

Request for Proposals: How VCMI and philanthropic funding can play a catalytic role in enabling countries to maximize the climate, economic and social prosperity benefits delivered by high integrity carbon finance mechanisms.

1. Background

About VCMI and the Grants Committee: (VCMI) is a multistakeholder platform to drive credible, net zero aligned participation in voluntary carbon markets (VCMs). VCMI's goal is to ensure VCMs make a significant and meaningful contribution to climate action and limiting global temperature from rising to 1.5°C above pre-industrial levels, while also supporting the achievement of the UN Sustainable Development Goals (SDGs). VCMI is developing guidance to ensure demand-side integrity in VCMs. To learn more about VCMI, we encourage you to read our Consultation Report, Roadmap, and provisional Claims Code of Practice ("Claims Code"), all of which are available on our website [here](#).

Through the VCM Access Strategies program, VCMI offered support to policymakers in low-and middle-income countries where carbon crediting projects are located (host countries) to access high integrity VCMs and channel finance into priority sectors. Delivered in partnership with Climate Focus and UNDP, the VCM Access Strategies program engaged an initial set of host countries from June 2021 to November 2022, concluding with a round table discussion on 'coordinating support to countries to access high integrity VCMs' at COP27. The program took a country-specific perspective, considering prior experiences, national circumstances and existing carbon finance mechanisms and infrastructure. This included providing information and supporting stakeholder engagement to inform decision-making on how to direct investment from VCMs into mitigation action and align VCMs with other financial instruments to deliver national climate and economic priorities.

Phase 1 of the Access Strategies program led to the publication of the VCM Access Strategy Toolkit, developed in response to the identified needs of policymakers around the world to better understand key considerations for VCMs engagement. The Toolkit is designed for use by policymakers and government officials in countries hosting carbon crediting projects, providing a starting point for policymakers to guide their thinking, discussions, and preparation for developing carbon finance access strategies. It provides high-level guidance to support countries in deciding whether, why, how, and when to engage with VCMs, considering interplay and complementarity with Article 6 in order to develop a holistic approach across carbon finance mechanisms.

Split into five decision sheets, the [VCM Access Strategy Toolkit](#) addresses themes that require political engagement and details some of the more technical issues policymakers in host countries must work through:

- 1) Deciding if, and when, to engage with VCMs;
- 2) Planning how to finance an NDC;
- 3) Determining the role of carbon markets in NDC achievement;
- 4) Establishing the necessary legal and institutional frameworks;
- 5) Ensuring high integrity carbon market activities.

Building on the lessons from phase 1, VCMI is scoping support for a next phase, scaled up, Access Strategies program, which it is envisioned will contribute towards:

- i) the equitable uptake of Paris-era aligned high-integrity international carbon crediting mechanisms in jurisdictions where there are currently capacity gaps to engage;
- ii) the development of and scaling up of domestic carbon markets with a VCM component, as a transition toward regulation;
- iii) the mobilization of finance to sectors or technologies where carbon finance could be transformational in the achievement of the Paris Agreement and Sustainable Development Goals;
- iv) a targeted, sustainable, and catalytic readiness support package based on lessons learned from existing programs and initiatives.

VCMI requests proposals for the delivery of a report that will include:

- 1) **A landscape mapping** of existing carbon finance technical assistance initiatives (voluntary and compliance).
- 2) **A gap analysis** of these existing initiatives complimented by recommendations on how VCMI – and philanthropically funded interventions more broadly – can play a catalytic role in enabling countries to maximize the climate, economic and social prosperity benefits delivered by high integrity carbon finance mechanisms.

The report's analysis will be unbiased, rigorous, and accessible to help inform the development of the next phase of the VCM Access Strategies program, drawing upon insights from the broader carbon markets community working to deliver capacity building in support of carbon market participation.

Due date: An advanced draft deliverable is due by 18 August 2023, and a final deliverable, which incorporates comments by VCMI, is due by 1 September 2023.

2. Priority issue description and deliverable details

Priority issue

There is currently a lack of understanding surrounding:

- (i) The number and scope of existing programs providing capacity building to enable host countries in key geographies to access carbon finance (e.g., within Africa, Latin America, and South-East Asia);
- (ii) Whether existing programs can deliver the key elements identified in the VCM Access Strategy Toolkit and provide sufficient support that meets the needs of recipient jurisdictions and institutions;
- (iii) How philanthropic funding can be most effectively channeled to further unlock carbon finance as a critical source of transition funding.

VCMI is committed to a world firmly on track to 1.5 degrees and net zero emissions by mid-century, achieved through a just transition that enhances equality and sustainable development for all. Unlocking the potential of carbon finance to help achieve climate and economic prosperity requires political willpower, long-term planning, and coordinated support across the Article 6, compliance, and VCM landscape. The complexity of VCMs and their interactions with other

sources of carbon finance often pose a barrier to engagement for governments. Host countries need symmetric information to assess options and make decisions right for their country.

Evolving Paris Agreement guidance creates new opportunities and implications, yet few countries have clear strategies for engaging effectively with VCMs. Furthermore, the proliferation of project developers, investors, and initiatives can put pressure on host countries to rush into carbon market engagement before fully understanding the implications. Complementarity and coherence are needed between VCMs and Article 6 to support an enabling policy environment capable of mobilising carbon market finance at scale.

Following discussions with funders active in the carbon finance space at COP27, and the publication of the VCM Access Strategy Toolkit, VCMI and many of our philanthropic partners are considering the role of philanthropic funding in helping developing countries to access carbon market finance in support of climate, people and nature. The Toolkit ([publicly available here](#)), sets out detailed policy questions for host countries to work through and implement to attract high-integrity VCM investment.

Further work is required to scope out how to enable timely and effective implementation of the Access Strategy Toolkit, empowering countries to access VCM carbon finance, holistically with other carbon finance streams, so that it best contributes to the implementation and enhancement of their NDC as well as socioeconomic development priorities.

Deliverable details

WHAT: Those tendering for the RfP shall describe how they will deliver a report containing the essential components below:

- 1) A **mapping** of the existing initiatives into a framework which classifies the types of support available for developing countries to access and implement carbon markets. This should include information on funders, delivery partners and delivery mechanisms, timeframes, capitalization, regional/sectoral distribution, and the approach to address key elements identified in the Toolkit (noted below):
 - **Deciding if, and when, to engage with VCMs** – assess the potential of VCM engagement for a country. Map out current VCM activities and determine the role the host government will play.
 - **Planning how to finance an NDC** – determine the finance needs to implement your NDC, and identify the finance instruments available, including whether VCMs can play a role to finance mitigation activities.
 - **Determining the role of carbon markets in NDC achievement** – Clarify which carbon finance mechanisms are best suited to a country's needs and priorities (Article 6, VCMs, domestic compliance markets). Clarify when emissions reductions and removals count towards the host country's conditional and unconditional NDC achievement. Consider double counting and double claiming and develop a policy on corresponding adjustments.
 - **Establishing the necessary legal and institutional frameworks** – clarify carbon rights and address legal and regulatory issues such as which ministries are responsible for what. This includes Article 6 approvals and authorizations, monitoring reporting and verification requirements, and safeguards.

- **Ensuring high integrity carbon market activities** – aligning VCM activities with host country policy, ensuring benefit sharing amongst IPLCs and local governments, and guaranteeing the high-integrity supply and use of carbon credits.
- 2) A **gap analysis** of the existing initiatives mapped, and **recommendations for how and where (regional/ sectoral) VCMI/philanthropic funding can play a complementary, value-added, and impactful role**. For example, this could be via contributions to existing programs that are well situated to expand and integrate the Toolkit into their design, or via the development of a new partnership, program, or initiative.
 - 3) A **presentation** of the recommendations that emerge from the gap analysis **to VCMI and our philanthropic partners**.

HOW: The report and recommendations shall be based on:

- a) A thorough review and mapping of the existing public, private, multilateral and bilateral initiatives impacting participation in high-integrity VCMs and Article 6 mechanisms in line with the core themes set out in VCMI's Access Strategy Toolkit.
- b) Interviews (assumed virtual) with key stakeholders supporting carbon market policy development and implementation in developing countries (to include officials from at least five host countries that are members of VCMI's Country Contact Group) and delivering existing technical assistance programs (e.g., development finance institutions, NGOs) in support of participation in high-integrity carbon markets.
- c) An assessment of what forms of technical assistance would be most effective in enabling the broad uptake of the VCM Access Strategy Toolkit (e.g., learning by doing through pilot projects, additional resourcing support in key ministries, or online courses/tools). Recommendations should be intended to inform catalytic interventions/activities that embed long-term, sustainable readiness for host countries to access the benefits of carbon market finance.

The recommendations should align with the core themes set out in the VCM Access Strategy Toolkit and feedback from interviews with key stakeholders. The report and recommendations should be clear and practical. It should include an Executive Summary and at least three intuitive graphics (e.g., tables/ graphs/ infographics) to capture and clearly convey important findings/ key messages.

Ways of working

To accomplish the objectives, the Grantee will be expected to work flexibly and with close engagement with the VCMI Secretariat and other relevant VCMI Grantees to enable ongoing coordination. This may include interaction with other VCMI stakeholders, including the VCMI Expert Advisory Group and the VCMI Country Contact Group.

Deliverable style and formatting

The report must be objective, non-biased, with transparent methods and assumptions. It must not favor or pre-judge any particular recommendations. To the extent possible the report should align with key principles and lexicon used in existing VCMI products: the provisional VCMI Claims Code of Practice, the VCMI Consultation Report, Supplementary Documents, Consultation Feedback Synthesis and VCMI's Roadmap for further work. The report should be no longer than 20 pages,

including an Executive Summary (Annexes may be provided in addition). As much as possible, it should also use graphics (e.g., tables/ graphs/ infographics) to capture and clearly convey the key results.

3. Submission Requirements

To be considered for this funding opportunity, applicants must include all requested materials, sent to info@vcmintegrity.org by 5 pm ET on Tuesday 20 June with the subject line: *'FAO Policy & Partnerships: VCMI Grant RFP submission.'*

We only accept electronic submissions. **We only accept proposals that are submitted using the form below.**

4. Evaluation criteria

- a. Expertise of the applicant
- b. Overall quality and detail of the proposal
- c. Cost-effectiveness
- d. Demonstrated capacity to deliver the analysis in good time, and at a high quality.

5. Award and Reporting

The successful applicant will be notified electronically. After the award letter has been accepted, Rockefeller Philanthropy Advisors (RPA), which serves as the fiscal sponsor for VCMI, will send the successful applicant a contract and any other required documents for execution. Prior to finalizing the grant award, RPA will perform a due diligence check on the applicant. The grantee will submit the first invoice for payment after the award documents and due diligence has been completed. The agreement will set forth the other dates for invoicing. The contractor will be required to provide brief, periodic status reports to VCMI on the progress of the funded project in the form provided by VCMI. A final report with the last invoice will also be required.

6. Deliverable

The report must be of high quality, robustly supported with endnotes conforming to a widely accepted standard (e.g., APA) and include as appropriate, illustrative graphs, charts and data. Grantees will be required to give VCMI non-exclusive use of the document, in full or in part, including publication on its website and through other means of distribution. The presentation is expected to include a slide deck. It is not anticipated that any travel will be required for this project.

Questions? If after having read this RFP thoroughly, you have an unanswered question about this funding opportunity, you may contact VCMI with your query at: george.hodgetts@vcmintegrity.org

VCMI Grant Submission Form

Please follow this format when submitting your proposal, using the same order and fields set forth below and submit your completed application to: info@vcmintegrity.org. Please limit your submission to no more than 4 pages.

1. Basic Information:

- a. Name of your organization:
- b. Address:
- c. Organization contact name and phone number:

2. Expertise and Qualifications

- a. If you are submitting on behalf of an organization, briefly describe the mission of your organization, how it relates to this RFP.
- b. List the individuals who would work on this project, their role, expertise, and qualifications.

3. Project Proposal

- a. Describe the content of the written work and approximate length. Please provide an annotated outline of the deliverable and topics to be covered, including an initial, high-level description of the carbon markets capacity building landscape and existing literature you would consider in scope for this research.
- b. Describe your methodologies for addressing the priority issue (literature review, interviews, survey, data analytics, etc.).
- c. Outline proposed research sources (primary and secondary), proposed interviewees, anticipated graphs and other visuals.
- d. Provide a project timeline (i.e., date of initiation, data collection and scoping, first draft, second and final drafts).
- e. Provide a budget. Please detail by line item: cost of personnel, overhead, including any subgrantees, graphics, layout, software, etc.
- f. Other relevant information.

4. Supporting Documentation

VCMI is interested in funding an individual or entity with a strong record of developing high quality analysis related to this priority area on time and within budget. Please submit up to three (3) letters of support or reviews that can speak to these attributes.