



Forest Carbon Partnership Facility

Terms of Reference for Verification of Emission Reductions Programs under the FCPF Carbon Fund



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1. Introduction

The Forest Carbon Partnership Facility (FCPF) is inviting eligible Independent Reviewers to submit a proposal to perform verification Emission Reductions Programs (ER Programs) under the FCPF Carbon Fund.

The FCPF is a global partnership operating since 2008 and focussing on reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the sustainable management of forests and the enhancement of forest carbon stocks (REDD+). The FCPF constitutes of two complementary funding mechanisms. First, the FCPF Readiness Fund, supports tropical and sub-tropical developing countries in preparing themselves to participate in possible future large-scale systems of positive incentives for REDD+. Next to that, the FCPF Carbon Fund is designed to pilot results-based payments (RBP) for Emission Reductions (ERs) to be generated through REDD+ activities implemented in large scale jurisdictional Programs, i.e. ER Programs. The FCPF has so far selected 47 countries in Africa, Latin America and the Asia-Pacific region for the partnership, and 19 ER Programs are currently in the pipeline and portfolio of the Carbon Fund.

The World Bank is the Trustee of both the FCPF Readiness fund and the FCPF Carbon Fund, and it provides a team that acts as Facility Management Team (FMT) responsible for the day-to-day operation of the Facility.

The first monitoring and reporting of emission reductions generated by ER Programs under the FCPF Carbon Fund is expected to take place at the beginning of 2020, and will continue until the end of the lifetime of the Fund (2025). Emission Reductions will be reported by the REDD Country Participant in an ER Monitoring Report (MR)¹.

Prior to any RBP, the ERs reported by the ER Programs must be subject to verification by an independent third-party, i.e. Independent Reviewer. The Independent Verifier will verify the GHG statement made by the REDD Country Participant in the MR and will provide a Verification Report including a verification statement of the amount of Verified ERs and a description of the process followed to reach such conclusion.

Verifications under the FCPF Carbon Fund are ruled by the Verification Guidelines and other FCPF requirements. It is expected that a maximum of 10-15 verifications might occur in a given year.

These ToR seek to select an Independent Reviewer to perform the first verification of an Emission Reduction Program. The FMT of the FCPF Carbon Fund will evaluate the proposals submitted in response to these ToR, and award a contract to the Independent Reviewer that best satisfies the evaluation criteria set out in the ToR and in accordance with WB procurement rules. The Independent Reviewer will enter into a verification contract with the World Bank.

2. Objectives

Verification is the periodic assessment by an Independent Reviewer of the amount of ERs generated by the ER Program since the last Verification Report or, in the case of the first Verification, since the ER Program Start Date in accordance with the REDD Country Participant's MRV System and the Methodological Framework, and includes the written assurance by the Independent Reviewer that during the relevant Reporting Period the ER Program Measure(s) have achieved the ERs as reported in the Verification Report.

The objectives of the verification are to:

¹ The Emission Reduction Monitoring Report Template is available at <https://bit.ly/2lenGi3>

- a) Assess the extent to which reported ERs and the revised Reference Level (if technical corrections are applied) can be reconstructed using a transparent and coherent step-by-step process;
- b) Determine whether the ER Program has conducted the uncertainty analysis in compliance with the Methodological Framework;
- c) Assess the extent to which the methodologies and methods used to estimate GHG emissions and removals during the Reporting Period are consistent with the Reference Level and with the Monitoring Plan as described in the ER-PD;
- d) Assess the extent to which the ER Program has implemented its strategy to mitigate and/or minimize potential Displacement and has considered reporting on any on changes in major drivers in the ER Accounting Area;
- e) Assess the extent to which the ER Program's implementation mitigates significant risks of Reversals identified in the assessment to the extent possible, and addresses the sustainability of ERs;
- f) Determine whether the ER Program has quantified ERs allocated to the Uncertainty, Reversal and Pooled Reversal Buffer during the Reporting Period in compliance with the Methodological Framework;
- g) Assess the extent to which the ERs generated under the ER Program have not been counted or compensated for more than once;
- h) Determine whether the national or centralized REDD+ Programs and Projects Data Management System and ER transaction registry are implemented and operated in compliance with the Methodological Framework;
- i) Assess the extent to which reported ERs are materially accurate, i.e. free of material misstatements, errors or omissions;
- j) Identify opportunities for future technical improvements to the Forest Monitoring System;
- k) Assess the extent to which the validated Reference Level or the revised Reference Level (if technical corrections² are applied) is materially accurate, i.e. free of material misstatements, errors or omissions; **AND**
- l) Determine whether the technical correction to the Reference Level is in accordance with the Methodological Framework.

3. Verification basis and approach

Verifications under the FCPF Carbon Fund shall be conducted in compliance with *ISO 14064-3*, *ISO 14065* and additional requirements set in the Verification Guidelines.

4. Verification Steps and Products

Each proposal shall delineate the proposed verification steps to be adopted by the Independent Reviewer. The verification process shall be in line with the verification requirements/processes set out under ISO14065, ISO 14064-3, and the Verification Guidelines.

² The FMT Guidance Document on Methodological Framework 2: Guidance on Technical corrections to GHG emissions and removals reported in the reference period is available at <https://bit.ly/2IenGi3>

4.1 Verification Steps

It is expected that the verification process will include the sequential steps outlined below. These steps will be overseen by the FMT, in close coordination with the REDD Country Participant, so as to ensure the selected Independent Reviewer has full access to relevant information and can raise and clarify possible questions.

1. Prior to the end of a Reporting Period of the relevant ER Program, the FMT begins the arrangements to engage a Verification entity by inviting to the Request for Proposals to all entities accredited as per the Verification Guidelines;
2. The FMT determines if the MR of the relevant ER program is complete and of sufficient quality to start the verification;
3. The FMT posts the MR and any supporting documentation on the FCPF website;
4. The FMT awards a contract to an Independent Reviewer for verification and agree on a timeline for carrying out verification;
5. The verification will formally start with a kick-off call to introduce the team and ensure all parties involved in verification are fully informed regarding verification and process requirements set out in the Verification Guidelines;
6. The selected Independent Reviewer conducts a desk review of the MR and its supporting documents;
7. The selected Independent Reviewer conducts an in-country/site visit³ as part of the verification;
8. In the event the REDD Country Participant requests a technical correction to the Reference Level as part of the MR⁴, the selected Independent Reviewer determines whether the technical correction to the Reference Level is in accordance with the Methodological Framework;
9. The selected Independent Reviewer issues a list of findings (as set out in the Verification Guidelines) detailing all non-conformities and opportunities for improvement;
10. The selected Independent Reviewer, in close coordination with FMT, seeks to resolve any differences of opinion by phone/video communications and/or during the in-country discussion of the interim verification report if necessary;
11. The selected Independent Reviewer and the REDD Country Participant follow a standard audit approach to discuss the list of findings and potentially close out any non-conformities;
12. The selected Independent Reviewer documents the findings of the verification process and issues a draft Verification Report;
13. The selected Independent Reviewer undertakes a Technical Review of the draft Verification Report;
14. Once approved by the Technical Review, the selected Independent Reviewer issues a Final Verification Report;
15. The Final Verification Report is reviewed by the REDD Country Participant who confirms its acceptance;
16. If accepted by the REDD Country Participant, the FMT posts the Final Verification Report and, if applicable, an updated version of the MR on the FCPF website.

³ Site visit is not expected as the monitored GHG estimates will usually based on forest cover change information generated in a centralized laboratory lab. However, depending on the circumstances this might be required by the independent reviewer to achieve the necessary level of assurance.

⁴ Pursuant to the Guidance on Technical corrections to GHG emissions and removals reported in the reference period. See footnote 2 above

4.2 Products and Timeline

The proposal by Independent Reviewers shall indicate the activities they will conduct under each step outlined in Section 4.1 above in order to deliver to the FMT and the REDD Country Participant the following products:

Product	Timeline
Verification and sampling plan	Within [--] days from ToR award
List of findings	Within [--] days from ToR award
Draft Verification Report	Within [--] days from ToR award
Final Verification Report, including Verification Statement	Within [--] days from ToR award

The final verification report shall include a description of which activities have been undertaken and methodologies applied by the selected Independent Reviewer. It shall also include a reflection of how the responses provided by the FMT and the REDD Country Participant (or its authorized representative) to the verification findings were taken into account.

The proposal by Independent Reviewers shall also contain an indicative timeline for carrying out the different verification activities. Contracting of the selected Independent Reviewer will take place forty-five (45) days following the determination by the FMT that the ER Monitoring Report provided by the REDD Country Participant is complete and of sufficient quality to start verification.⁵

5. Requirements for Independent Reviewers

5.1 General Requirements

An Independent Reviewer is eligible to provide verification services by meeting the eligibility requirements and ensuring the overall competence of the verification team as set out in this Section 5.

The Independent Reviewer shall be accredited under ISO 14065 for scope ISO 14064-2, specifically for Land Use and Forestry and the FCPF Carbon Fund, by an accreditation body that is a member of the International Accreditation Forum.

5.2 Technical Competence

The Independent Reviewer shall meet the requirements on Competence set out in Section 6 of ISO 14065:2007 and in the following paragraphs.

The Independent Reviewer shall possess the relevant technical competences to perform verifications under the FCPF Carbon Fund. The verification team collectively shall have the following skills and competences:

⁵ The Carbon Fund General Conditions Applicable to Emission Reductions Payment Agreements is available at: <https://bit.ly/2lenGi3>, or see the Carbon Fund Process Guidelines are available at: <https://bit.ly/2lenGi3>

- a) expertise in forests in REDD+ Countries;
- b) expertise in jurisdictional assessments.

The Independent Reviewer shall guarantee the inclusion of the following roles and competences in their verification teams:

- a) Team Leader:⁶
 - o advanced academic qualifications with masters or equivalent in forest sciences;
 - o at least 7 year of relevant experience and demonstrated ability to lead and manage audit teams;
 - o Proven expertise in auditing of data and information;
 - o Proven ability to perform verifications of GHG statements, and
 - o Proven experience in verification of ERs in the forestry sector and/or REDD+.
- b) Technical Expert(s):
 - i. advanced academic qualifications with masters or equivalent in forestry or another technically related field with at least master's degree (MSc) and qualification on remote Sensing assessments/GIS and forest accounting;
 - ii. at least 5 years of relevant experience working in the forest sector in developing REDD+ Countries;
 - iii. at least 3 years of proven experience in remote sensing and GIS applied to forests;
 - iv. at least 3 years of proven experience in LULUCF carbon accounting in developing REDD+ Countries.
- c) Technical Reviewer⁷:
 - i. advanced academic qualifications with masters or equivalent in forest sciences;
 - ii. at least 7 years of relevant experience working in the forest sector in developing REDD+ Countries
 - iii. at least 3 years of proven experience in technical review of the verification of reported ERs in the forestry sector and/or REDD+.

The Independent Reviewer shall provide enough evidence to prove their competence abilities and skills of the management and accomplishment of the products requested.

5.3 Independent Reviewer Team

The different members of the team of Independent Reviewers will be involved in the different activities of verification as set out in the table below.

Table 1. Required competencies for each team member

Role	Competences	Activities				
		Desk review	Site visit	Reporting	Supervision	Technical review

⁶ The role of Lead Author and Technical Expert can be filled by the same auditor.

⁷ Competences can be filled by more than one person

Team Leader	• Forestry / REDD • Auditing / MRV • Carbon accounting	X	X	X	X	
Technical Expert(s)	• Forestry / REDD • REDD and GIS • Carbon accounting	X	X	X		
Technical Reviewer	• REDD / MRV • Internal review					X

5.4 Information on Conflict of Interest

Verification under the FCPF requires a high level of neutrality and independence, and the selected Independent Reviewer shall act impartially and shall avoid unacceptable conflicts of interest.

The Independent Reviewer shall meet the requirements on impartiality set out in ISO 14065, *mutatis mutandis*.

5.5 Liability of Independent Reviewers

General requirements regarding liability are described in the General Terms and Conditions for Consulting Services (August 2016) ("General Conditions"). The following additional requirements and modifications should be considered:

1. Subject to Section 13.01 (a), Contractors providing Services in the United States and all Contractors and Subcontractors incorporated in the United States should have a Professional Liability insurance in the amount of USD 5,000,000 per claim and in the aggregate.
2. Subject to Section 14 of the General Terms and Conditions for Consulting Services (August 2016) ("General Conditions"), the selected Independent Reviewer shall indemnify and hold the Trustee and the Bank, its officers, officials and employees harmless from any and all claims, injuries, damages, losses or suits, including reasonable attorney fees, arising out of or in connection with the Independent Reviewer's (including subcontractors or anyone for whom they may be responsible) performance under this Contract, except for injuries and damages caused by the sole negligence of the Trustee or the Bank.
3. Subject to Sections 15 and 16 of the General Terms and Conditions for Consulting Services, the Trustee or the Bank may, as appropriate, hold the selected Independent Reviewer liable and request payment of damages for excess emission reductions that have been erroneously verified when such error is the result of the Independent Reviewer's (including subcontractors or anyone for whom they may be responsible) negligence, fraud or intentional misconduct.
4. Subject to Section 15.01 of the General Terms and Conditions for Consulting Services, it is clarified that the total aggregate liability of Contractor for claims asserted by Purchaser under or in connection with this Contract, regardless of the form of the action or the theory of recovery, shall be limited to USD 5,000,000 in any consecutive 12 month period.

6. Other Requirements

Communications

All communications regarding the assignment with any ER Program representatives, Carbon Fund Participant or the general public, must be authorized.

Materials

All materials shared with, collected by or produced as part of this service are the property of the World Bank, and should not be shared with any other party without specific authorization from the World Bank.

Right of Review of Documents

The FMT retains the right to review any and all documents, **prior** to them being shared with the ER Program representatives.

Staffing and Change of Staffing

The firm must inform the FMT of *any change in the composition of team members* for the assessment. In case of failure to inform about changes in the composition of team members, the World Bank retains the right to cancel or modify the original contract.