The Nature Conservancy submission on

FCPF Carbon Fund Short Submissions on Methodological Framework Topics

December 20, 2012

Note: We have preserved the questions structure of this document, for clarity's sake, and inserted our responses to each question in bold font.

Issue Paper 1: General Approach for MF, and scope of activities covered:

Q1: Is it reasonable for a mix of different approaches to be used to address different issues; or does a single approach need to be selected for the whole MF?

- I.e., is it reasonable to use, for example, a standard and indicators approach for benefit sharing or financial strategy, but offer far more detailed and more technical guidance for how some of the carbon accounting or other issues are addressed, for example how the MRV system is designed and its capabilities?
- Or should more flexibility be given to countries to propose how they would address an issue?

A mix of different levels of detail for different elements is a pragmatic approach. Some elements are by their nature more qualitative than others. Some aspects of REDD+ are simply more advanced or more detailed, e.g., lessons learned from pilot programs and other systems. And the CF also needs to be pragmatic in the level of detail achievable by June 2013.

As elaborated below in Q2, while there must of course be some flexibility, we believe that clarity of rules and comparability across ER Programs is most important (when pragmatically achievable).

Q2: Are there implications for the integrity of the MF, and hence the Emission Reductions tonnes a ER Program generates, if a mix of approaches is used?

In theory, different approaches (within reason) could be brought to an equivalent level of environmental integrity. In practice, too great a mix of approaches places a very high burden on the CF during review, and places a burden on program proponents who must navigate imprecise guidance. The MF should thus seek to limit the mix of approaches taken, to those that can reasonably be expected to achieve comparable integrity.

TNC is open to considering an "exceptions" clause where an innovative approach may, upon some further review, be granted an exception to some elements of the MF. One goal of the FCPF and CF is to promote learning, and the CF may way want to retain the flexibility to accept one or more ER Programs that greatly add to the portfolio's potential to advance innovation and learning. The review of any proposed exception should require that a comparable level of integrity is expected, and overall a clear, and limited, process for considering exceptions would be needed.

There should not be any automatic adoption of other methodologies, i.e., not a "positive list" approach. In practice we do not believe this is much of a limitation given the few publicly available, results-based methodologies for REDD+ at a jurisdictional or national scale. Even within VCS, there are some approaches that we do not believe are suitable for the CF (e.g.,

project nesting), and some aspects of VCS that would need to be modified to be compatible with the agree MFPA principles or other CF operational procedures. Therefore the best approach is to adopt suitable portions and/or approaches from VCS or other systems, modified to the CF context, taking into account input and advice from the WG.

Issue Paper 2: Reference Levels; and additionality.

Q1: How should historic reference emissions level/RL be set for Carbon Fund ER Programs?

- Do other climate initiatives use approaches that the CF should adapt for its purposes?
- What is the appropriate period to determine the historic deforestation rate? (Keep in mind the short lifetime of an Emission Reduction Payment Agreement (ERPA) contract, to say 2020.)

TNC supports a ten-year historic average as the easiest and least "gameable" approach.

  - Same period for all programs? If same, what is appropriate period? Or:
  - Flexible period, depending on country circumstances? How should an appropriate period be determined?

  TNC strongly advises against allowing flexibility, in order to avoid cherry picking. If considered at all, any flexibility on the historic period used should be considered an adjustment, and a high burden of proof placed on the Program proponent to show that the adjusted period is more reflective of recent historic conditions. The quantitative implication of any adjustment must be shown, and taken into consideration when assessing the validity of the adjustment (i.e., a larger deviation from the standard approach requires a higher level of justification).

- How should the appropriate region for determining historic deforestation rates be defined?
  - Simply the program area? Or a wider area? If wider area, how wide should the area be beyond the program area, and how should it be set?

  In practice this depends somewhat on how the program area is defined, i.e., if program areas are required over a large, contiguous area wider than the specific interventions, then that may be sufficient. In TNC's own programs, we have used data from outside what we would consider the program area to inform the RL. This question deserves further consideration in the Design Forums, as we better understand how small the program areas might be relative to larger jurisdictions, landscapes, etc.

Q2: For sub-national programs, does another climate initiative use a promising approach to address the relationship to the national reference level?

VCS JNR is the standard that has most clearly tackled this issue, and we recommend considering the "Nesting and Updating Jurisdictional Baselines" section (pg. 30-33). In our view, the ACR Jurisdictional standard takes a more limited project-based approach and will be less valuable for the MF. In addition to the analytical relationship to a national RL (or indeed a subnational RL that covers the CF's ER Program area), the CF should consider how to handle carbon rights across overlapping programs (i.e., what happens if a CF program gets nested inside a broader scheme, or a smaller project is developed with a CF program area).

Q3: How should "national circumstances" be handled, and any projections of future land use change (e.g., deforestation), policies or programs be estimated?

TNC has strong reservations about projected reference levels or any approach that allows adjustments based on national circumstances. While UNFCCC decisions have opened the door to such adjustments, we note that the UNFCCC has not decided how the provision of support would be determined, or on the technical assessment of such adjustments, and thus UNFCCC decisions to date provide little guidance as to what adjustments are acceptable).

- Should the CF prescribe the approaches that can be used to project future deforestation? **If possible, yes.** Or should each country be free to apply its own approach? **No.**
- What are the most feasible approaches (e.g., historical average approach, economic modeling approach, etc.)? Which approach is most appropriate under which conditions (e.g., if there are recent changes in the trend of historic deforestation, or of commodity prices)? **We strongly discourage economic modeling approaches. These have proven very difficult to independently assess, and their use encourages the most open-ended adjustments. Again, we strongly discourage taking this approach for reasons of environmental credibility, difficulty of developing guidance, and extreme difficulty of credible review.**

  In our view there are different types of possible adjustments, ranging from the more technical (e.g., adjusting for data availability or quality issues), to those reflecting existing changes in policies that can be factually verified (but are not yet reflected in the historic data), on to adjustments based on projections or assumed changes in policies or conditions (which are more difficult to objectively assess or verify). The further along this spectrum one goes, from technical to projected, the more skeptical we are that such adjustments are a good idea at all, and the higher level of transparency and review we would require in the MF and associated review process.

Q4: Should reference levels, ER Program activities, MRV, and leakage all be addressed with geospatial resolution? (i.e., requiring mapping of lands affected). Or is knowing *where* lands are affected by providing geospatial resolution not necessary, and just knowing the *quantity* of lands and tonnes within some jurisdiction adequate?

Geospatial resolution should be required. Without this approach it is impossible to maintain a high level of credibility, e.g., high-credibility verification, tracking reversals, etc. Leakage may be an exception if a default factor approach is taken (i.e., lookup tables) that are not based on detailed project-specific analysis.

Q5: When do reference levels need to be updated, or can they remain fixed for the life of the CF Program ERPA contract (e.g., to 2020)?

- If updated: what triggers the process of updating? (e.g., significant change in key driver assumptions, like a steep increase in timber or soy prices? Change in major associated government policies?
- Should updates occur at a fixed time period (e.g., say every 3 years?), or whenever triggering events occur?

Given the relatively short contract term, probably around 5 years, it seems unnecessary to update reference levels prior to 2020. This question would be well worth exploring in the Design Forum, however, as the Carbon Fund should be prepared on how to handle potential contract extensions. We should explore whether or how to indicate to Program proponents that reference levels will likely be updated in any contract that might extend beyond 2020.

Q6: Should the CF determine crediting against the reference level, or against a separate "crediting level" below the RL that somehow takes domestic mitigation actions or discounts for Program uncertainties into account? **We agree that domestic mitigation actions, and discounts for uncertainty, should both be taken into account in determining the assessed ERs for ER Programs, and hence payments made by the CF.**

We are not sure about the terminology used in the question. Our reading of the PC-adopted policy guidance is that CF ERs have been defined as relative to an RL (Accounting Element 2), although use of the term "crediting level" could be more clear.

Regardless of vocabulary, in our view the conceptual point is that the CF (and any REDD mechanism) must start with historic data, and then decide on what, if any, adjustments are appropriate to determine a level against which actual ERs are assessed. These possible adjustments include those mentioned here in Q6, those in Q3, as well as others not mentioned here such as incorporating more ambitious domestic mitigation actions.

A final broader point on the RL (or crediting level), is that our interpretation of the adopted Accounting Element #2 is that the CF has a wide latitude to set the MF for RLs in a way that will "ensure environmental integrity" (Rationale bullet #1) and is only to be "informed" by the emerging national REL/RL, but not bound to accept any or all of the adjustments used in that national REL/RL. Thus the CF can provide guidance as it sees fit in the MF, and adopt a review process that allows for proposed RLs to be modified according to the CF Participants' views on whether the RL meets the intent of the MF.

Q7: How can additionality be built into the reference level (i.e., activities occurring already or likely to occur are contained in the RL, and any activities beyond it are by definition additional)? Or does additionality need to be determined separately for each ER Program?
Not sure we understand what additionality means here. The environmental integrity of a REDD+ Program, which in our view is by definition on a large scale (and not a "project"), is ensured through good MF guidance on any potential adjustments (i.e., adjustments from recent historic data to develop a crediting level). We do not think that there is a need for some separate additionality determination beyond the setting of a crediting level that has environmental integrity.

- Are there consequences for RL setting if additionality is addressed in the RL (e.g., should the RL be updated more frequently to account for changing circumstances)? **The updating period should be informed by how quickly any assumptions used to develop adjustments are likely to change.**
- If determined separately, are there feasible options for assessing program additionality in a meaningful way, given the challenging CDM experience? **No. Furthermore, the experience with additionality in the CDM, and with projected reference levels in UNFCCC LULUCF negotiations, as well as other analysis, all lead to our strong skepticism about REDD+ adjustments based on any kind of projections.**

Issue Paper 3: MRV design: carbon accounting of Emission Reductions Programs, non-carbon, community role; and registries.

Q1: Considering the circumstances of the CF (piloting, in REDD+ phase 2), how accurate does the measurement and monitoring need to be?

- Should the same minimum level of accuracy be required for all programs? If so, what level of accuracy should be required? What criteria would help determine such a level (e.g., how feasible a level is for most REDD+ countries to achieve; or a level that allows the fungibility of credits with other climate program standards)? **TNC has advocated for Tier 2 at a minimum, and moving to Tier 3 over time. In practice each Tier has considerable latitude and the Design Forums should explore additional guidance on specific approaches within Tier 2. We note that Accounting Element #1, bullet #4, has quite specific guidance here already.**

- Or should the CF be flexible, not prescribe a minimum level of accuracy, and be responsive to country circumstances?
    - If so, what are the appropriate country circumstances?
- How can the CF encourage countries to strive for higher accuracy, perhaps over time? **In general, the CF should seek and cultivate highly rigorous carbon accounting systems in its ER programs. In cases where flexibility is required, our view, as articulated during the PC Working Group discussions, is that the best way to encourage improvements in accuracy is to require a quantified estimate of uncertainty, and "discount" accordingly. This could allow a range of flexibility to accommodate different capacities and circumstances, while providing a direct financial incentive to improve accuracy, but only in so far as it makes economic sense. This approach is exactly what is spelled out in the adopted Accounting Element #1, and should be elaborated in the MF without being revisited. There are practical limitations to quantifying uncertainty, especially in some of the Tier 2 approaches that rely heavily on generic defaults. The Design Forums should explore how to pragmatically assess accuracy for the purposes of taking a conservative approach to estimating ERs, including approaches that could be similar to the default look-up table approach for leakage. This would still provide an incentive to improve, in order to be able to use a different default value and earn additional ERs, without requiring an unrealistically detailed accuracy assessment.**

Q2: The Program monitoring system is expected to be consistent with the (emerging) national REDD+ forest monitoring system. What are appropriate criteria to assess this consistency?

Q3: Are cost effectiveness, and country capacity, important considerations? I.e., should the MF stress a stepwise approach that that is comfortable with early-stage approaches to issues (like early steps in developing the MRV system, short of a fully functioning system); or require potentially more expensive, higher capacity minimum approaches? (Recall the short timeframe of ERPAs, through perhaps 2020.) **Yes, cost-effectiveness and feasibility are important considerations. We don't want to create a beautiful system for which no one has the resources/capacity to meet requirements. While we generally believe that moving to Tier 3 is desirable, as articulated in Q1, we believe that incentivizing higher accuracy through a conservative estimation approach is the right way to encourage improvement, and that forcing Tier 3 may not be desirable (especially over a limited 5 year timeframe).**

Q4: Non-carbon values should be monitored as feasible by REDD country Programs (and consistent with the national REDD+ forest monitoring system). How feasible is this for major non-carbon values? What are criteria for assessing feasibility? **Those non-carbon benefits**

(*the Elements use the term "benefits", not "values", so the MF should follow this practice*) that are specified in the ER Program Document should be monitored and reported (i.e., not every conceivable non-carbon benefit needs to be tracked). While verification of such non-carbon benefits is not required, some review of the quality (e.g., clarity, credibility, completeness) of the reported information would be useful. The approach also depends somewhat on how non-carbon benefits are elaborated.

Q5: Are there best practices for the potential involvement of local communities in the MRV system design and implementation? **We are not aware of any.**

Q6: Is independent third-party verification essential for CF ER Programs; or should countries be able to propose how verification is performed, and by whom? **Verification of emissions reductions in some form should be required, and independent of the ER Program proponent. This is absolutely essential for transparency and credibility.**

Q7: Should a registry of REDD+ activities be required for a CF Program in a country? (The FMT is considering cooperating with others to develop a common registry platform that could be distributed at no cost to FCPF countries.) **Yes, a registry function is needed; this could be implemented either through a registry system at the national level, or through an external registry.**

- If so, what key functions should it include? **Tracking of credits individually (serialized); GIS (or other geospatial approach) tracking of program underlying each credit; retirement and trades; buffer reserve tracking; supporting the coordination of different purchasers, with different rules, from the same geography.**
- If not, how would the CF know that an activity or set of lands have not been double counted? **Agree, double counting must be addressed; this is one of the key functions of the registry.**

Issue Paper 4: Displacement of emissions (leakage); reversals of GHG benefits (non-permanence); and sustainability of ER Programs.

Q1: Should potential sources of leakage (e.g., reduced harvest, or reforesting croplands that leads to lands being harvested or cleared outside the Program area) be assessed using the same standardized approaches and sources for all ER Programs? Or could an approach for leakage assessment be proposed by each Program? **We prefer standardized approaches, and as indicated below believe that default look-up tables based on leakage risk are the most promising approach. Detailed methodologies, if used, would need to be designed on a custom basis for each program, which would be difficult, expensive and time consuming, and would not guarantee consistency across the CF portfolio.**

- Does another climate initiative use an approach appropriate for the CF circumstances?
- What key sources should be assessed, using what methods or tool?

Q2: To what geographic extent should leakage be assessed? E.g., within the region surrounding the Program area only? Or for the whole country? Should the potential for international leakage be just discussed, or are there circumstances where it should be estimated? (E.g., where Program activities may significantly impact regional agricultural commodity or timber product markets)? **We believe this question has been addressed to a large degree in the adopted**

Accounting Element #5, which calls for an assessment of the potential for international leakage, but does not require the ER Program itself to mitigate international leakage. While recognizing the importance of international leakage, we believe that this approach is realistic and fair for a pilot program. It also would not put the CF or REDD+ at a disadvantage to other sectors that are not required to address international leakage. The best way to address leakage, international and domestic, is simply to implement REDD+ (and mitigation in any other sector) at as a large a scale as possible; a pilot program such as the CF is an early step to implement that goal.

Q3: Are there approaches available where Program measures could be put in place to address leakage that are robust enough to avoid a more expensive monitor-and-report approach?

- E.g., by identifying best practices for addressing potential leakage? **This is a good idea. One approach might be to encourage ER Programs to undertake measures to address potential leakage, by having such measures result in a different default value being applied based on the risk of leakage associated with the activity. It may be cumbersome to actually identify specific best-practices that would be relevant to the range of potential applicants, so this may need to be addressed at a general level in the MF, and handled somewhat on an ad-hoc basis in the review process.**
- Could the FCPF or others develop something like default look-up tables generated by say global or national-scale economic or other modeling, that provide an agreed percentage of leakage a Program would use for a given set of land use drivers and location? (These could be periodically updated, as conditions change and data and methods improve.) **Yes, we believe that default look-up tables, or flow charts with default end values based on leakage risk, are the pragmatic approach here. The least desirable option by far is to allow ER Programs to develop their own approaches, which will place a high burden on Programs to develop leakage methodologies, and on the CF to evaluate them, and open up huge potential for inconsistent approaches.**

Q4: What is the most feasible approach to reversals (non-permanence) for the CF? **The pooled buffer approach seems to have gathered the most general support in practice (e.g., CARB, voluntary standards, Waxman-Markey bill) and in our view can be effective if well–designed. For example, this approach must address the moral hazard of pooled insurance, and ensure that the buffer is not depleted.**

- Does another climate initiative use a method appropriate for the CF circumstances? **We are not aware of any one initiative or proposal that is perfect for CF "off the shelf".**
- Should reversals be handled via a common approach across the CF (e.g., via a CF-wide pooled buffer or other approach)? Or via an approach each ER Program proposes? **We strongly prefer a single, common approach to ensure consistency, where the buffer contribution for each program is based on its assessed reversal risk.**
- Are there approaches available where the Program measures in place to address reversals are robust enough to avoid a Program monitor-and-report approach? **No, we don't believe so. There must be externally-conducted assessment of reversals, not just Program measures, in order to ensure credibility.**

Q5: Are approaches available to address reversals beyond the lifetime of the ERPA contract? **Yes. Contracts can have surviving provisions, although this raises issues of which institution(s)**

would or could oversee or implement provisions beyond 2020, and how this would be funded. There are also options that could be implemented by the CF, i.e., not directly involving the ER Program participants. The MF work should be careful to address those approaches that directly involve the ER Program, while taking into account other CF consideration of, e.g., the ERPA development, and CF approaches to post-2020 reversals. Or can non-permanence only be addressed until the end of the ERPA period? **Limiting reversals approaches to only 2020 would damage the credibility of the CF, and we have strong concerns over that approach.**

- Should a fixed period be prescribed for ER Programs to address reversals? (E.g., some industrialized country climate initiatives in areas with clear land tenure and legal regimes specify 100 years.) **In theory, 100 years or even in perpetuity, is required for full environmental credibility. However, we accept that this is simply not practical for a pilot program and given the current stage of REDD+. For our own forest carbon projects we have required a 50 year commitment (post-crediting period), and we have been flexible in various policy contexts. For CF ER Programs, the likelihood is that they will be subsumed within a national REDD+ program within a shorter time frame than 50 years (one hopes!), and that for practical purposes the program-level reversals requirements will become moot.**

Q6: How should liability for reversals be handled between the CF and ER Programs, and should specific measures be in place to implement such liability? **An effective reversals mechanism must have adequate monitoring and reporting to detect reversals; a clear consequence to make the climate whole; and clear assignation of responsibility for implementing those consequences. The exact answer to the question depends on the reversals approach. We have supported the pooled buffer approach, recognizing that design choices matter, as well as issues such as how to initially fill the buffer, replenishing the buffer after reversals, adjustment of risk ratings over time, consequences if buffer is fully drawn down, avoiding moral hazard, etc.**

Q7: Are there specific design characteristics of proposed ER Programs that could be included in order to increase the likelihood that Emission Reductions and the Program are sustainable over time? **Yes. Depends on the approach, but for example the buffer approach can adjust the buffer percentage withheld according to design characteristics that affect reversals risk. A similar approach can be taken with leakage, where the leakage defaults can be adjusted depending on program design characteristics.**

Issue Paper 5. Safeguards: WB safeguards, reporting on Cancun safeguards; feedback and grievance mechanisms.

Q1: Can Programs readily use existing WB safeguards policies and instruments (e.g., SESA, ESMF), or are additional actions necessary? **Our understanding is that WB Safeguards are one of the minimum requirements for the CF, but additional elements may be considered as necessary. The CCB/CARE REDD+ SES is an important program to draw from here.**

Q2: How can integrated reporting on WB safeguards and on the Cancun safeguards via the Safeguards Information System (SIS) best be achieved, to minimize the burden on countries? **Lack of SIS guidance from the UNFCCC at this time makes it hard to answer this question, but in general the MF should seek to enable ER Programs to build on existing reporting mechanisms and data sources.**

Q3: What are best practices for country or Program feedback and grievance mechanisms?

Q4: Is there anything that needs to be reported that is not likely to fall under WB safeguards or the SIS? **This depends on how Programmatic Elements # 4-6 are elaborated, as the specific additional elements (i.e., to REDD+ in general and the CF specifically) might be addressed there. Some Accounting Elements that have a bearing on the durability of the program benefits may also have some bearing. This question needs to be revisited as the complete package of the MF becomes clearer.**

Issue Paper 6: Benefit sharing mechanisms, including equitable distribution; carbon rights, land, and resources tenure; non-carbon benefits.

Q1: Should the CF set best practices or other benchmarks for equitable distribution and the design of benefit sharing mechanisms? Or should it simply require that such mechanisms be in place and be transparently proposed? **Programmatic Element #5 mentions "clear, effective and transparent benefit sharing mechanisms." Thus, the latter option in the question is not sufficient, in that the MF must address the effectiveness of the benefit sharing mechanism, which in our view means whether the benefit sharing mechanism is well-designed to provide incentives to the communities and relevant stakeholders to induce the desired carbon and non-carbon outcomes. We are hesitant to require benchmarks, etc., given the inherent program-specific nature of benefit sharing mechanisms. Best practices or benchmarks should be explored to assess the practicality of providing useful guidance at this time.**

The MF should aim to provide a pragmatic level of guidance, in terms of the time available before June 2013, the limited field experience with designing and implementing benefit sharing mechanisms, and the need to leave implementation flexibility to the ER Program. The MF must also be realistic in how much "community support and support from other relevant stakeholders" can be achieved and documented prior to ER Program implementation.

Q2: How can the CF incentivize ER Programs to make progress on carbon rights and land and resource tenure, within the short timeframe of ER Programs up to 2020? **The degree to which carbon rights and land and resource tenure are key issues in any given country will have been identified in the national REDD+ strategy. Thus, to some extent the CF can incentivize progress by providing meaningful guidance on how the scale of an ER Program addresses the range of interventions in that strategy (i.e., Programmatic Element #2).**

Rationale #3 of Programmatic Element #5 also envisages an assessment of the importance of these issues for the ER Program. This assessment should be taken up by the Design Forums and other work.

Q3: What non-carbon benefits are most important for ER Programs to consider? **A blanket statement cannot be made about which non-carbon benefits are most important, across the board for all ER Programs. There should be considerable flexibility for the ER Program to self-identify the key non-carbon benefits to consider. The Design Forums could explore whether a "menu" approach could be developed, where each program could select a set of priority benefits from a standardized set of categories. The other programmatic elements can provide some useful cross-checks on key non-carbon benefits (e.g., land tenure is explicitly included in #5, and local livelihoods would almost certainly also be addressed in #5; governance would be included in #4; etc.), such that key strengths or weaknesses of the ER Program identified elsewhere are reflected in this element.** Should the CF set best practices or other benchmarks for some or all of the benefits identified in the "Key Elements of the Methodological and Pricing Approach for the FCPF Carbon Fund" provided by the Participants Committee? **It may not be practicable or feasible to do this for all or perhaps any of the benefits, given that we expect considerable diversity in the potential benefits programs identify, and approaches to address them.**

- Q4: Is there promising experience in the valuation of non-carbon benefits by conservation or carbon finance or other programs that the CF should be aware of? **Design Forums should look at precedents of the CCBS, REDD-SES, and Plan Vivo (http://www.planvivo.org/).**

Q5: Are cost estimates available for addressing key non-carbon benefits; and are potential costs manageable for ER Programs?

Q6: Are cost-effective approaches available for monitoring key non-carbon benefits from the UNFCCC, CBD, or other relevant programs or projects?

Issue Paper 7: Structuring and financing ER-Programs, in the context of country development and REDD+ plans.

Q1: How can a country best structure an ER Program proposal in its development and development assistance context?

- How large a Program should a country offer (e.g., how many hectares, or tonnes of carbon potentially produced, and other benefits, in which regions)? **Programmatic Element 2 provides general guidance on this question. It may be useful for the CF to indicate the likely range of total payments for any one ER Program, and let countries decide how best to structure an ER Program in their own context that fits that level of payment.**
- Can some areas within a jurisdiction be excluded from the ER Program, or does it need to include all lands within some boundary? (Related to any guidance offered on reference levels, MRV, and leakage.) **Yes, some areas could be excluded, given that Programmatic Element #2 does not require a jurisdictional boundary. MF elaboration of this element should address this question so that the Program boundary is contiguous, and coherent with the proposed range of interventions.**

The link to RL and leakage guidance seems very valid, e.g., to ensure that a program boundary is not "gerrymandered" to skew the RL.

- How should a Program's capacity to manage a Program be demonstrated and assessed?
- Can any guidance be given on how a country determines the appropriate mix of carbon and non-carbon benefits for its context and ER Program area? **The MF will not provide guidance on the "appropriate mix." Rather, the MF will elaborate the adopted elements on carbon accounting and, separately, on non-carbon benefits (in Programmatic Element #6). Based on this elaboration, countries can make their own choices on the appropriate mix, while recognizing that the primary aim of the ER Program is to generate emissions reductions.**

Q2: How can a country decide which of the potential activities in its emerging REDD+ strategy in its R-PP it makes sense to propose to the CF?

- Should the easiest to implement, or first to be implemented, or lowest cost, or easiest monitored ones be offered to the CF?

Given Programmatic Element #2, which mentions the "variety of interventions of the national REDD+ strategy," this question does not seem appropriate for the MF.

- Should a country reserve some options for eventual domestic markets or regulatory or voluntary programs?

Would such a strategy achieve any benefit for the REDD+ country? The CF is not developing pricing using a bottom-up or "cost-plus" model, therefore what financial benefit would be obtained by more expensive options to the CF? It would seem that any benefit from having lower cost options for domestic purposes would be offset by the lower return on the CF Program. In any case, why should the CF be telling countries what to do here? This question seems not appropriate for the MF.

Q3: How best can a country draft a business plan for its CF proposal, addressing the proposal's relationship to other mitigation or development programs it has planned or is considering? A **proposal template, providing appropriate fields to be filled in, would provide useful guidance. We do not believe this is a question for the MF.**

- What are the key assumptions made about potential risks, program effectiveness, carbon price, and program delivery time?
- What is the anticipated cost of delivery for tonnes of CO_2 for this proposal?
- How sensitive are the cost estimates to key risk, effectiveness, and delivery variables?
- Can any guidance be provided regarding how a country proposes the timing of ERPA payments and MRV events, and the trade-offs across them? (I.e., more frequent payments offer early revenues to cover costs or offer benefits, but likely require more frequent MRV)? **Not sure this an MF question, rather something that might be provided as part of upfront work by the delivery partner or FMT (or other organizations) assisting with origination.**