

# REQUEST FOR PROPOSALS

## CONSULTANCY TO DEVELOP VCS REDD+ UNCERTAINTY RECOMMENDATIONS

18 December 2019

### 1. BACKGROUND AND OBJECTIVE

Founded in 2005, Verra is a non-profit organization based in Washington D.C. that supports efforts to reduce greenhouse gas emissions, improve livelihoods and protect ecosystems and the services they provide. We support climate action and sustainable development with standards and programs that credibly, transparently and robustly assess environmental and social impacts and enable funding for sustaining and scaling up these benefits. Verra is the secretariat for a growing number of standards and programs including the following.

**Verified Carbon Standard (VCS) Program.** Our flagship program allows vetted projects to turn their greenhouse gas (GHG) emission reductions into tradable carbon credits called Verified Carbon Units (VCUs). Since its launch in 2006, the VCS Program has grown into the world's largest voluntary GHG program with over 1600 registered projects in 82 countries that have cumulatively generated almost 400million carbon credits. Of these, almost 180 are REDD+<sup>1</sup> projects that have generated more than 160 million carbon credits.

**VCS Jurisdictional and Nested REDD+ (JNR) Framework.** As part of the VCS Program, JNR provides guidance to governments to support the design, implementation and integration of projects and programs that conserve and enhance forests at national and sub-national levels and leverage carbon finance. JNR aligns with the UNFCCC Warsaw REDD+ Framework and the World Bank's Forest Carbon Partnership Facility (FCPF) Methodological Framework, and aims to meet the needs of emerging demand and finance opportunities such as through the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), Green Climate Fund (GCF) and Internationally Transferred Mitigation Outcomes (ITMOs). One of the defining features of JNR is its ability to provide a pathway for individual projects and private investment to "nest" within national accounting frameworks, bringing much-needed finance and know how to address deforestation and forest degradation at scale.

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<sup>1</sup> REDD+ includes reduced emissions from deforestation and degradation (REDD), improved forest management (IFM) and afforestation/reforestation/revegetation (ARR) activities, as defined under the VCS Program.

## VCS REDD+ Project Nesting

Due to emerging new market opportunities there is a growing consensus about the need for and value of nested REDD+ projects, i.e., projects that are integrated within national or subnational REDD+ accounting systems. Verra is actively advancing the development of new requirements and guidance for such REDD+ project nesting – which will eventually be included in VCS Program documents, including the VCS Standard – and important updates to the *Jurisdictional and Nested REDD+ (JNR) Requirements* to better support jurisdictional REDD+ program development.

Our aim is to provide nested pathways for projects to be able to support and align with government programs and reference levels (where relevant) in a way that is practical and credible. This will provide projects with longer-term financing certainty and likely access to additional sources of demand and markets, while providing governments with a workable approach to attract private finance for mitigation and further the overall goals of their jurisdictional REDD+ programs.

On December 2, 2019, Verra initiated a 60-day public consultation on nesting, including high-level summary of concepts, options and key questions to help inform our eventual development of specific nesting requirements and guidance for REDD, IFM and ARR projects<sup>2</sup>. We aim to release the specific nesting requirements, along with relevant associated tools or modules, in a second public consultation, anticipated in Q2 2020, as described in the Consultation Overview.

VCS rules currently do not support the development of projects using jurisdictional reference levels unless they are developed under a national or subnational REDD+ program applying the VCS *Jurisdictional and Nested REDD+ (JNR) Requirements*. Many governments have now established forest-related Nationally Determined Contributions (NDCs) under the Paris Agreement and/or forest reference emission levels (FRELs) under their REDD+ programs that have been assessed by the UNFCCC Roster of Experts (in the case of a UNFCCC submission) or another independent body (e.g., related to a results-based payment scheme, such as the Forest Carbon Partnership Facility's Carbon Fund).

In this context, Verra is considering whether and how VCS REDD+ projects within a jurisdiction with an existing reference level should align with it, and use an allocation approach to determine the project baseline. We are also considering whether and how project nesting rules and guidance would change depending on whether a project is targeting voluntary markets, international markets under Article 6 of the Paris Agreement (i.e., where a corresponding adjustment would likely be needed), or both.

Recognizing the above, forthcoming VCS Program nesting updates aim to provide rules and guidance for projects to align with a national (or in the interim, subnational) REDD+ program, where relevant, in particular with the data, parameters and methods of such a program's reference level and monitoring system, while maintaining the rigor and quality of VCUs. The REDD+ nesting concepts that we are considering would support projects in cases where a government reference level has been established

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<sup>2</sup> These requirements will expand on and eventually replace the existing, high-level *Nesting Guidance for REDD+ Projects* released in July 2019.

under the UNFCCC or other GHG program (i.e., not JNR) and also could be used where there is no government reference level.

### **Need for Uncertainty Updates**

The approach to calculating and deducting uncertainty, both at the project and jurisdictional levels, is an important area of consideration as Verra develops requirements and guidance for REDD+ project nesting.

Recognizing this, Verra seeks a consultant statistician with expertise in the development of jurisdictional reference levels and REDD+ project baselines, and in the alignment between jurisdictional and project level accounting, to assess how uncertainty calculations and deductions can be undertaken in a more consistent, transparent, robust and practical way across scales.

The objective of this consultancy is a) to assess the possibility of, and b) to develop, where determined appropriate, a standardized approach to uncertainty in the standalone project, nested project and jurisdictional contexts, including assessing the possibility of a standardized uncertainty tool.

Verra will draw on the consultant's work to put forward a detailed set of updates around uncertainty in a second public consultation in approximately May 2020. These updates are anticipated to be finalized and published in Q3 2020.

## 2. SCOPE OF WORK

Verra is accepting proposals for the development of a set of detailed recommendations on uncertainty.

Specifically, we are seeking proposals that include the following work components:

- 1) Review existing background materials including:
  - a) Verra Nested REDD+ Public Consultation
    - i) REDD+ Nesting Concepts
    - ii) Updates to the *JNR Requirements*
  - b) Relevant public comments from above consultation (available January 31st, 2020).
  - c) High-level *Nesting Guidance for REDD+ Projects* issued in July 2019.
  - d) Previous work done to provide Verra with high-level recommendations on uncertainty.
  - e) Climate Focus report: Should forest carbon credits be included in offsetting schemes such as CORSIA?
  - f) Documentation describing existing uncertainty approaches in other jurisdictional GHG programs, such as guidelines under the GCF, FCPF, JCM, TREES and IPCC, and also under other project level GHG standards.

- g) Other background documentation deemed important by the consultant or provided at Verra's discretion.
- 2) Undertake initial call with Verra staff to go over scope of work and key issues and questions.
- 3) Determine important areas for input from key stakeholders and propose a process and timeline for gathering these inputs. Lead any and all calls with key stakeholders as needed.
- 4) Produce the following deliverables (taking into account feedback from the current public consultation and key stakeholder discussions):
- a) **Draft set of rules and guidance on uncertainty in the REDD project nesting context including:**
- i) Quality parameters specifically relating to uncertainty, to be used to determine whether a REDD jurisdictional reference level should be considered sufficiently robust to use for project nesting, including:
- Where a qualified government reference level does not exist, and will be developed by a VCS REDD project to use for nesting; and
  - Where a government reference level does exist and must be demonstrated to be sufficiently robust for nesting of a VCS REDD project.
- Note that other, non-uncertainty related quality parameters will be developed in the context of a VCS standardized REDD allocation tool and associated rules.
- ii) Other rules or guidance on uncertainty in the REDD project nesting context. For example:
- Are there any circumstances whereby a fully nested REDD project would need to undertake an uncertainty assessment and deduction, where a qualified uncertainty assessment had already been undertaken at the jurisdictional level, and it could be ensured that the aggregate of project and site-specific activity baselines does not exceed the jurisdictional reference level?
- b) **Draft set of recommended updates to uncertainty requirements for jurisdictional REDD+ reference levels and program accounting, currently in the *VCS JNR Requirements*, to ensure:**
- i) All relevant types of uncertainty are taken into account.
- ii) Clarity around what happens when uncertainty is over 100%.
- iii) Consistency and transparency of quantification approach.
- iv) Other revisions to streamline or improve requirements, as appropriate.

- c) **Draft set of recommended updates to requirements for (standalone) project level uncertainty calculations and deductions, as currently in the *VCS Standard* and *VCS Methodology Requirements*, to ensure:**
- i) All relevant types of uncertainty are taken into account.
  - ii) Clarity around what happens when uncertainty is over 100%.
  - iii) Consistency (across project methodologies) and transparency of quantification approach.
  - iv) Other revisions to streamline or improve requirements, as appropriate.

Additionally, provide recommendations on the need for a VCS standardized tool for calculating uncertainty in a consistent and transparent way across AFOLU (or all VCS) project types/methodologies (possibly to also apply for JNR programs and reference levels). Note that the development of such a standardized tool itself is not in the scope of this consultancy and would be a longer term undertaking.

The consultant may be called upon to assist with responding to public comments following the May 2020 consultation, and subsequently refining uncertainty requirements and guidance prior to their final release anticipated in Q3 2020. The consultant may also be called upon to develop a standardized uncertainty tool, if determined to be appropriate. Any additional tasks would be negotiated with Verra, and additional budget agreed as necessary.

### 3. MILESTONES, DELIVERABLES AND TIMELINE

The duration of this consultancy will be approximately three months (February 1st to May 1st, 2020), and may be renewed subject to the mutual agreement of Verra and the consultant. It is anticipated that, based on the consultant’s work, Verra would put out draft rules and guidance associated with uncertainty for consultation in approximately May 2020, with final release in Q3 2020.

Milestone	Deliverables	Estimated Date of Completion
Review existing background materials per Scope of Work above.	None.	Ongoing.
Undertake initial calls with Verra staff to go over scope of work and key issues and questions. Lead calls with other key stakeholders as needed to gather inputs.	Lead and participate on relevant calls.	Ongoing.

<p>Develop detailed outline of work.</p> <p>Determine key areas for input from relevant stakeholders. Propose process and timeline for gathering those inputs.</p>	<p>Detailed outline of work fleshing out above Scope of Work.</p> <p>Proposed process for gathering key inputs from relevant stakeholders throughout period of consultancy.</p>	<p>7 February 2020</p>
<p>First complete draft of recommendations, rules and/or guidance per Scope of Work above (4 a-c).</p> <p>Gather feedback from Verra and other key stakeholders on draft.</p>	<p>First complete draft per Scope of Work above (4 a-c).</p> <p>Lead calls with relevant stakeholders for feedback as needed.</p>	<p>1 April 2020</p>
<p>Final complete draft of recommendations, rules and/or guidance per Scope of Work above (4 a-c), taking into account all inputs and feedback from Verra and other key stakeholders.</p> <p>Discussion with Verra and other key stakeholders covering any feedback on final draft.</p>	<p>Final complete draft per Scope of Work (4 a-c) above.</p>	<p>1 May 2020</p>

#### 4. RESPONSES TO RFP

Respondents should feel free to submit clarifying questions on any of the above information.

Respondents are requested to submit the following as part of their proposals:

- Cost proposal.
- Description of how the consultant plans to undertake the described scope of work.
- Description of the consultant’s qualifications to undertake the described scope of work.
- Description of how the consultant would avoid any conflict of interest in undertaking the described scope of work.
- Resumes/CVs of the consultant’s team if applicable may be attached (not to exceed two pages each).

All proposals and documents submitted to Verra will be kept confidential.

All documents must be submitted to Summer Montacute at [smontacute@verra.org](mailto:smontacute@verra.org) by close of business **Monday, January 13 2020**. We will finalize the selection of the consultant by the end of January 2020.



Standards for a  
Sustainable Future



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### **Legal Nature of RFP**

This RFP is an invitation for proposals and Verra is under no legal obligation to accept any proposal nor proceed with the RFP. Verra reserves the right to amend the requirements at any time.