REQUEST FOR PROPOSALS

STRESS TEST OF THE VCS AFOLU POOLED BUFFER ACCOUNT

1 March 2017

1 BACKGROUND AND OBJECTIVE

One of the Verified Carbon Standard's important contributions to addressing climate change has been its work in the agriculture, forestry and other land use (AFOLU) sector, including the Jurisdictional and Nested REDD+ (JNR) framework. Over 100 AFOLU projects have been developed with the VCS Program, collectively generating over 60 million tonnes of CO_2e emission reductions and removals, and a number of jurisdictions around the world are applying JNR, with the potential to significantly increase the scale of emission reductions and removals. While the potential for AFOLU projects and JNR programs to generate significant climate benefits is clear, the sector also presents the unique challenge of non-permanence risk.

VCS addresses the non-permanence risk of its JNR programs and AFOLU projects by requiring them to deposit a percentage of their credits into a common buffer pool which may be drawn upon in the case of a loss event (eg, a forest fire or hurricane). The percentage of credits which must be deposited into this common pool, known as the *AFOLU pooled buffer account*, is based on a non-permanence risk rating established through application of the AFOLU or JNR *Non-Permanence Risk Tool*. Where carbon stock is known or believed to be lost, buffer credits are cancelled from the buffer account to cover the loss, which allows all VCUs issued to JNR programs and AFOLU projects to be permanent.

It is important that VCS periodically stress test the AFOLU pooled buffer account to ensure that the approach continues to be effective. Central to this analysis is to examine, based on performance to date and potential future scenarios, the resilience of the pooled buffer account in the event of unanticipated losses from projects and programs. VCS seeks a qualified consultant to assist in this analysis.

2 SCOPE OF WORK

The consultant will examine the resilience of the AFOLU pooled buffer account through a combination of document review and stochastic (or similar) modeling. VCS also seeks assistance in thinking through a few specific items. Principal tasks and responsibilities will include, at minimum, the following:

1) Review a sample of AFOLU project documentation to analyze how project proponents are applying the *AFOLU Non-Permanence Risk Tool* (eg, project proponents use similar (or dissimilar) methods to assess one or more types of risk), and how validation/verification bodies (VVBs) are assessing non-permanence risk reports (eg, VVBs tend to focus their assessments on one or more types of risk).
2) Develop and run a model to stress test the current and foreseeable AFOLU project and JNR program portfolio against a series of plausible scenarios of carbon loss events and/or other types of project failure.

3) Analyze whether the AFOLU project buffer pool and JNR pool should continue to remain separate, or whether it would be preferable (from a risk management perspective) to combine them into a single pooled buffer account.

4) Draft a report which summarizes the results of the above analysis and provides VCS with any recommended updates to the buffer account approach, including any proposed updates to the AFOLU or JNR *Non-Permanence Risk Tools*.

5) Develop procedures for stress testing the pooled buffer account going forward and train VCS staff to conduct such testing.

3 DELIVERABLES

The main deliverables resulting from this assignment will be:

1) Regular (eg, biweekly) updates on progress.

2) Report which summarizes the results of the AFOLU pooled buffer account stress test, including any recommended updates to the AFOLU or JNR *Non-Permanence Risk Tools*, or any other recommended actions.

3) Model or tool for stress testing the AFOLU (and JNR) pooled buffer account, which can be applied at future points in time.

4) Training session and operational procedures for VCS staff to use the developed model/tool to stress test the AFOLU pooled buffer account periodically.

5) Input and guidance on whether the AFOLU project buffer pool and JNR pool should continue to remain separate, or whether it would be feasible to combine them into a single pooled buffer account.

4 MILESTONES AND TIMELINE

The duration of this assignment will be 3 months. An indicative timeline for meeting key milestones is given below.

Milestone	**Indicative Timeline**
Kick off meeting	Week of 24 Apr 2017
Review of AFOLU project and JNR program documentation, analysis of application and assessment of *AFOLU Non-Permanence Risk Tool*	1 May – 19 May 2017
Develop and run model to stress test pooled buffer account	22 May – 16 Jun 2017
Submission of draft report on findings and recommendations	7 Jul 2017

Meeting to discuss draft report findings and recommendations	Week of 17 Jul 2017
Training session for VCS staff	Week of 24 Jul 2017
Submission of final report	4 Aug 2017

5 APPLICATION PROCESS

Applicants are requested to submit the following documents (in English):

- Technical proposal, to include preliminary thoughts about scenarios and an approach for stress testing the AFOLU pooled buffer account (not to exceed four pages)
- Cost proposal, to include total estimated costs based on a daily rate
- Resumes/CVs of consultant or consulting team (not to exceed two pages each)

All documents must be submitted to John Holler, Senior Program Officer, via email at jholler@v-c-s.org by close of business on 29 March 2017. VCS will conduct interviews of short-listed candidates by 12 April and finalize the selection by 19 April.