FCPF Carbon Fund

Consultation Paper on the Methodological Framework

1 Introduction

This discussion paper was prepared in response to a call for submissions on the design of the Methodological Framework (MF) for the Forest Carbon Partnership Facility (FCPF) Carbon Fund (CF). It is understood that the MF is intended to guide REDD+ countries in designing Emission Reductions Programs under the CF, and to assist Carbon Fund donors and review panels in assessing the Program proposals received. This submission responds to questions raised for Issues Paper 1: General approach for the MF.

2 About EAS

Environmental Accounting Services (EAS)[1] is a boutique consulting firm dedicated to the provision of technical support for climate change mitigation activities in the Agriculture, Forestry and Other Land Use (AFOLU) sector. We are a group of highly qualified and experienced scientists, foresters, engineers, agricultural specialists, and academics with more than 60 years of combined experience working on land-based carbon projects and programs. We are passionate about revolutionising land-based MRV systems. We aim to build customized carbon tracking systems that enable our clients to undertake their own emissions estimates, thereby reducing transaction costs of land-based climate change mitigation activities, and de-coupling the dependency on use of external consultants for emissions reporting. We are also focused on ensuring that land based MRV systems realise the co-benefits of land use policy decision making and food security at the National and jurisdictional levels and striving towards synergistic climate change mitigation and adaptation solutions.

3 Submission – General approach for the MF (Issues Paper 1)

EAS suggests that a mixture of generic and prescriptive approaches is appropriate for the MF. As such, we believe that the MF should be a combination of: 1) a generalised Standard and Indicators approach for the social & environmental aspects of the Emission Reduction Program, plus 2) prescriptive requirements regarding the design of a customised computer-based National Carbon Accounting System (NCAS). This combination of Standards and Indicators plus prescriptive requirements for NCAS design, strikes an appropriate balance between respecting the sovereignty of the Participant Country, while ensuring that the country can report its emission reductions in a consistent, transparent and verifiable format to the appropriate bi-lateral and International forums. It also ensures that the format of the MF (i.e.: generic or prescriptive) is tailored to the nature of REDD Program element (i.e. involving predominantly qualitative or quantitative data). A more detailed description of the two approaches are described below.

[1] http://www.enviroaccounts.com/

STANDARD AND INDICATORS APPROACH

The Standard and Indicators approach is more appropriate for assessment and design of Emission Reduction Program elements such as safeguards, stakeholder participation, benefit sharing and non-carbon benefits. These Program elements are very much context-specific, and are therefore more appropriate for qualitative assessment against standards and indicators.

An example of a Standard and Indicators system that might be a useful model for development of the MF is that of the Forest Stewardship Council (FSC).[2] The FSC Standard has a set of 10 principles and 56 criteria, which form the foundation for the global standard. This standard is then used as the basis for FSC national or sub-national level initiatives to develop a series of indicators that reflect the unique legal, social and geographical conditions of the forests in their region, thereby creating their own regionally applicable FSC Standard. This results in a global standard that is tailored to the specific circumstances of each region. Should the FCPF CF wish to adopt a similar model, FCPF CF may wish to develop the Criteria and Indicators via a phased approach, as the development of locally applicable indicators can involve an extended period of negotiations. EAS proposes that phase 1 should involve development of a 'global' set of Principles required for assessment of all CF Participant Emission Reduction Programs; while Phase 2 might involve the development of country-specific indicators. Given the relatively short time-frames involved in the CF, the FCPF CF might wish to consider the use of an interim standard during Phase 1, pending the finalisation of the country-specific criteria in Phase 2. Flagging a standard as 'interim' only helps ensure progress in the often complex negotiations, and it would also provide valuable lessons to feed into the country-specific standard negotiation process.

PRESCRIPTIVE REQUIREMENTS FOR DEVELOPMENT OF THE NCAS

The design and implementation of the NCAS involves development of Reference Emission Levels (RELs); collection, analysis and integration of data (both spatial and field based); biomass stock and increment modelling; collection and analysis of forest monitoring data, and synthesis of the aforementioned data into a UNFCCC-compliant reporting system. Because most of the inputs to the NCAS are quantitative in nature, EAS believes that the MF for the NCAS should be in the form of 'prescriptive requirements'.

Specifically, EAS proposes that the FCPF should develop a generic NCAS infrastructure, which could then be customised to meet the specific circumstances of the CF Participant Country. The NCAS software should be designed in accordance with MF Standard and Indicators described above. Construction of the CF NCAS software could draw on the experience and design features of existing open-source computer-based NCAS

[2] http://ic.fsc.org/

infrastructures (such as Australia's NCAS system,[3] or Canada's National Forest Carbon monitoring, accounting and reporting system).[4]

EAS considers there is a real need for supporting REDD Participant Countries with a customisable NCAS package. In EAS' opinion, most NCAS activities have involved a range of disparate work-streams that have not necessarily been integrated into a single unifying framework. EAS is concerned that, at the conclusion of the 'readiness' phase, some REDD Participant Countries might be left 'stranded' with a disparate array of REDD readiness elements (e.g. forest policies, MRV systems, Reference Emission Levels etc), but no single unifying framework in which to consolidate the separate elements into an operational NCAS. Such a fragmented system will force an over-reliance on external consultants for national reporting and decision-making. This conflicts with the FCPF's objective to build capacity in the host country.

Requiring CF Participant Countries to operate a computer-based NCAS system gives recognition to the fact that that development of the NCAS is a highly complex task. It involves integration of dozens of different types of data into a central database. It involves coordinating the activities of multiple Government agencies, together with vast numbers of consultants, experts, field teams and landholders. A fully operational NCAS should be a dynamic system, capable of simulating the biophysical processes involved in land-based systems (i.e. growth, harvest, fire, etc), to deliver a UNFCCC-compliant estimate of emissions and removals over the reporting period. As such, development of a fully operational NCAS has been a significant challenge for many Annex I countries. It seems unreasonable to expect developing countries to do so without being able to draw on the vast wealth of lessons learned from other countries experiences.

It could be argued that requiring the CF participant countries to use the CF NCAS infrastructure could be deemed incompatible with the FCPF's operating principle to "respect a REDD Participant Country's sovereign right and responsibility to manage its own natural resources" (on the basis that such a directive is overly prescriptive). However EAS contends that such a system will actually help maintain the countries right and responsibility to manage its own natural resources. This is because the CF NCAS infrastructure provides a technical land use accounting/reporting system which, once set up, enables each country to develop RELs and REDD estimates; undertake UN reporting; and inform land use policy and planning, with minimal requirement for external assistance. Moreover, a fully integrated NCAS has the potential to include a decision support system, which can help participant countries to understand the trade-offs of different land use planning decisions, resulting in improved and tangible outcomes to local people such as improved food security.

EAS proposes that provision of funding to CF Participant Countries should be contingent on the phased implementation of a NCAS. Implementation phases might include: 1) operation

[3] http://www.climatechange.gov.au/government/initiatives/national-carbon-accounting.aspx
[4] http://cfs.nrcan.gc.ca/pages/93

of the generic NCAS system using mostly Tier 1 and Tier 2 input values; 2) customisation of the NCAS interface to suit country-specific standards, with introduction of Tier 3 input values where available; and 3) full use of the customised NCAS with Tier 3 input values.

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