Forest Carbon Partnership Facility

4f. Practical application of the Methodological Framework: Carbon accounting and TA process issues

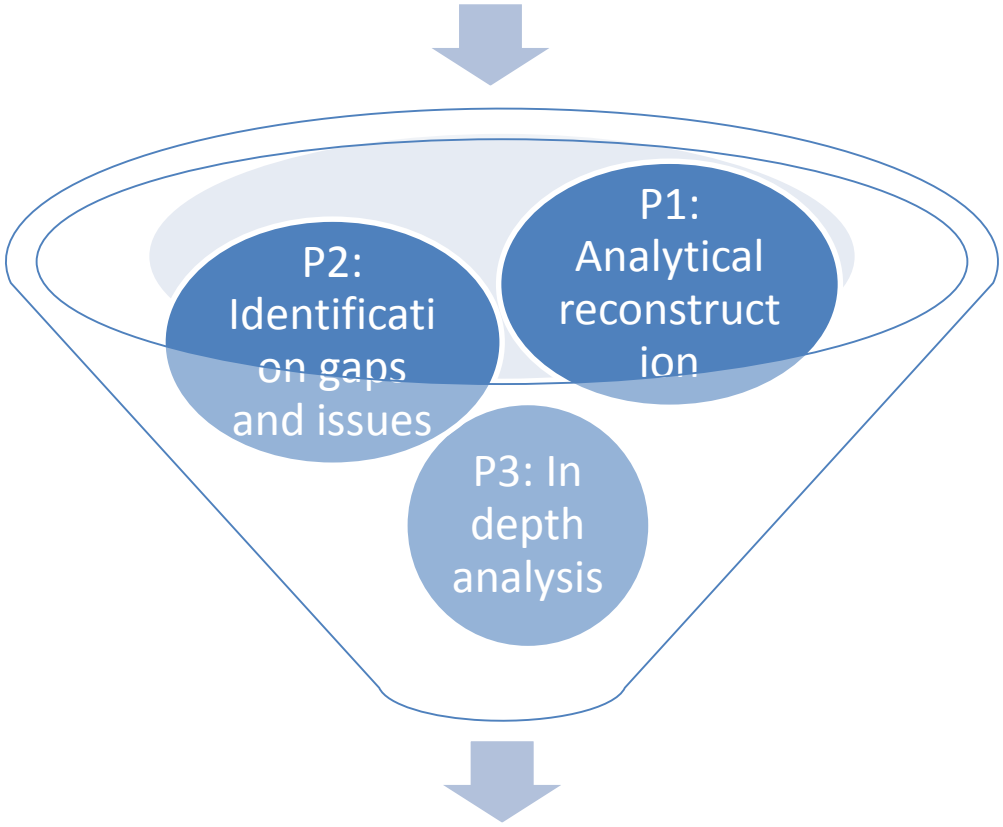
Sixteenth Meeting of the Carbon Fund (CF16)
Paris, France
June 19-22, 2017

Background

- Seven countries have presented/are presenting their ERPDs to the Carbon Fund and have gone through the TAP process.
- A workshop was held in Rome (5-6 April, 2017) to extract useful lessons **on carbon accounting** issues from these seven programs.
  - Thirty individuals from REDD Countries, TAPs and CFPs participated.
  - The objective was to **identify gaps and issues** observed during the preparation and evaluation of ER-PDs **that require further guidance**, when it comes to **meeting the MF criteria and indicators.**
  - The expected **outcome** is to **identify lessons learned** and to provide **good practice guidance** in the use and implementation of the Methodological Framework.
- Disclaimer: This workshop is **not part of a formal process** for revising the MF or providing of guidance.

Workshop Overview

Opening session



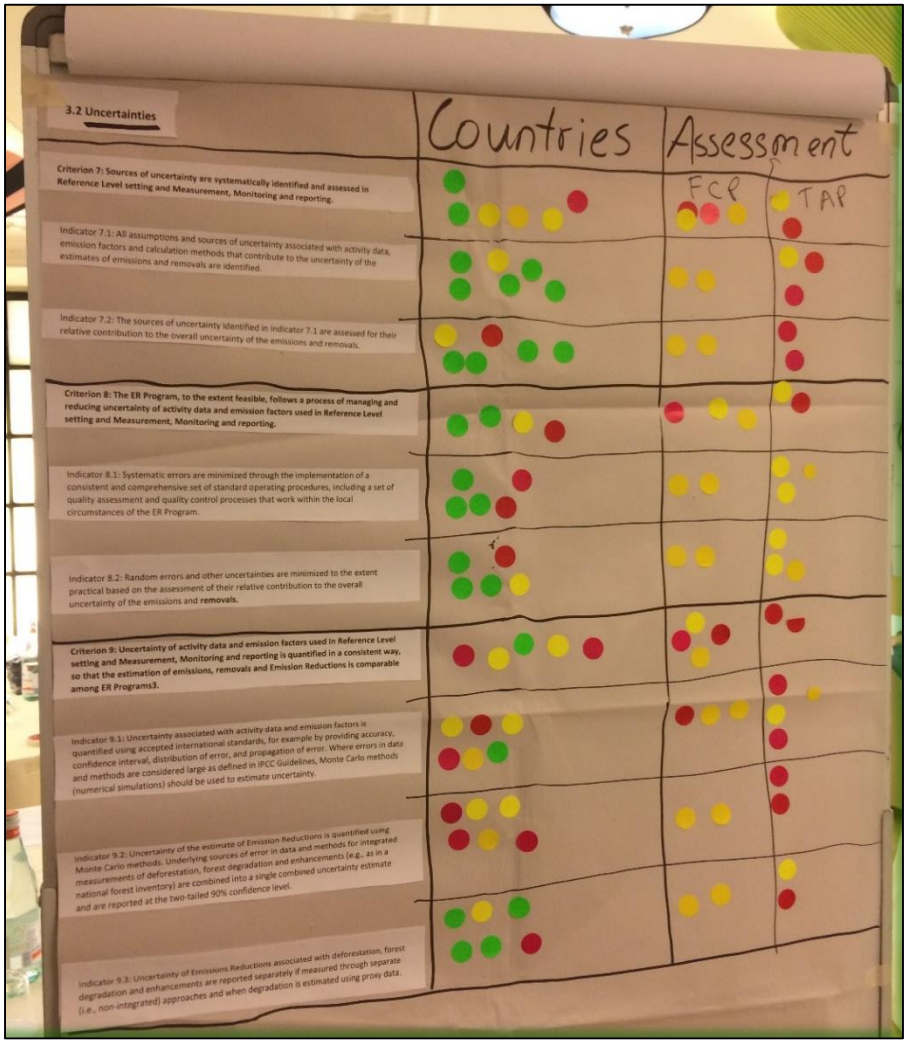
P4: Synthesis (guidance and proposed next steps)

Phase 1: Analytical reconstruction

- An **analytical reconstruction** exercise was conducted to allow for the reexamination of past experiences and to extract useful lessons (e.g. successful/unsuccessful activities, strategies, and partnerships).

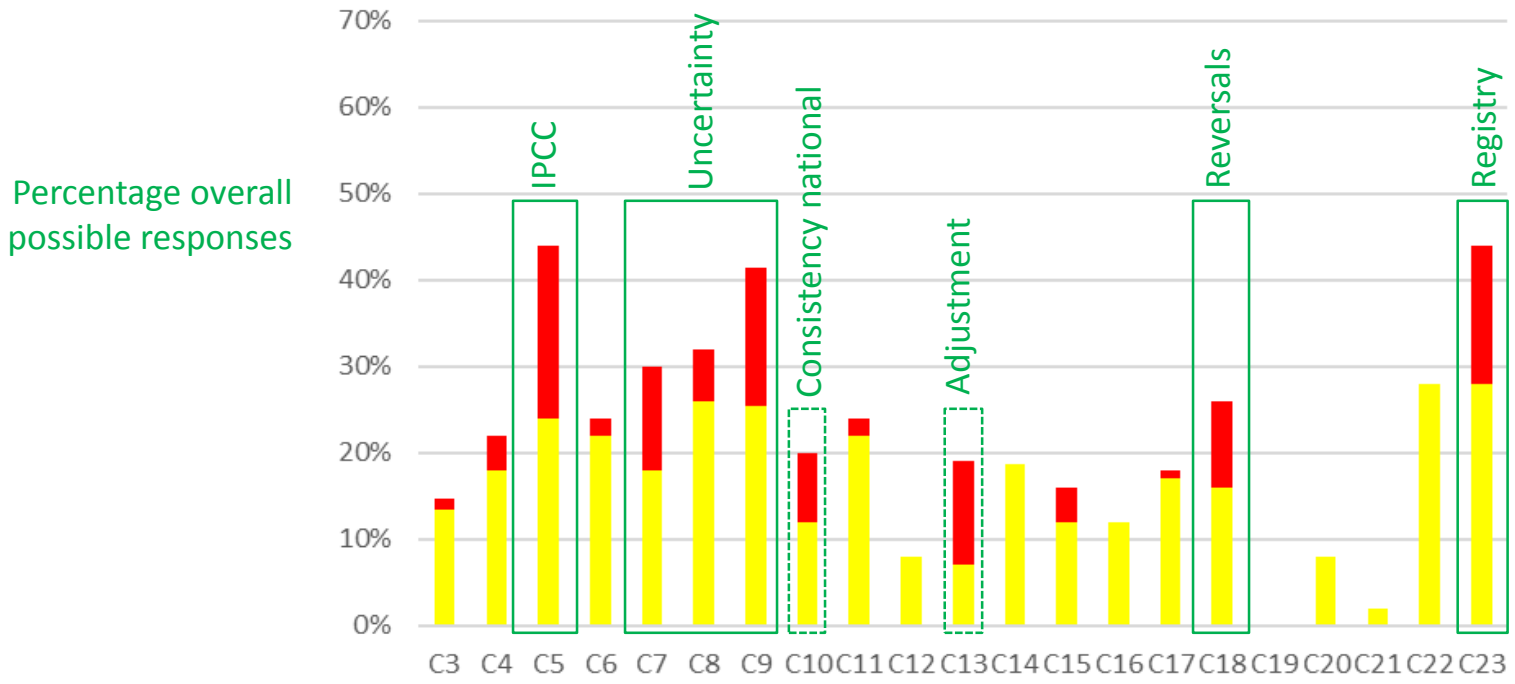
Phase 2: Identification of gaps and issues

- Participants described the **challenges and difficulties** in addressing C&I related to carbon accounting…
- … and scored the different C&I using **two different colors**:
  - **Red**: most significant challenges
  - **Yellow**: some difficulties
- Additionally, participants were given the opportunity **to identify process-related issues**, i.e. technical assessment.



Phase 2: Identification of gaps and issues

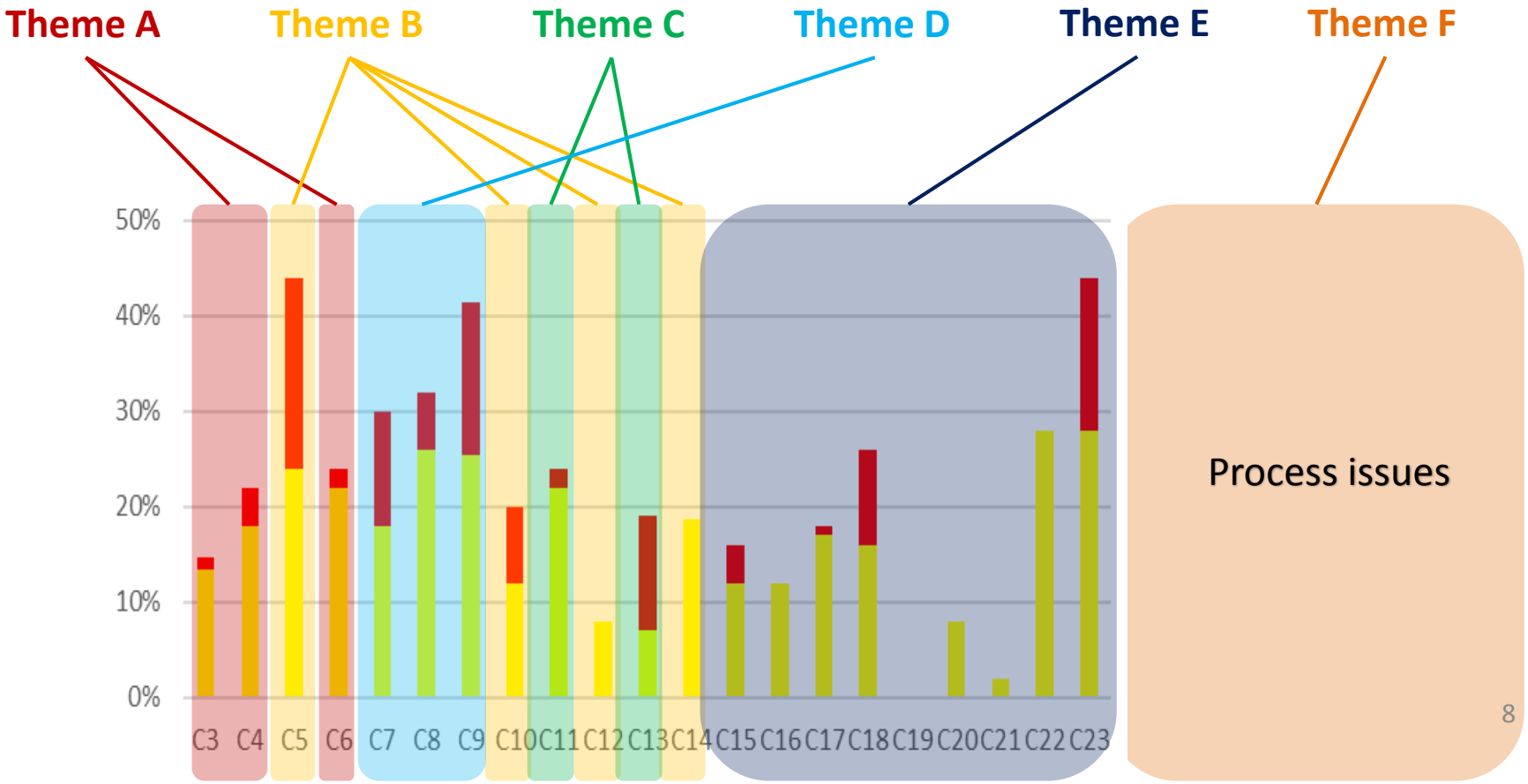
- Most significant challenges/difficulties: **consistency with IPCC guidelines, uncertainty analysis, leakage,** and **registries** (double counting)
- Other notable challenges: **consistency of RL with national FREL and NGHGI** and **adjustments**



Phase 3: In-depth analysis

- Participants identified and discussed gaps and issues on **six** different **themes**:
  - **Theme A**: Program boundaries (selection/identification of activities, key pools and greenhouse gases), transparency, replicability, and completeness
  - **Theme B**: ERPD carbon accounting/MMR, national REDD+ FREL/MMR, greenhouse gas inventories/national processes and links
  - **Theme C**: Establishment of reference levels: eligibility and justification of adjustment, accounting for legacy effects and updates based on new higher quality data
  - **Theme D**: Analysis of uncertainties
  - **Theme E**: Displacement, reversal, proxies, and double counting
  - **Theme F**: Framework issues: technical assessment process and knowledge sharing
- This resulted in the identification of **19 issues**

Phase 3: In-depth analysis



Phase 4: Synthesis/ Next Steps

- For each identified issue, participants elaborated preliminary guidance and suggestions on how to move forward.
- This information was captured in a draft report that has been shared with CFPs and Observers.
- Proposed next steps and timeline:
  - CFPs to provide comments to the draft report by **August 15th.**
  - FMT to review the report and prepare a plan for integration of lessons learned including specific proposals on how to address the different issues. The revised report and plan to be shared with CFPs by **September 28th.**
  - CFPs to provide comments to the plan and proposals by **October 27th** so that they can start to be addressed prior to CF18.
  - FMT to report on the progress at CF18.

Issues for discussion at CF16

- The FMT would like to bring the following themes to the CFP's attention in CF16:
  - **Theme B**: ERPD carbon accounting/MMR, national REDD+ FREL/MMR, GHGI/national processes and links
  - **Theme D**: Analysis of uncertainties
  - **Theme F**: Framework issues: technical assessment process and knowledge sharing
- For each of these themes, we will elaborate on the issues involved and some possible suggestions to address them.
- Other Themes are partially addressed in other presentations (i.e. updates to RL, Registries) or to be addressed post-CF16 (c.f. Annex)
- We would appreciate your thoughtful input on follow-up actions (☑) and questions (❓) that will be presented in the next slides

Themes and issues for discussion

Theme	Issue
Theme B: ERPD carbon accounting, national processes and links	**Issue 4**: Establishment of the RL can inform or is informed by the development of the national FREL and necessary steps to achieve consistency with the country's GHG inventory **Issue 5**: Consistency of ER program Forest Monitoring System with Reference Levels and National Forest Monitoring Systems
Theme D: Analysis of uncertainties	**Issue 9**: Incorporation of uncertainty analysis as part of the strategic design, implementation, and improvement cycle of the carbon accounting system **Issue 10**: Identification of sources of uncertainty **Issue 11**: Assessment of relative contribution of identified sources to overall uncertainty. **Issue 12**: Accuracy assessment of maps: process to assess the uncertainty of the activity data or a process to estimate the activity data **Issue 13**: Cases in which Monte Carlo methods are applicable
Theme F: Technical assessment process and knowledge sharing	**Issue 17**: TAPs roles and responsibilities **Issue 18**: Learning from experience in the CF through proper knowledge management mechanisms **Issue 19**: Completeness and internal consistency in findings of technical assessment reports

Theme B: ERPD Carbon accounting, National Processes and links

Issue 4 -5: Establishment of the RL/FMS and consistency with national FREL/National GHG inventory and NFMS

- Description of the issue:
  - Some Countries have developed carbon accounting frameworks **independent** of the development of the national FREL and GHG inventory.
  - Some Countries have proposed carbon accounting frameworks that are **not in line with IPCC guidance**, hindering any possible future alignment with the national FREL and GHG inventory.

Theme B: ERPD Carbon accounting, National Processes and links

Issue 4 -5: Establishment of the RL/FMS and consistency with national FREL/National GHG inventory and NFMS

- Key considerations:
  - Participants gave **guidance** to Countries to improve consistency of the RL/FMS with the national FREL, National GHGI and NFMS, e.g. use of same definitions and methods.
  - The FMT to prepare technical guidance document summarizing the results of the workshop in order to support countries in improving the consistency with national processes.

Theme D: Analysis of uncertainties

- **Issue 9-13**: **Analysis of uncertainty**
  - Description of the issue:
    - Countries have **not conducted the analysis** uncertainty **as an iterative 3-step process**, that starts to be applied at the beginning of the design process rather than at the end.
    - Countries have **not conducted the analysis in a consistent manner** in terms of identification of sources and analysis of their relative contribution to overall uncertainty.
    - Countries have presented **inadequate QA/QC procedures and SOPs**
    - Countries **have not consistently used the accuracy assessment** data to estimate activity data. This is partly due to limitations derived from the application of existing guidance.
    - Countries have generally **not applied Monte Carlo methods** to estimate uncertainty of the RL. Countries have indicated the need for guidance and support for its implementation.

Theme D: Analysis of uncertainties

- **Issue 9-13: Analysis of uncertainty**
  - Key considerations:

- The FMT to prepare technical guidance document indicating how the iterative 3-step process approach should be applied, including the identification of sources and assessment to uncertainty.

- The FMT to prepare a technical guidance document including examples of QA/QC procedures and SOPs in order to support countries.

- The FMT to liaise with GFOI in order to prepare necessary guidance to support
  - Estimation of activity data from accuracy assessment data;
  - Implementation of Monte Carlo methods.

Theme F: Technical assessment process and knowledge sharing

- **Issue 17: TAPs roles and responsibilities**
  - Description of the issue:
    - It is often not clear what is expected from TAPs when applying the MF C&I: “expert judgement” vs “following to the letter”. This is challenging as some C&I are open to interpretation, so the burden is on the TAPs and sometimes their judgement is not accepted by CFP.
    - This lack of clarity has been exacerbated by the **YES/NO scoring framework** that does not allow to differentiate between major and minor issues in a nuanced manner.
    - The use of “expert judgement” also means that TAP should have the **required technical capacity**, in order to provide confidence to CFP.

Theme F: Technical assessment process and knowledge sharing

- **Issue 17: TAPs roles and responsibilities**
  - Key considerations:

- FMT to include additional guidance to the technical assessment report template requesting TAP to add their interpretation as part of their assessment.

- FMT seeks guidance on the following options of scoring:
  a) YES/NO → status-quo
  b) YES/NO, but TAP may indicate whether the NO is a Major or Minor non-conformity.

- FMT seeks guidance on the following options for improving TAPs technical expertise:
  a) One carbon accounting expert per TAP (status-quo)
  b) Addition of remote support by a remote sensing expert
  c) Addition of remote support by an expert statistician, i.e. uncertainties

Theme F: Technical assessment process and knowledge sharing

- **Issue 18: Learning from experience in the CF through proper knowledge management mechanisms**
  - Description of the issue:
    - **Lack of informal and regular communication among parties** – CFPs, TAPs, and Countries – **and** the lack of **systematic processes of developing learning** and knowledge-sharing, underlie some of the issues identified during the workshop, not only related to the application of the MF but to also CF processes and the UNFCCC processes.

Theme F: Technical assessment process and knowledge sharing

- **Issue 18: Learning from experience in the CF through proper knowledge management mechanisms**
  - Key considerations:

- FMT to continue the discussions between TAP and UNFCCC reviewers and strengthen alignment, e.g. using same roster.

- FMT seeks guidance on the following options for informal exchanges between TAP and CFP:
  a) No informal exchanges during assessment process (status-quo)
  b) Informal exchanges after CFP review period
  c) Informal exchanges prior to CFP review period

- FMT to organize exchange phone calls and in-person meetings between TAPs.

Theme F: Technical assessment process and knowledge sharing

- **Issue 19: Completeness and internal consistency in findings of technical assessment reports**
  - Description of the issue:
    - There is **lack of consistency in the level of detail** that TAP members provide on their assessment and decision making regarding ERPD compliance with a given criterion or indicator. When enough information is provided, in some cases the conclusions provided in the detailed assessment **are inconsistent with the given score**.

Theme F: Technical assessment process and knowledge sharing

- **Issue 19: Completeness and internal consistency in findings of technical assessment reports**
  - Key considerations:
    - FMT to improve the guidance of the technical assessment report template requesting TAP to improve completeness and address coherence between findings and scoring.
    - FMT to conduct quality assurance procedures to ensure the implementation of this guidance.
      - Note: Allowing TAP not to stick to YES/NO could help with this issue

Thank you!

Recap of questions

Issue 17: TAPs roles and responsibilities

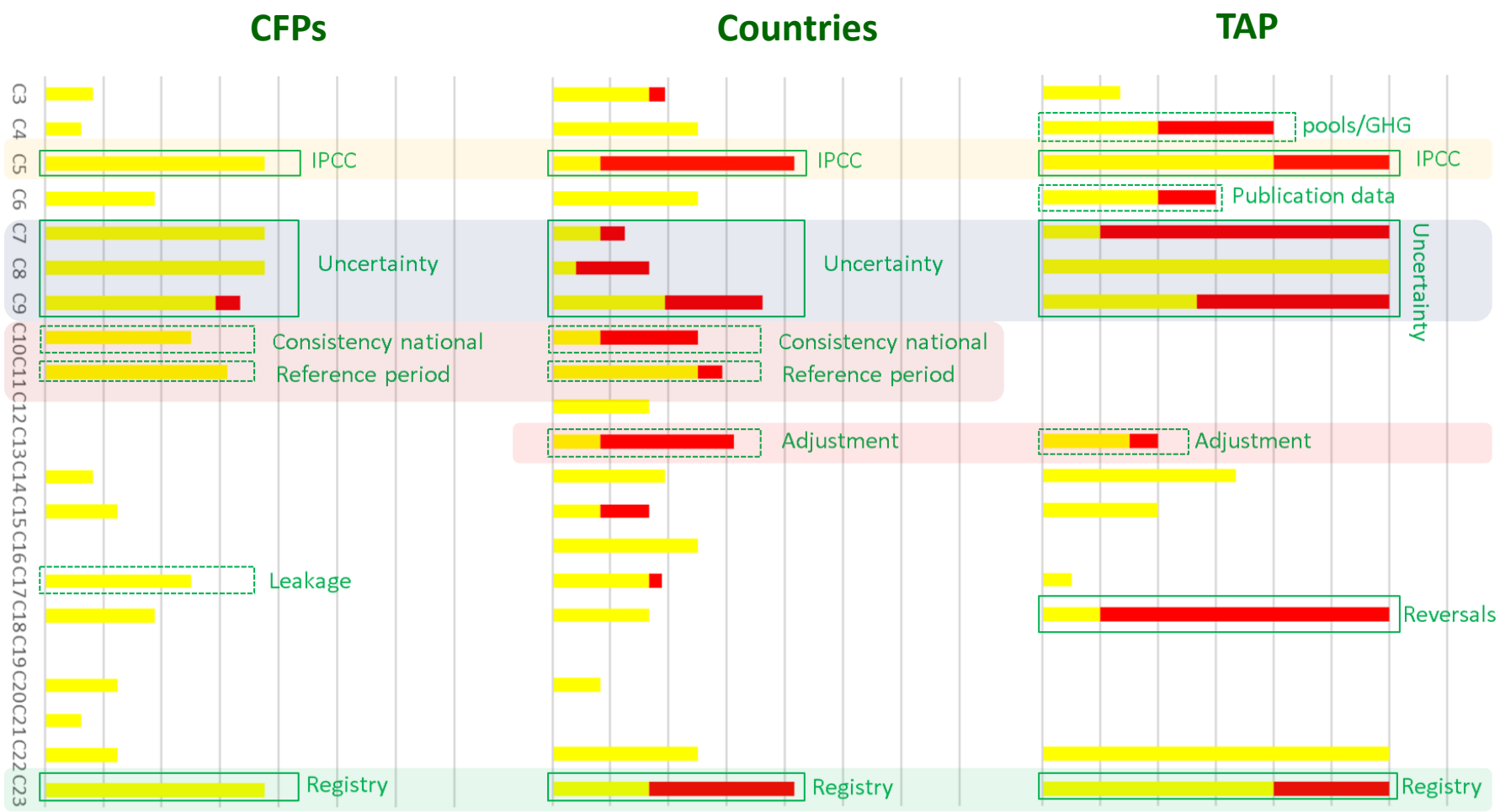
- FMT seeks guidance on the following options of scoring:
  a) YES/NO → status-quo
  b) YES/NO, but TAP may indicate whether the NO is a Major or Minor non-conformity.
- FMT seeks guidance on the following options for improving TAPs technical expertise:
  a) One carbon accounting expert per TAP (status-quo)
  b) Addition of remote support by a remote sensing expert
  c) Addition of remote support by an expert statistician, i.e. uncertainties

Issue 18: Learning from experience in the CF …

- FMT <u>proposes</u> the following options for informal exchanges between TAP and CFP:
  a) No informal exchanges during assessment process (status-quo)
  b) Informal exchanges after CFP review period
  c) Informal exchanges prior to CFP review period

Annex - Phase 2. Identification of gaps and issues – C&I

- Identification of gaps an issues per participant type



Annex – List of issues

Theme	Issue
Theme A: Program Boundaries, Transparency, Replicability, and Completeness	**Issue 1**: Estimation and Exclusion of Emissions from Degradation
	Issue 2: Assessment of significance of carbon pools and greenhouse gases and determining if their exclusion is conservative
	Issue 3: Information to enable the reconstruction of the Reference level presented with enough detail and adequate formats
Theme B: ERPD Carbon accounting, National Processes and links	**Issue 4**: Establishment of the RL can inform or is informed by the development of the national FREL and necessary steps to achieve consistency with the country's GHG Inventory
	Issue 5: Consistency of ER program Forest Monitoring System with Reference Levels and National Forest Monitoring Systems
Theme C: Establishment of Reference levels	**Issue 6**: Assessment and justification of the eligibility and justification of the adjustment
	Issue 7: Consideration of legacy emissions/removals in the establishment of reference levels and monitoring
	Issue 8: Update of the reference level when better data becomes available during the ERPA term
Theme D: Analysis of uncertainties	**Issue 9**: Incorporation of uncertainty analysis as part of the strategic design, implementation, and improvement cycle of the carbon accounting system
	Issue 10: Identification of sources of uncertainty.
	Issue 11: Assessment of relative contribution of identified sources to overall uncertainty.
	Issue 12: Accuracy assessment of maps: process to assess the uncertainty of the activity data or a process to estimate the activity data
	Issue 13: Cases in which Monte Carlo methods are applicable
Theme E: Displacement, Reversal, Proxies, and Double Counting	**Issue 14**: Assessing or building systems that address the risk of displacement of emissions
	Issue 15: Assessing or building systems to address the risk of reversal of emissions reductions
	Issue 16: Double counting as a result of designing MMR systems and registry systems in isolation
Theme F: Technical assessment process and knowledge sharing	**Issue 17**: TAPs roles and responsibilities
	Issue 18: Learning from experience in the CF through proper knowledge management mechanisms
	Issue 19: Completeness and internal consistency in findings of Technical Assessment reports

Annex - Definitions of major and minor non conformities, and Observations

- A **major corrective action request** is issued, where:
  i. the evidence provided to prove conformity is insufficient;
  ii. mistakes have been made in applying assumptions, data or calculations which could have a material influence on the results;
  iii. non-compliance with relevant criteria;
- A **minor corrective action request** is issued where:
  i. the evidence provided to prove conformity is insufficient but does not lead to breakdown in the systems delivery;
  ii. mistakes have been made in applying assumptions, data or calculations which could have an influence on the future results;
  iii. if a certain aspect has to be verified in the next verification event (e.g. foreseen modifications, etc.)

An **observation** is issued as team's recommendation in relation to future improvements of the analysis process or the monitoring of the interim measures indicators.