

Technical Advisory Body Recommendations from First Assessment

Further actions requested of the Forest Carbon partnership Facility

4.2.10.7 TAB recommends that the Council request the FCPF to undertake these further actions, which the FCPF is invited to submit for the TAB to assess and make recommendations to Council as necessary to finalize the conditional eligibility of units issued under the programme:

a) to put in place standards and procedures providing for the validation of activities supported by the programme, by accredited third-parties, and for such accredited third-parties to undertake validation of activities supported by the FCPF for those implementing participants that wish to generate CORSIA Eligible Emissions Units; and

RESPONSE: Validation requirements and procedures presented in the Validation and Verification Guidelines (VVG) of FCPF Carbon Fund apply to all ER Programs that wish to generate CORSIA Eligible Emissions Units. According to the VVG para. 8, Validations will be conducted by third party Validation and Verification Bodies (VVBs) accredited under ISO 14065 for the scope ISO 14064-2, specifically for Land Use and Forestry by an Accreditation Body that is a signatory to the IAF Multilateral Recognition Arrangement (MLA) for ISO 14065.

The Validation and Verification Guidelines (VVG) provide a set of requirements and procedures to ensure that Validation and Verification criteria of the FCPF Carbon Fund are fulfilled. The Guidelines ensure integrity, consistency, quality and transparency in the preparation, execution and reporting of validation and verification procedures implemented under the FCPF Carbon Fund.

The revised VVG have been prepared with the support of ANSI National Accreditation Board (ANAB), an Accreditation Body (AB) that is signatory to the IAF Multilateral Recognition Arrangement (MLA) for ISO 14065 and has the most active Accreditation Program under ISO 14065 for the scope ISO 14064-2, specifically for Land Use and Forestry. ANAB is the first AB to provide accreditation services under the FCPF Carbon Fund, to support the roll-out of the first accreditations and to facilitate other AB to provide validation and verification services under the FCPF CF. ANAB has ensured that the updated Validation and Verification requirements conform to third-party audits in accordance with ISO 14064-3:2006 (Guidance for GHG validation and verification assertions); ISO 14065:2013 (Requirements for greenhouse gas validation and verification bodies); ISO 14066:2011 (Competencies and requirements for GHG validation and verification teams) and IAF MD 6:2014 (IAF Mandatory Document for the Application of ISO 14065:2013).

The VVG includes detailed requirements relating to: Principles (Section 5), Administration (Section 6); Validation and Verification requirements (Section 7); Agreement (Section 8); Validation and Verification planning (Section 9); Validation and Verification process (Section 10); Issuing Non-Compliances and Observations (Section 11); and Validation/Verification Statement (Section 12).

As per Section 12.2 of the VVG, the Final Validation Report shall include a Validation statement covering the following aspects.

- a) A description of the level of assurance, scope, criteria and materiality level applied;
- b) A description of the activities undertaken as part of the Validation including the evidence-gathering procedures used to assess the GHG assertion;
- c) An overview of the findings of the Validation in relation to how the ER Program meets the applicable criteria, including information on how any non-conformities were addressed;

- d) A description of opportunities for future technical improvements to the Forest Monitoring System in the form of Observations;
- e) A VVB's opinion on the accuracy and completeness of the ER Monitoring Report; and
- f) A VVB's opinion, addressed to the FCPF Carbon Fund, on the GHG assertion whether representing a positive or negative opinion.

The updated Validation and Verification Guidelines document is available at the following web link.

https://forestcarbonpartnership.org/sites/fcp/files/2020/April/new%20FCPF%20Validation%20and%20Verification%20Guidelines_2020_Ver02_Final_Posted.pdf

b) to put in place procedures, including any additional governance arrangements, which will ensure monitoring for and compensation of material reversals for a period of time that at the very least exceeds the period of time between when the programmes were assessed (2019) and the end of the CORSIA's implementation period (2037) for those implementing participants that wish to generate CORSIA Eligible Emissions Units and so commit to the implementation of these procedures;

RESPONSE: Additional governance arrangements adopted by Carbon Fund and described below ensure monitoring for and compensation of material reversals to assure permanence of emission reductions.

The Revised Methodological Framework of the Carbon Fund and Revised ER program Buffer Guidelines for the Carbon Fund approved at the twenty first meeting of FCPF Carbon Fund in January 2020 ensure that monitoring for and compensation mechanisms for material reversal are available during the term of the Carbon Fund ERPA as well as for the period beyond the term of the Carbon Fund ERPA.

(i) Compensation for material reversals during the Term of the Carbon Fund ERPA

Paragraph 10 of the Revised ER Program Buffer Guidelines specifies provisions on monitoring for and compensation for material reversals using the reversal buffer and pooled reversal buffer of the Carbon Fund.

(ii) Compensation for material reversals beyond the Term of the Carbon Fund ERPA

Paragraph 12 of the Revised ER Program Buffer Guidelines specifies provisions on monitoring for and compensation for material reversals during the post-Carbon Fund ERPA period. Paragraph 12.1 requires that If an ER Program wishes to supply CORSIA Eligible Emissions Units, the ER Program must have in place a robust Reversal Management Mechanism that: addresses the risk of Reversals beyond the Term of the CF ERPA; is equivalent to the ER Program CF Buffer; and shall be continually managed and operated under a CORSIA Eligible Emissions Unit Programme a) which administers comparable multi-decadal programme elements that are included in the programme's scope of eligibility; b) from the end of the term of the CF ERPA through the duration of the period referred to in 12.1(e).

Per the paragraph 12.1, a Reversal Management Mechanism is considered equivalent to the ER Program CF Buffer if:

- a) It is a buffer;
- b) It covers potential reversals of the units generated under the ER Program during the Crediting Period;

- c) It allows the transfer of the Buffer ERs from the ER Program CF Buffer;
- d) The reversal risk set-aside percentage calculated under the Reversal Management Mechanism is equal to or higher than the actual reversal risk set-aside percentage of the ER Program CF Buffer¹;
- e) It has in place a periodic monitoring and third-party verification mechanism for a period of **at least 15 years following the end of the Crediting Period to confirm if there have been Reversals and makes monitoring and verification reports publicly available**; and
- f) The Reversal Management Mechanism is operational and able to address identified Reversals.

The above provisions ensure that ER programs of the FCPF Carbon Fund that wish to generate CORSIA eligible emission reductions need to inform the Carbon Fund of their intention to transition to a CORSIA Eligible Emissions Unit Program one year prior to the end of the Term of the CF ERPA. Upon transition of ER program(s), the applicable CORSIA Eligible Emissions Unit Program is required to monitor for reversals and have in place Reversal Management Mechanisms to compensate for material reversals for at least until 15 years following the end of Carbon Fund ERPA in 2025 (i.e. 31 December 2040). These requirements have been covered in the Section 7.6 (Reversal Management after the Term of the CF ERPA) of the Process Guidelines for the FCPF Carbon Fund.

The documentation in support of additional governance arrangements is available at the below web links.

1. Resolution CFM/21/2020/1 of the 21st meeting of the FCPF Carbon Fund approving the Revised Methodological Framework

https://www.forestcarbonpartnership.org/system/files/documents/FCPF%20CF21_Resolution_CFM_21_2020_1_Revised%20Methodological%20Framework_FINAL%20VERSION.pdf

2. Revised FCPF Methodological Framework for the Carbon Fund of FCPF (in compliance of the above resolution)

https://forestcarbonpartnership.org/sites/fcp/files/2020/April/FCPF%20Carbon%20Fund%20Methodological%20Framework%20revised_%202020_Final_Posted.pdf

3. Resolution CFM/21/2020/2 of the 21st meeting of the FCPF Carbon Fund approving the Revised ER Program Buffer Guidelines

https://www.forestcarbonpartnership.org/system/files/documents/FCPF%20CF21_Resolution_CFM_21_2020_2_Revised%20ER%20Program%20Buffer%20Guidelines_FINAL%20VERSION.pdf

4. Revised Emission Reduction Program Buffer Guidelines for the Carbon Fund of FCPF (in compliance of the above resolution)

https://forestcarbonpartnership.org/sites/fcp/files/2020/April/FCPF%20Buffer%20Guidelines_2020_1_Final_Posted.pdf

¹ The Reversal Risk Set-Aside Percentage calculated under the Post-Crediting Period Reversal Management Mechanism and the actual reversal risk set-aside percentage of the ER Program CF Buffer will be determined for the latest Reporting Period ending before the end of the Crediting Period and will be verified by the Independent Reviewer at verification.

5. Process Guidelines for the FCPF Carbon Fund, Section 7.6 covers Monitoring and Compensation of Material Reversals beyond the Term of the CF ERPA

<https://forestcarbonpartnership.org/sites/fcp/files/2020/April/FCPF%20Process%20Guidelines%202020%20Final%20Posted.pdf>

6. FCPF Carbon Fund Glossary of Terms

<https://forestcarbonpartnership.org/sites/fcp/files/2020/April/FCPF%20Glossary%20of%20Terms%202020%20Final%20Posted.pdf>

4.2.10.8 TAB recommends that the Council request FCPF to undertake the following action, which does not need to be taken prior to describing the FCPF in the ICAO document titled “CORSIA Eligible Emissions Units”

to update, or finalize updates to, programme procedures related to the guidelines for host country attestation, for TAB to assess in respect of future recommendations on the extension of the eligibility dates referred to in Section 4.1.

RESPONSE: Per the above recommendation, the procedures relating to the host country attestation for CORSIA Eligible Emission Units will be complied in due course.