



Forest Carbon Partnership Facility

CORSIA Update

Twenty Third Meeting of the Carbon Fund (CF23)

June 15-17, 2021

Background

- At CF16, CF17 and CF18, the FMT presented on the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)
- Following CFPs authorization, FMT submitted the CF application to become an emissions unit program under CORSIA in July 2019
- ICAO Council in March 2020 **conditionally approved** the FCPF Carbon Fund as a CORSIA Eligible Emissions Unit Program subject to the following conditions being met:
 - Inclusion of validation procedures;
 - Procedures for monitoring and compensating for material reversals until 2037



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Conditionality

- In relation to the **validation procedures**, the FCPF Validation and Verification Guidelines were revised in April 2020 complying with CORSIA's requirements
- In relation to the **procedures for monitoring and compensating for material reversals**, CORSIA's TAB informed that the FCPF governance procedures **were inadequate**
- FCPF discussions with CORSIA TAB pointed to two options to meet this condition:
 1. Transition of ER programs to a CORSIA-eligible GHG Program
 2. World Bank take on the role of monitoring for material reversals
- Option 1 above is covered in this presentation
- Option 2 will be covered in the next session (Carbon Fund: Possible Options for the Future)
- A response to CORSIA TAB needs to be submitted by 1 September 2021 with details on Option 1 or 2



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Option 1

- Transition of FCPF ER programs to a CORSIA-eligible GHG Program
- The two CORSIA-eligible GHG programs that can receive ER Programs are:
 - The REDD+ Environmental Excellence Standard (TREES) managed by ART
 - VCS Jurisdictional and Nested REDD+ (JNR) managed by VERRA
- Since September 2021, the FMT has been in contact with ART and VERRA to explore the transition of ER Programs to CORSIA-eligible GHG programs
- The discussions so far have focused on two documents that were required by both ART/VERRA as a basis for transition procedures:
 1. Gap analysis to understand the equivalency between standards and any gaps that ER Programs might need to cover → in draft
 2. Letter of Intent between the WB and ART/VERRA to clarify procedures for transition and its implementation → pending

GAP analysis – ART TREES

- **Eligible participants:** Three ER Programs will not be eligible under ART TREES
- **Additionality:** Same approach.
- **Crediting Level:** Same basic principle but few differences:
 - **Reference Period:** 10.6 vs 5 years, but analysis shows that FCPF MF results in-conservative estimate → 13.7% lower
 - HFLD approach differs, but maximum cap is the same 0.1% of forest carbon stocks.
- **Uncertainty:** Similar approach with differing discount levels, i.e. 12% TREES vs 5% FCPF
- **Leakage:** TREES requires a discount of ERs, i.e. average discount of 11%
- **Permanence:** Similar approach and similar discount levels, i.e. 18% TREES vs 22% FCPF
- **Validation/Verification:** Similar requirements
- **Safeguards:** Similar requirements.

* Considering all discounts, average discount in TREES is 13% higher than FCPF

GAP analysis –VCS JNR

- **Eligible participants:** All ER Programs are eligible.
- **Additionality:** Same approach.
- **Crediting Level:** Same basic principle but few differences:
 - **Reference Period:** 10.6 vs 4-6 years, but analysis shows that FCPF MF results in conservative estimate → 13.7% lower
 - No HFLD approach
- **Uncertainty:** Similar approach with differing discount levels, i.e. 10% VCS JNR vs 5% FCPF
- **Leakage:** VCS JNR requires accounting for leakage, i.e. average discount of 4%
- **Permanence:** Similar approach with differing discount levels, i.e. 11% VCS JNR 22% FCPF
- **Validation/Verification:** Similar requirements
- **Safeguards:** Similar requirements.

** Considering all discounts, average discount in VCS JNR is 5% lower than FCPF*

Conclusions and Next steps

- Preliminary analysis shows that the two CORSIA-eligible GHG programs that cover Jurisdictional REDD+ are substantially equivalent to the FCPF CF
- Transition of ER Programs will require an assessment by a Validation Verification Body of the gaps identified between the FCPF CF and the receiving standard
- Based on the results of the gap analysis, the FMT will need to work with the CORSIA-eligible GHG Programs to clarify the procedures for ER Program transition
- This option may facilitate REDD Countries to continue with their ER Programs beyond 2025 under other CORSIA-eligible GHG Programs
- More detail on Option 2 will be covered in the next session - Carbon Fund: Possible Options for the Future



Thank you!