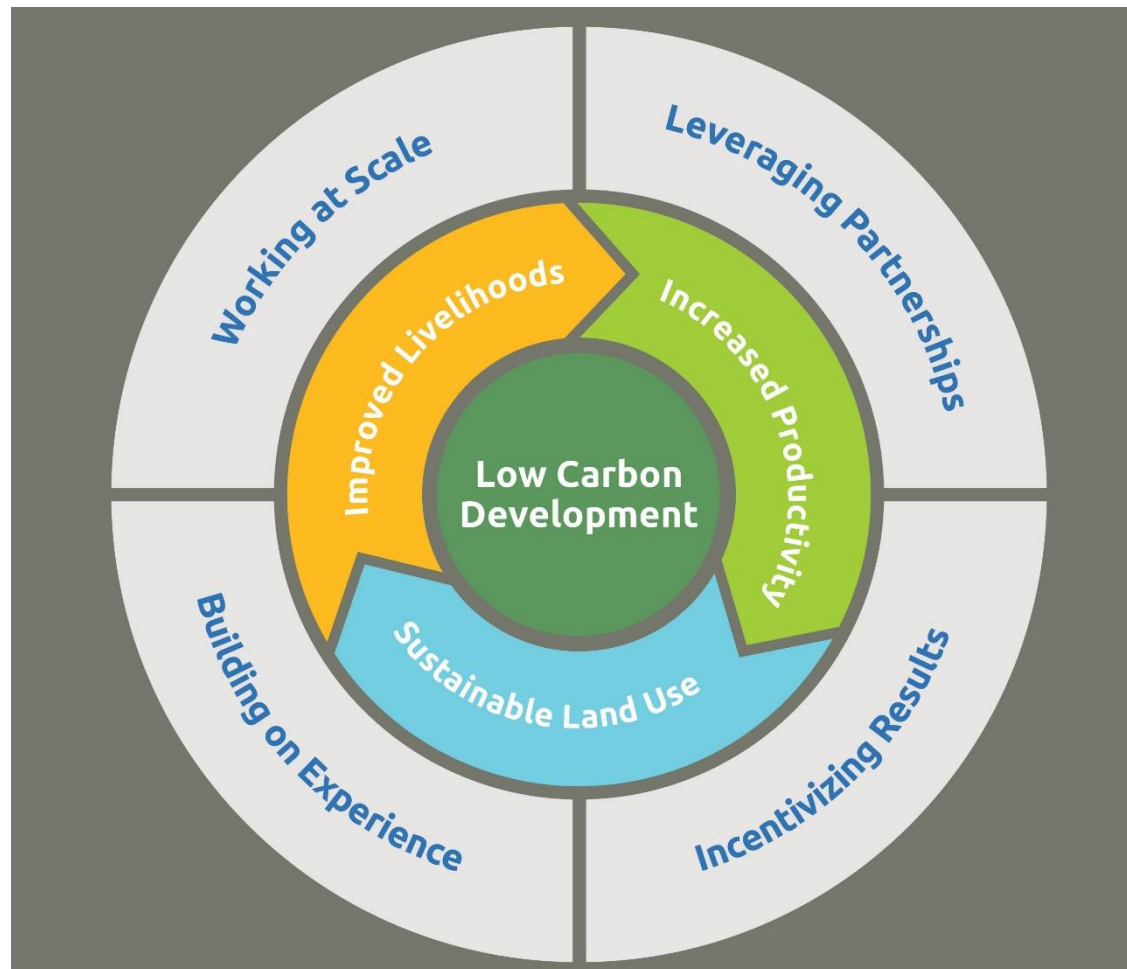
- **Contributors:** Germany, Norway, United Kingdom, United States

ISFL EMISSION REDUCTIONS (ER) PROGRAMS



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

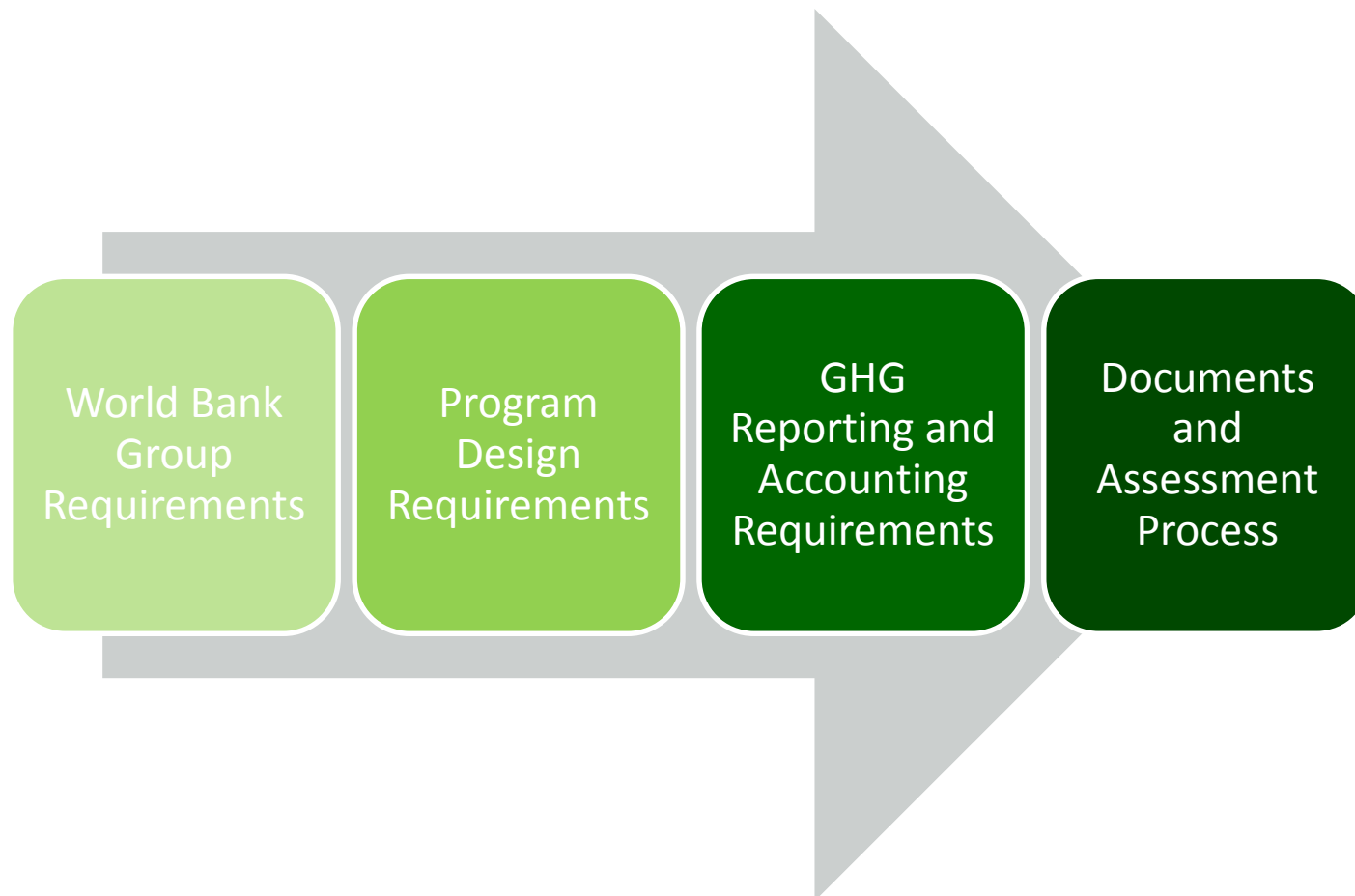
2. ISFL ER PROGRAM REQUIREMENTS

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:



ISFL ER PROGRAM REQUIREMENTS DEVELOPMENT



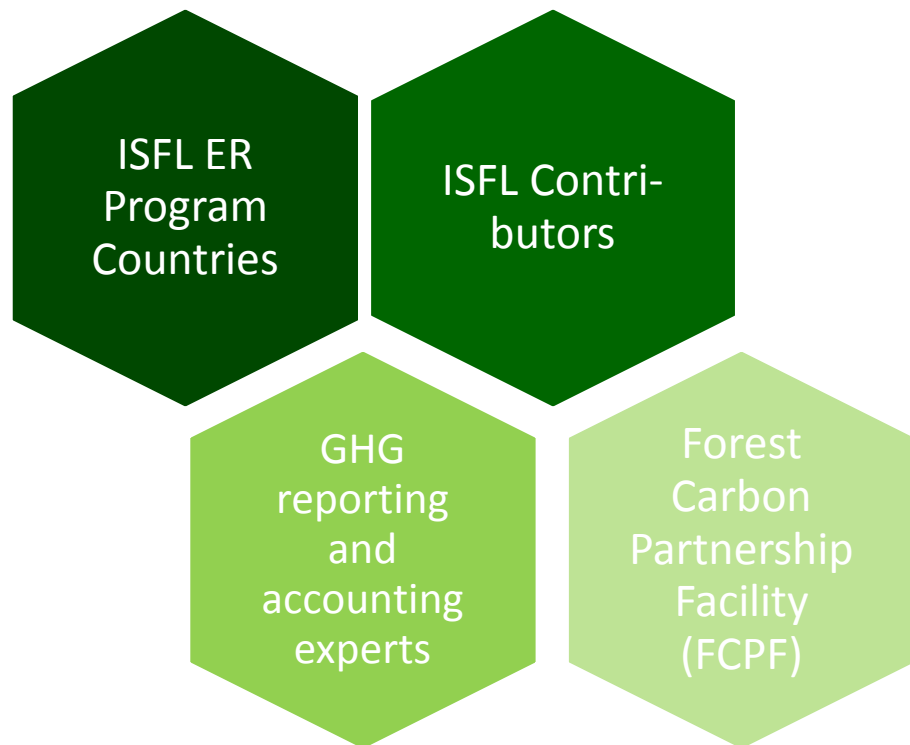
United Nations
Framework Convention on
Climate Change



ISFL ER Program
Requirements

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

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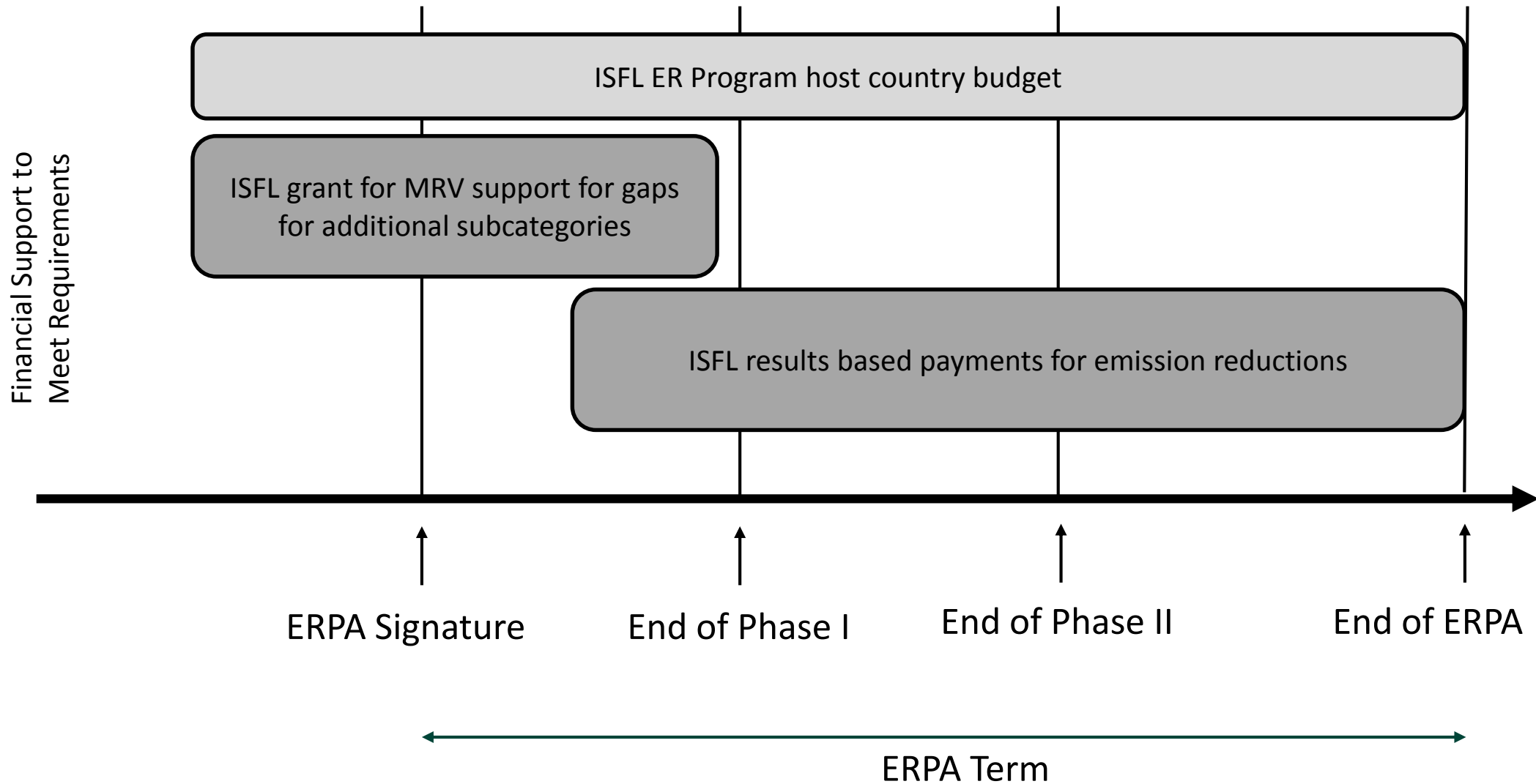
BUILDING CAPACITY FOR COMPREHENSIVE LANDSCAPE ACCOUNTING

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 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

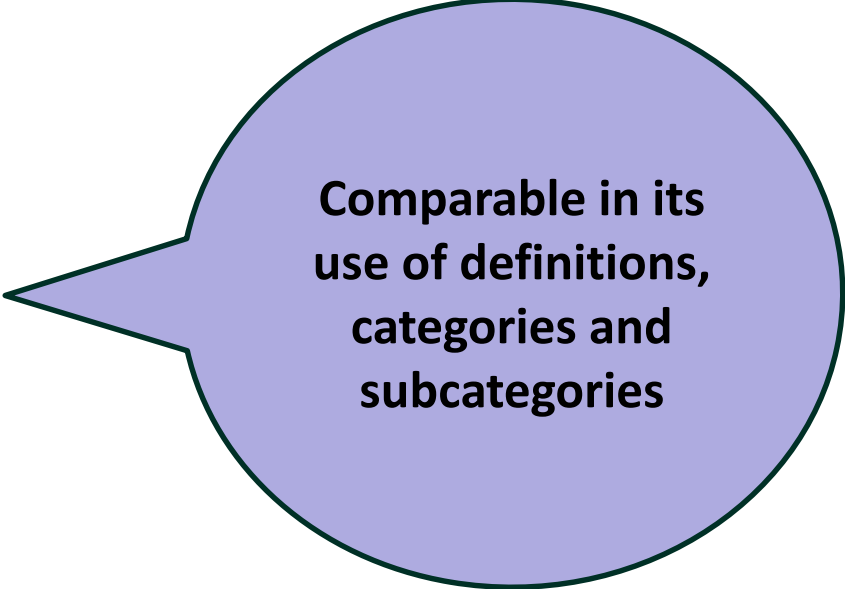
- Does not contain detailed calculation methods or protocols, but instead are a standard for consistency across ISFL ER Programs.
- Builds on the IPCC Guidelines for National GHG Inventories and other relevant UNFCCC documents and decisions.
- Do not preempt ongoing or future discussions under the UNFCCC,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

	Categories	Subcategories
Livestock	A. Enteric fermentation	Cattle
		Sheep
		Swine
		Other livestock
Other	C. Rice cultivation	Irrigated
		Rain-fed
		Deep water
		Other
LULUCF	A. Forest Land	Forest Land remaining forest land
		Land converted to forest land
	B. Cropland	Cropland remaining cropland
		Land converted to cropland

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

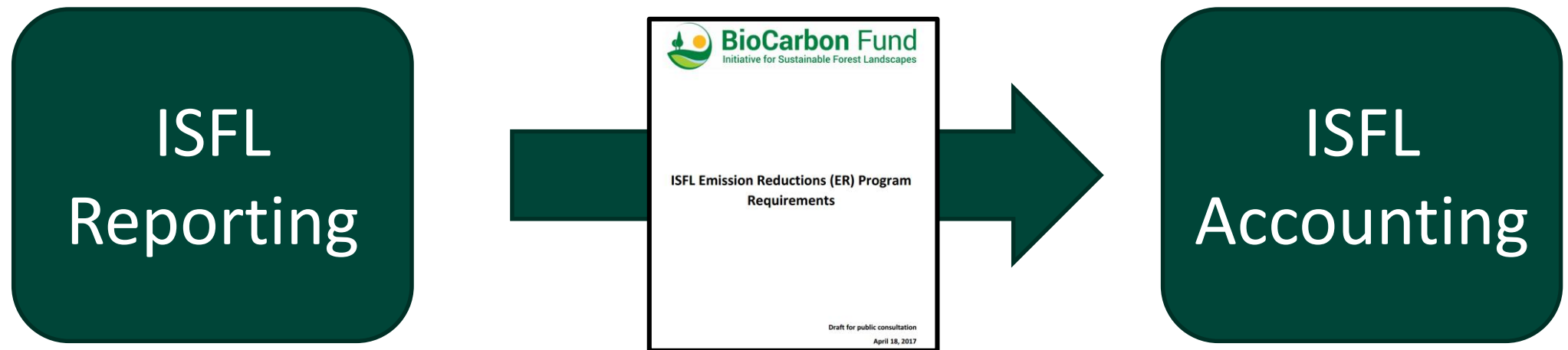


ISFL REPORTING AND ISFL ACCOUNTING

ISFL
Reporting

ISFL
Accounting

ISFL REPORTING AND 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

Example ISFL ER Program – Country X

Forests to
croplands **i.**



Forests to
grasslands **i.**



Forests remaining
forests **ii.**



Grasslands to
croplands **iii.**



Enteric
fermentation **iv.**



Wetlands
remaining
wetlands *



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.

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

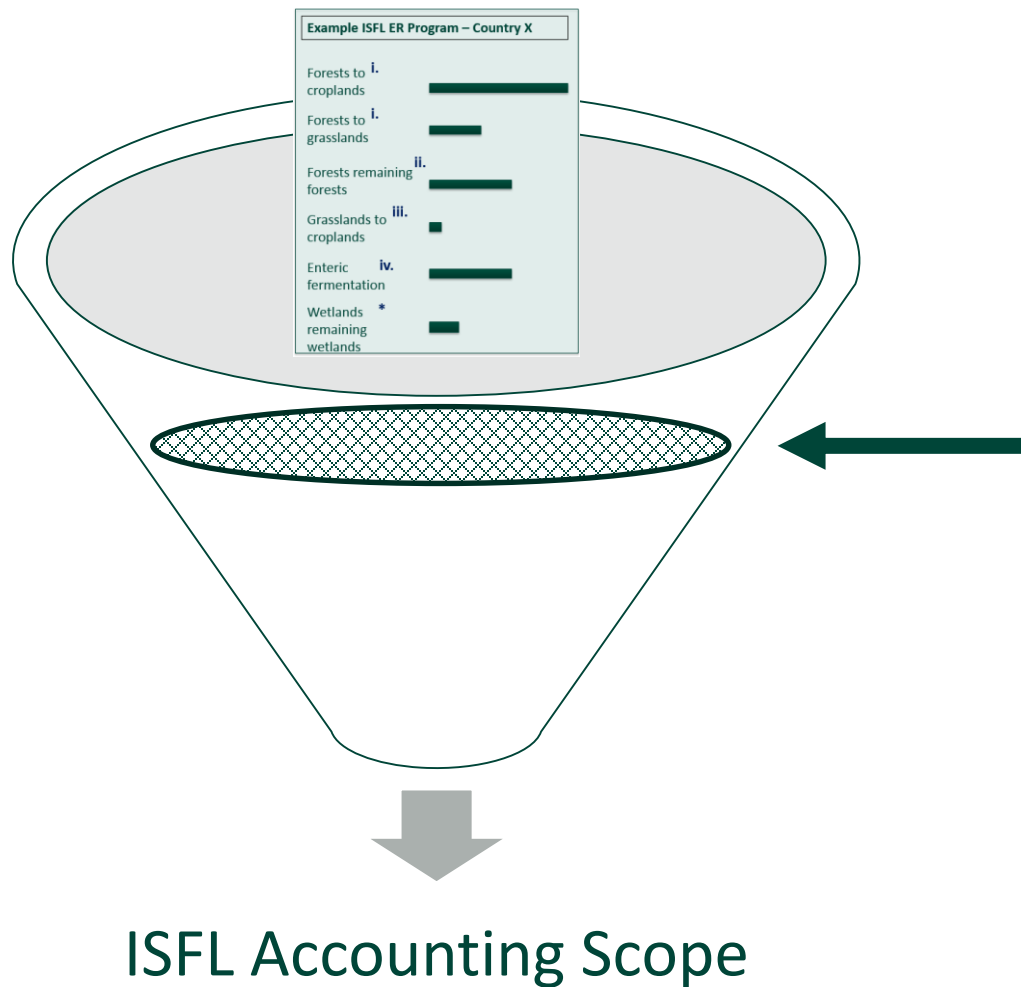
Initial selection

- Initial selection of required and voluntary subcategories

Check initial selection

- Quality requirements
- Baseline setting requirements

ISFL ACCOUNTING – QUALITY REQUIREMENTS

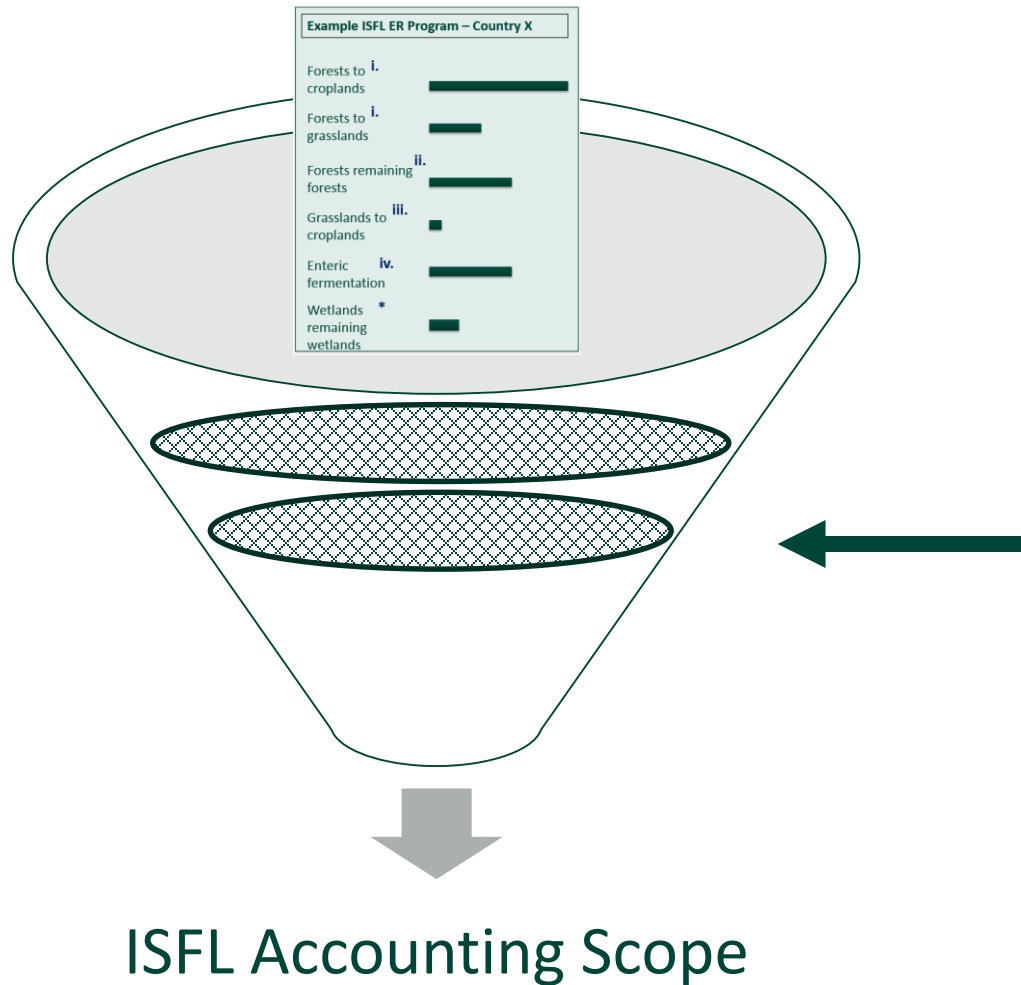


Initial selection is checked against:

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.

ISFL ACCOUNTING – BASELINE REQUIREMENTS



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

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

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

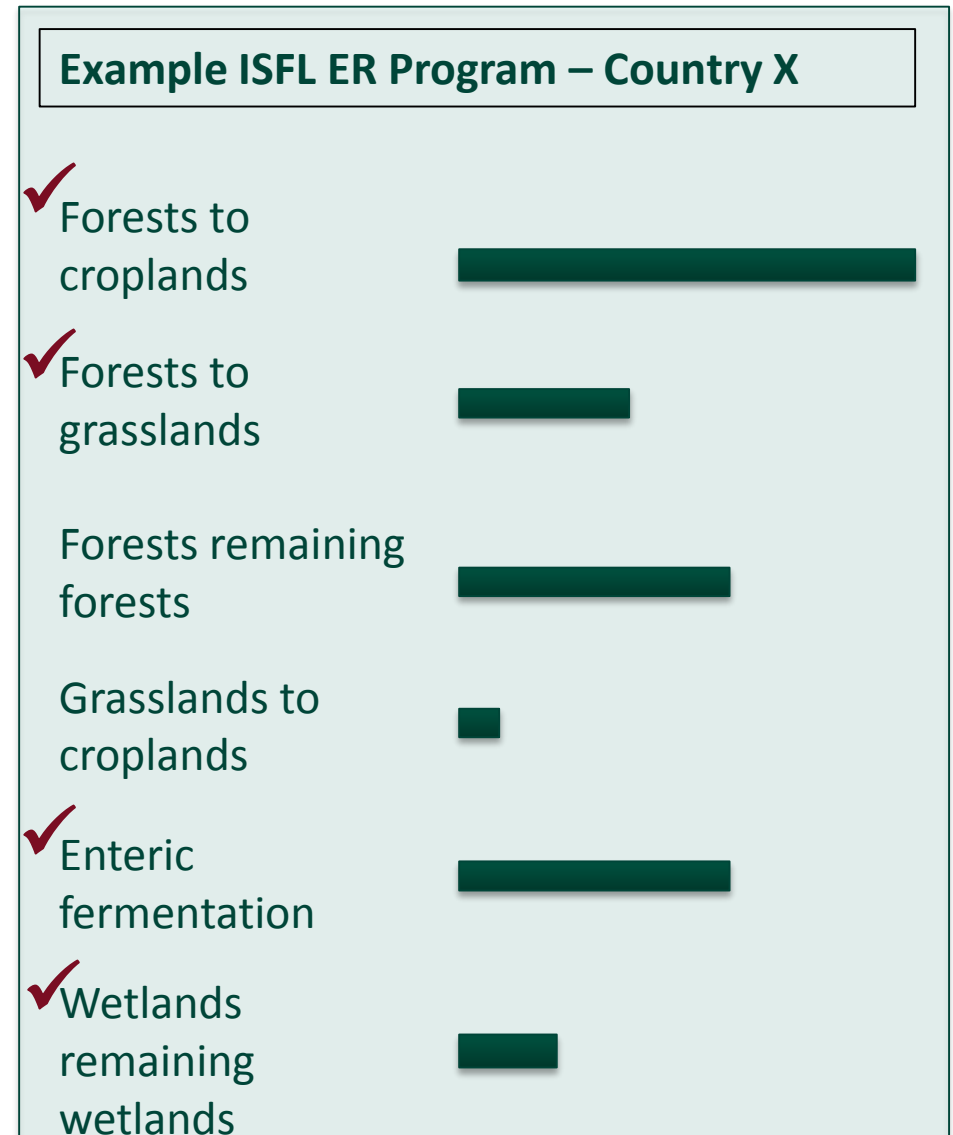
- Quality requirements
- Baseline setting requirements

Final scope

- Determine final scope and take action on subcategories that don't meet the requirements

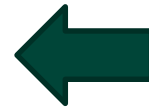
FINAL ISFL ACCOUNTING SCOPE FOR ERPA PHASE

Outcome of the quality and baseline check is a subset of the initial selection which is considered as the final Accounting scope.



FINAL ISFL ACCOUNTING SCOPE FOR ERPA PHASE

ISFL ER Programs will begin to collect data with the aim of including additional subcategories in the Accounting scope for subsequent ERPA Phase(s).



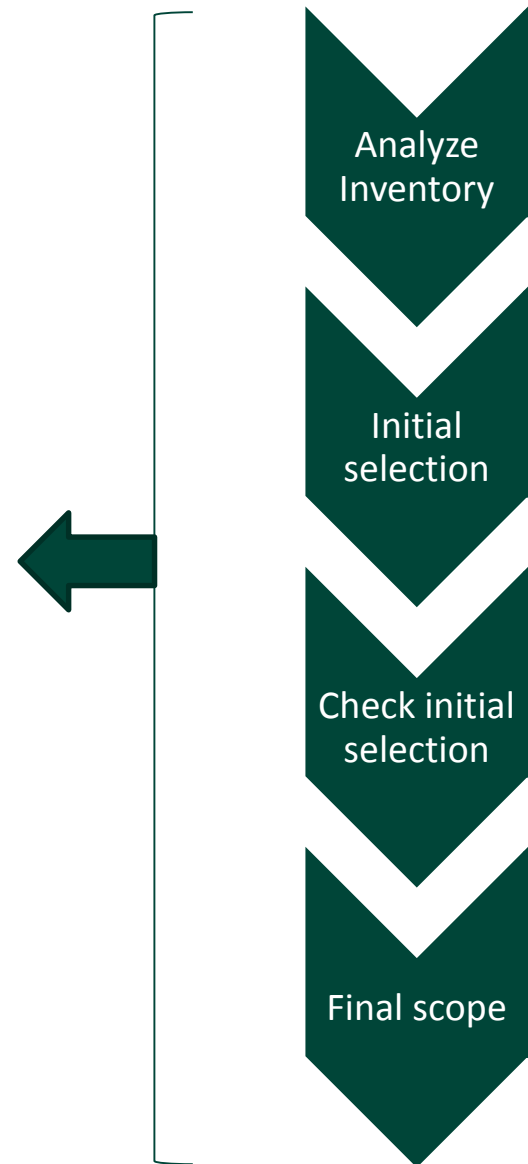
Example ISFL ER Program – Country X	
✓ Forests to croplands	<div></div>
✓ Forests to grasslands	<div></div>
Forests remaining forests	<div></div>
Grasslands to croplands	<div></div>
✓ Enteric fermentation	<div></div>
✓ Wetlands remaining wetlands	<div></div>

ISFL ACCOUNTING FOR SUBSEQUENT ERPA PHASE(S)

Insufficient historic data available to create 10 year historic average	10 year historic data available, but does not meet quality requirements
<ul style="list-style-type: none">• Monitor the emissions for that subcategory in accordance with the quality requirements during the ERPA Phase.• These monitored data collected during the ERPA Phase(s) shall be used to estimate the Emissions Baseline during the subsequent ERPA Phase.	<ul style="list-style-type: none">• A subcategory can only be included for Accounting in the ERPA Phase if the quality requirements are met through improved methods and data.• Quality requirements can be met at the latest by the end of the ERPA Phase.• An interim Emissions Baseline will be required at the beginning of the ERPA Phase using best available data.

ISFL ACCOUNTING – DETERMINING ACCOUNTING SCOPE


For each ERPA Phase the process will be repeated and the Emissions Baseline will be updated



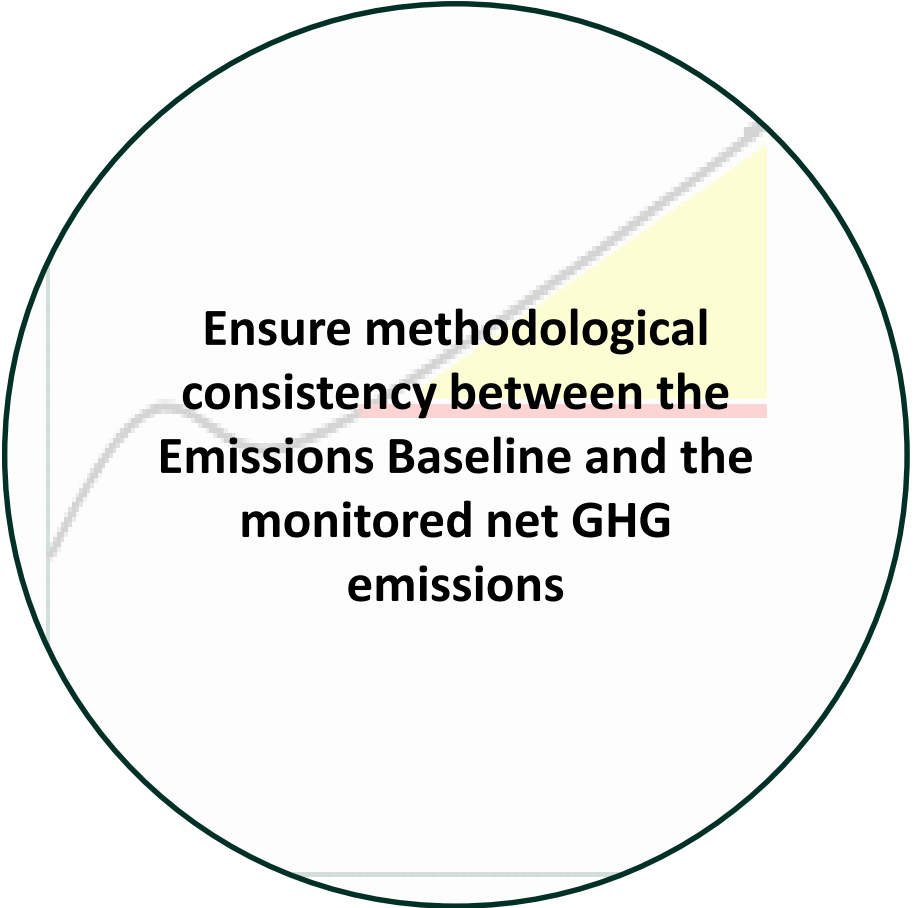
QUESTIONS



ISFL ACCOUNTING - MONITORING



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

ISFL ACCOUNTING - UNCERTAINTY

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

Aggregate uncertainty of emission reductions	Uncertainty set-aside factor
$\leq 15\%$	0%
$> 15\%$ and $\leq 30\%$	4%
> 30 and $\leq 60\%$	8%
> 60 and $\leq 100\%$	12%
$> 100\%$	15%

ISFL ACCOUNTING - REVERSALS

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

QUESTIONS



FURTHER INFORMATION

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<http://www.biocarbonfund-isfl.org/>