



ISFL ER Program Requirements for GHG Accounting Workshop Summary March 1, 2017 @ Lysebu Hotel, Oslo, Norway

1.1 Background

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 achieve its objective of GHG emission reductions, while also addressing poverty and unsustainable land use, through four key design elements –

- 1) **Working at Scale** by focusing on an entire jurisdiction (state, province, or region) within a country.
- 2) **Leveraging Partnerships** by working systematically with other public sector initiatives and private sector actors.
- 3) **Incentivizing Results** by providing results-based climate finance over a 10-15 year period through the purchase of verified GHG emission reductions (ERs).
- 4) **Building on Experience** and lessons learned by BioCarbon Fund's initial work piloting land use projects, REDD+ initiatives, and other sustainable forest and land use programs.

1.2 The ISFL Methodological Approach

Building on key design elements 1 and 3, the ISFL will provide result-based finance on a jurisdictional scale by comprehensively considering performance, i.e. the reduction in net GHG emissions, in agriculture, forestry and other land uses (AFOLU).

Although countries are already reporting their GHG emissions from AFOLU to the United Nations Framework Convention on Climate Change (UNFCCC), accounting for emission reductions from AFOLU for results-based payments on a jurisdictional scale is relatively untested. The ISFL ER Program Requirements will therefore contain a section with requirements for GHG accounting (previously known as the ISFL Methodological Approach).

These GHG accounting requirements are developed to support the piloting of comprehensive accounting by providing overarching guidance to the ER programs selected by the ISFL on how to develop and apply a comprehensive GHG estimation, reporting, and accounting approach within a program jurisdiction for the purpose of monitoring and reporting results to the ISFL. They do not contain detailed calculation methods or protocols, but instead acts as a standard that is designed to achieve a consistent approach to carbon accounting within the ISFL. The ISFL ER Program Requirements for GHG accounting builds on Intergovernmental Panel on Climate Change (IPCC) Guidelines for National GHG Inventories and other relevant UNFCCC documents and decisions. The ISFL ER Program Requirements for GHG accounting are

meant for use in the ISFL only and does not preempt ongoing or future discussion under the UNFCCC, including on the implementation of the Paris Agreement.

The first workshop to discuss these GHG accounting requirements was held in January 2016 with a subsequent workshop in December 2016. The summary and presentations for both of these workshops are available at <http://www.biocarbonfund-isfl.org/methodology>.

2. Workshop Summary

Prior to the workshop, the ISFL held a teleconference with ISFL program countries to discuss any comments and questions they had on drafts of the ISFL ER Program Requirements shared as preparation for the workshop. The ISFL flagged key differences from previous drafts of the Requirements and potential implications for their specific contexts. Countries agreed to test their known datasets against the proposed requirements for GHG accounting for the workshop to illuminate any potential issues. Countries also flagged concerns over the baseline approach for non-forest sectors, availability of historical data, and thresholds for GHG inventories. These issues were raised during the workshop as well.

2.1 Application of the Proposed ISFL ER Program Requirements for GHG Accounting

All ISFL program countries presented available GHG data for their respective program areas and preliminary calculations using the proposed ISFL ER Program Requirements for GHG accounting. They also flagged considerations for the ISFL in revising the ISFL ER Program Requirements for GHG Accounting. These presentations helped form revisions to the Requirements.

Colombia Presentation

Colombia noted that there are plans to significantly develop the Orinoquía, which has implications for expected emissions. They urged the ISFL to consider how to reflect these circumstances in the Requirements. Related to this, they noted that the proposed Requirements at present may not allow for accounting for GHG subcategories that have ER potential and significant social and environmental relevance. Finally, they urged the ISFL to consider tradeoffs between enhancing data quality and availability and the costs for doing so.

Ethiopia Presentation

Ethiopia noted that it would need to do further work and may require support to disaggregate its GHG data further from the national level to Oromia. Ethiopia also noted complementary programs supporting methodology development.

Indonesia Presentation

Indonesia also noted the need to further disaggregate national GHG data to the jurisdictional level. This would likely require support, but the government would prefer to have a strong data set at this level, especially for agriculture subcategories. Indonesia flagged that the provincial level is structured to provide data, but there may be issues of data quality and accuracy, especially in the case of differing methodologies. Finally, Indonesia noted that working across sectors will require working across ministries, which presents its own challenges.

Zambia Presentation

Zambia echoed many of the points made by other ISFL program countries. In particular, Zambia emphasized that working across ministries for data collection would present challenges. In addition, Zambia urged the ISFL to consider tradeoffs between data quality and costs.

2.2 Discussion on Sections of the Proposed ISFL ER Program Requirements for GHG Accounting Reporting

- Attendees agreed using the term “latest” in reference to IPCC guidelines was preferred.
- ISFL program countries noted that discrepancies between the ISFL GHG inventory definitions and National GHG Inventories should be acceptable if the discrepancies are adequately explained.
- ISFL program countries agreed that biannual reporting would be achievable.

Accounting – initial selection of subcategories

- Attendees discussed the threshold for the contribution of a subcategory to total AFOLU emissions in the initial selection and agreed that 20% was likely too high. Attendees discussed simplifying the Requirements to include all forest related categories and the next significant category, regardless of its contribution to total AFOLU emissions.
- ISFL program countries also noted there are categories that are not currently significant that they would like to include in the accounting due to their anticipated ER potential.

Accounting – data quality requirements

- ISFL program countries noted instances where a 10-year historical baseline using Tier 2 methodologies for subcategories would be difficult for them to achieve at the beginning of an Emission Reduction Purchase Agreement (ERPA)¹. All countries noted that support would be needed in order to improve data availability, and particularly quality, in order to meet this requirement.
- Attendees discussed how best to ‘phase-in’ subcategories once enhancements have been made to data quality and availability to increase comprehensiveness over time. ISFL program countries noted that this general approach was attractive.

Monitoring and Uncertainty

- ISFL program countries noted that capacity needs to be improved in order to reduce uncertainty.
- Attendees discussed how to balance uncertainty with data quality requirements.
- Contributors indicated that a buffer approach to uncertainty discounts was preferred.

Non-Permanence and Displacement

- ISFL program countries noted that they would need help increasing capacity to undertake a risk assessment for non-permanence and displacement. Attendees agreed a risk assessment should be simple and achievable and the ISFL believed this would be possible.
- Attendees agreed a buffer mechanism should be used for non-permanence and displacement.

Data management

- ISFL program countries were supportive using registries/databases to avoid multiple claims to ERs.

¹ An ERPA is a contract between the Trustee (World Bank) and the Program Entity (ISFL program country) providing for the sale and transfer of and purchase of and payment for ERs.

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- ISFL program countries reflected on the Paris Agreement and how registries will be helpful in tracking all programs in the country, including the ISFL.

3. Conclusion and Next Steps

Input from ISFL program countries was taken into account in a re-drafting of the ISFL ER Program Requirements for GHG accounting during the workshop. This version required further refinement before the following next steps:

- The ISFL Contributors and World Bank will work to refine the ISFL ER Program Requirements and will add requirements related to program design, social and environmental safeguards, benefit sharing, and others.
- The ISFL ER Program Requirements will be posted on the ISFL website on April 18, 2017 for a one-month review period concluding May 18, 2017.
 - During this time, ISFL program countries will provide additional comments/questions on the Requirements.
 - In addition, a general audience is welcome to provide input and ask questions. In order to facilitate this process, webinars will be hosted on:
 - Friday, April 28th from 9:00 – 11:00am EST on the GHG accounting requirements
 - Wednesday, May 3rd from 9:00 – 11:00am EST on broader programmatic requirements
- At the conclusion of the public review period, the ISFL Contributors and World Bank will revise and finalize the ISFL ER Program Requirements, taking into account feedback.