CORSIA and FCPF-ISFL

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Scope of WB Green Result-based Funds

Forest Carbon Partnership Facility (FCPF)

15 Forest Programs
111M hectares
105M credits generated
$419M in payments
1M+ beneficiaries

Initiative for Sustainable Forest Landscapes (ISFL)

BioCarbon Fund

5 Landscape Programs
67M hectares

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What is CORSIA?

- Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) is managed by International Civil Aviation Organization (ICAO)
- Global market-based mechanism for international aviation that complements sectoral measures (technology, efficiency, sustainable fuel)
- Airlines compensate for the growth in emissions above a threshold by offsetting with Eligible Emission Units (EEUs) - carbon credits under CORSIA
- Scope: International flights between OCAO member states
- Emissions reduced are not counted towards Nationally Determined Contribution (NDC) target

CORSIA Phases

Pilot phase (2021-2023)

Voluntary for countries

Covered airlines in 115 countries

First Phase (2024-2026)

Mandatory for airlines of participating countries

Covers airlines from >130 countries

Airline reporting by January 31, 2028

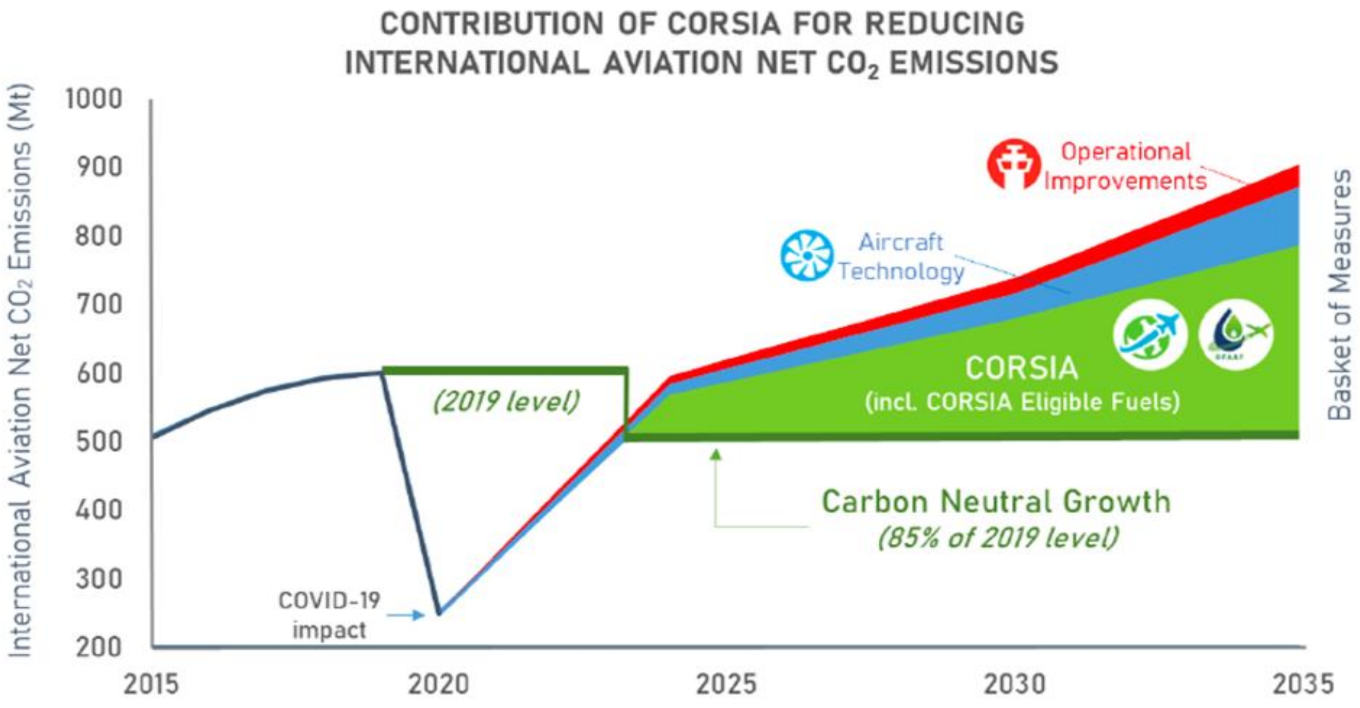
Second Phase (2027-2035)

Mandatory for all 193 countries

Compliance is organized in 3-year cycles

First airline reporting January 31, 2031

CORSIA Role in Offsetting Aviation Emissions



Source: ICAO, 2026

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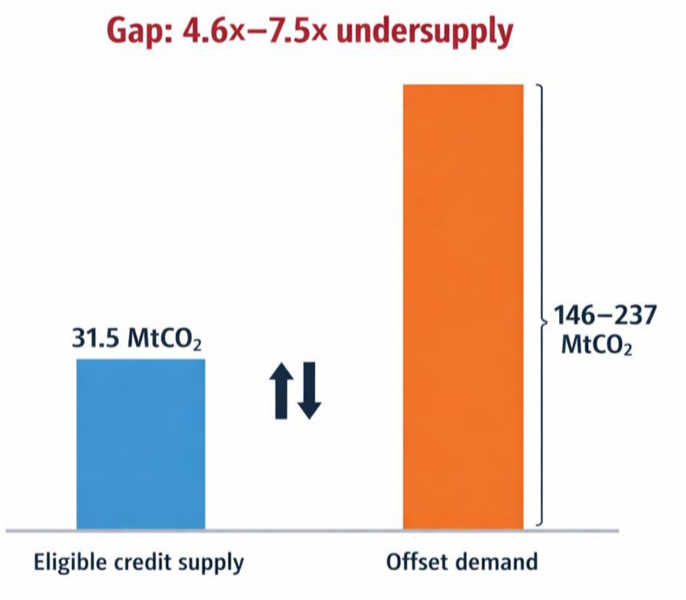
Aviation carbon offset supply-demand

- According to IATA forecasts, during the first phase of CORSIA (2024-2026), **demand will be between 146 and 237 million tCO2**.
- Currently, **31.5 million tCO2 eligible for CORSIA are available on the market**.
- A key reason for low supply is the **constraints in securing host country authorization** of carbon credits for CORSIA use.
- This gap between supply and demand will have an **impact on the price**.
- **Short time period for phase 1 compliance -** 18 months



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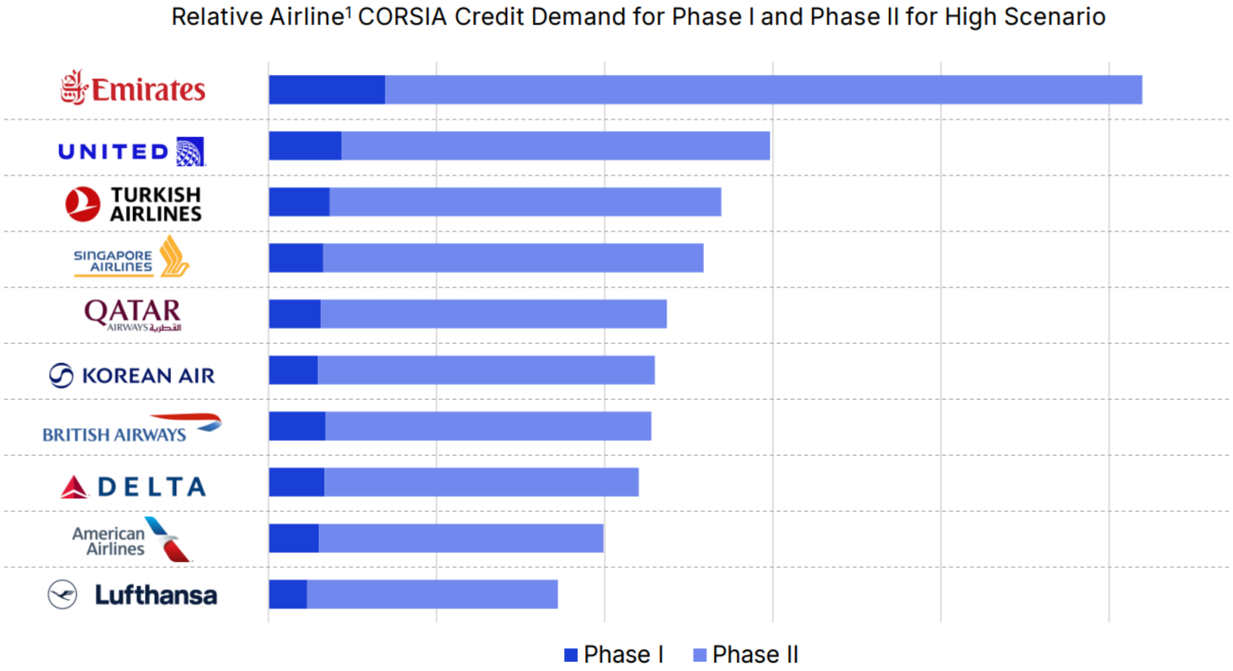
Airline offset demand



Details: 1. Data shown is for individual airlines and not airline groups through to 2035.
Source: MSCI Carbon Markets, CORSIA Market Outlook Report, June 2025

- The top 10 buyers could account for up to 34% of demand.
- Nevertheless, the current war in the Middle East could have a short-term impact on demand.

CORSIA eligible emissions units

- For carbon credits to be used under CORSIA, they must meet the CORSIA eligibility criteria:

  1. Issued by ICAO-approved carbon standards →10 programs approved for phase one (2024–2026)

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CORSIA eligible standards

Programme	2021 -2023 Compliance Period (Pilot Phase)	2024 -2026 Compliance Period (First Phase)	2027 – 2029 Compliance Period (in Second Phase)
American Carbon Registry	2016 – 2023 units[1,2]	2021 – 2026 units[1,2]	2021 – 2029 units[1,2]
Architecture for REDD+ Transactions	2016 – 2023 units[1,2]	2021 – 2026 units[1,2]	2021 – 2029 units[1,2]
BioCarbon Fund Initiative for Sustainable Forest Landscapes	2016 – 2020 units[1]	2021 – 2026 units[1,2]	
Cercarbono		Conditionally eligible[3]	
China Certified Emission Reduction	2016 – 2020 units[1]		
Clean Development Mechanism	2016 – 2020 units[1]		
Climate Action Reserve	2016 – 2023 units[1,2]	2021 – 2026 units[1,2,]	
Forest Carbon Partnership Facility	2016 – 2020 units[1]	2021 – 2026 units[1,2]	
Global Carbon Council	2016 – 2020 units[1]	2021 – 2026 units[1,2,]	
Gold Standard	2016 – 2023 units[1,2]	2021 – 2026 units[1,2,]	2021 – 2029 units[1,2]
Isometric		2021 – 2026 units[1,2,]	
Joint Crediting Mechanism between Japan and Mongolia	Conditionally eligible[3]		
SOCIALCARBON	2016 – 2020 units[1]		
Thailand Voluntary Emission Reduction Programme		2021 – 2026 units[1,2,]	
Verra Verified Carbon Standard / Jurisdictional Nested REDD Programme	2016 – 2023 units[1,2]	2021 – 2026 units[1,2,]	2021 – 2029 units[1,2]

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CORSIA eligible emissions units

- For carbon credits to be used under CORSIA, they must meet the CORSIA eligibility criteria:
  1. Issued by ICAO-approved carbon standards →10 programs approved for phase one (2024–2026)
  2. Letter of Authorization issued by host country under Art. 6.2
  3. Complete Corresponding Adjustment to confirm that CORSIA units are not counted for NDC target
  4. Procure guarantee to cover the risk of revocation of authorization and failure to complete Corresponding Adjustment
  5. Other conditions established by CORSIA are described in the CORSIA Eligible Units document

CORSIA Approval for FCPF and ISFL

- FCPF and ISFL carbon standards **are approved for CORSIA Phase 1**.
- This approval opens options for countries with FCPF and ISFL ER programs to participate in CORSIA transactions.
- **Any ISFL Program** can generate CORSIA-eligible units
- Only **FCPF ER Programs that have completed validation with extended scope** can generate CORSIA eligible units

FCPF Program	Val Extended scope
Chile	Yes
Costa Rica	Yes
Côte d'Ivoire	Yes
DR Congo	Yes
DR	Yes
Fiji	No
Ghana	No
Guatemala	No
Indonesia	Yes
Lao PDR	Yes
Madagascar	Yes
Mozambique	No
Nepal	Yes
Rep of Congo	Yes
Viet Nam	No

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CORSIA Approval for FCPF and ISFL

Letter of Authorization

- **authorize the use of units** for CORSIA compliance and commit to adjusting the greenhouse gas (GHG) emissions inventory.

LoA revocation risk management mechanism

- Options
  1. **Corresponding adjustment made** at the time of labelling: present the adjustment in the biennial transparency report; OR
  2. **Guarantee (MIGA)** to cover the risk of double counting until the adjustment is made and notified more complex

Monitoring and management of reversals until 2037

- Sign a **Deed of undertaking to Transition of ER program to TREES** to meet long-term monitoring and reversal management responsibilities of CORSIA compliance.

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CORSIA Approval for FCPF and ISFL

Letter of Authorization	LoA revocation risk management mechanism	Monitoring and management of reversals until 2037
• **authorize the use of units** for CORSIA compliance and commit to adjusting the greenhouse gas (GHG) emissions inventory.	• Options 1. **Corresponding adjustment made** at the time of labelling: present the adjustment in the biennial transparency report; OR 2. **Guarantee (MIGA)** to cover the risk of double counting until the adjustment is made and notified More complex	• Sign a **Deed of undertaking to Transition of ER program to TREES** to meet long-term monitoring and reversal management responsibilities of CORSIA compliance.

Deed of undertaking to transition of FCPF/ISFL ER Programs to ART Standard

Annex II. Agreement of Undertaking to transition to another GHG program

AGREEMENT OF UNDERTAKING

regarding the Transition of ER Program under

the [Forest Carbon Partnership Facility]/[BioCarbon Fund Initiative for Sustainable Forest Landscapes]

[NAME OF FCPF or ISFL ER PROGRAM]

WHEREAS [COUNTRY] intends to be legally bound by this Agreement of Undertaking Regarding the transition of its ER Program (as defined below) under the [Forest Carbon Partnership Facilty ("**FCPF**")]/[BioCarbon Fund Initiative for Sustainable Forest Landscapes ("**ISFL**")] [insert name of ER Program]], executed as a deed ("**Agreement**");

WHEREAS [COUNTRY's] participation in the [FCPF]/[ISFL] contributes to sustainable development and environmental integrity in [COUNTRY] [and its long-term low-emission development strategy], and the long-term goals of the Paris Agreement;

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Reference: FCPF Process Guidelines; ISFL Process Requirements

Process for transitioning to ART

FCPF/ISFL wishing to generate CORSIA-eligible units under FCPF/ISFL shall

- Use the **ART Registry for re-issuance** of FCPF/ISFL CORSIA-eligible units
- Inmediately **transition to TREES** by December 31, 2028 for FCPF and December 31, 2030 for ISFL
- Participate in the ART-managed standard for a **crediting period until December 31, 2037**
- Have a pro-rata share of **Pooled Buffer ERs cancelled in CATS** and units **re-issued in ART Registry** as buffer ERs

Monitoring and management of reversals

- From the end of the FCPF/ISFL crediting period onwards, the **ER Program will continue monitoring, verifying and issuing under TREES**
- **Reversals will be identified** following TREES requirements
- Negative performance in the first monitoring event **will qualify as reversals** and will be treated accordingly
- FCPF/ISFL Buffer ERs re-issued under ART Registry **will be used to compensate for reversals** of FCPF/ISFL units

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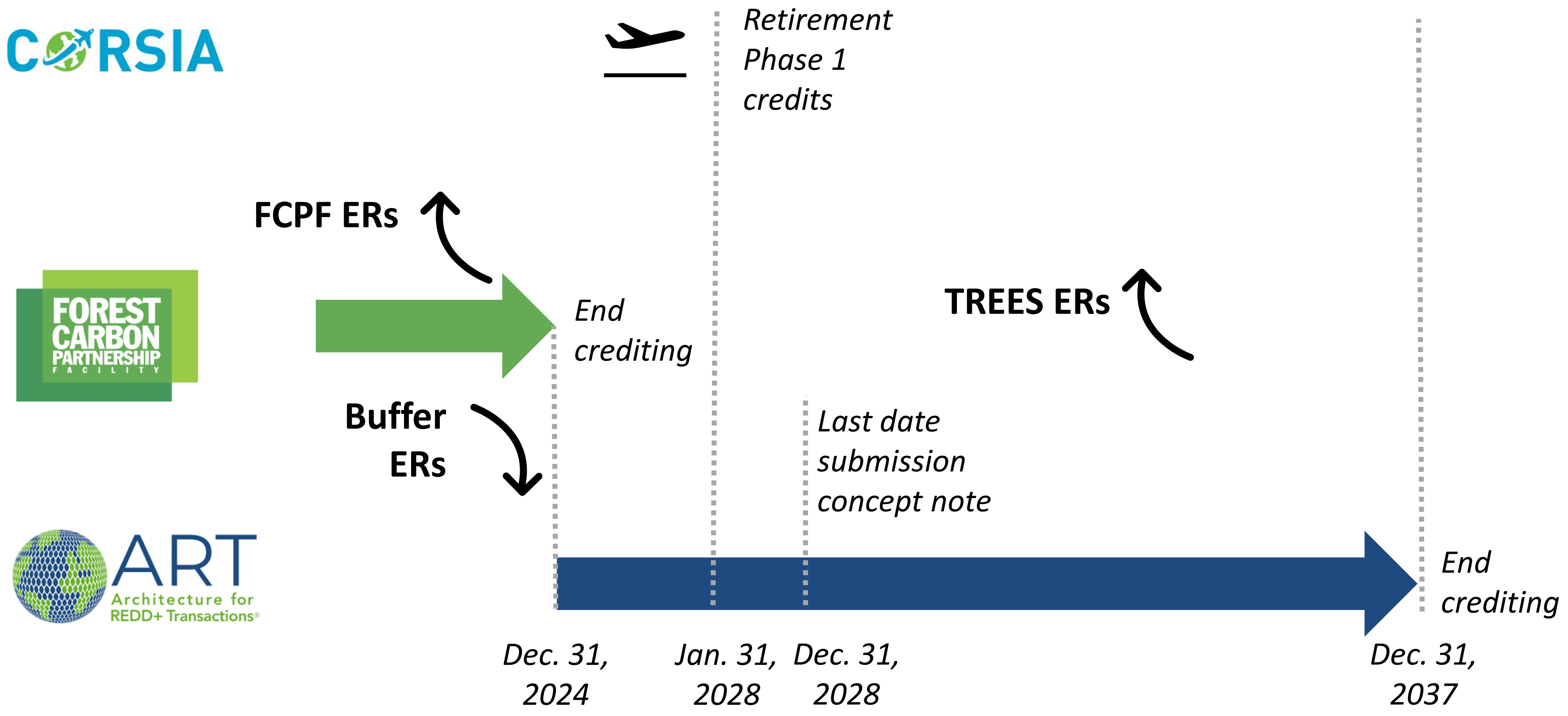
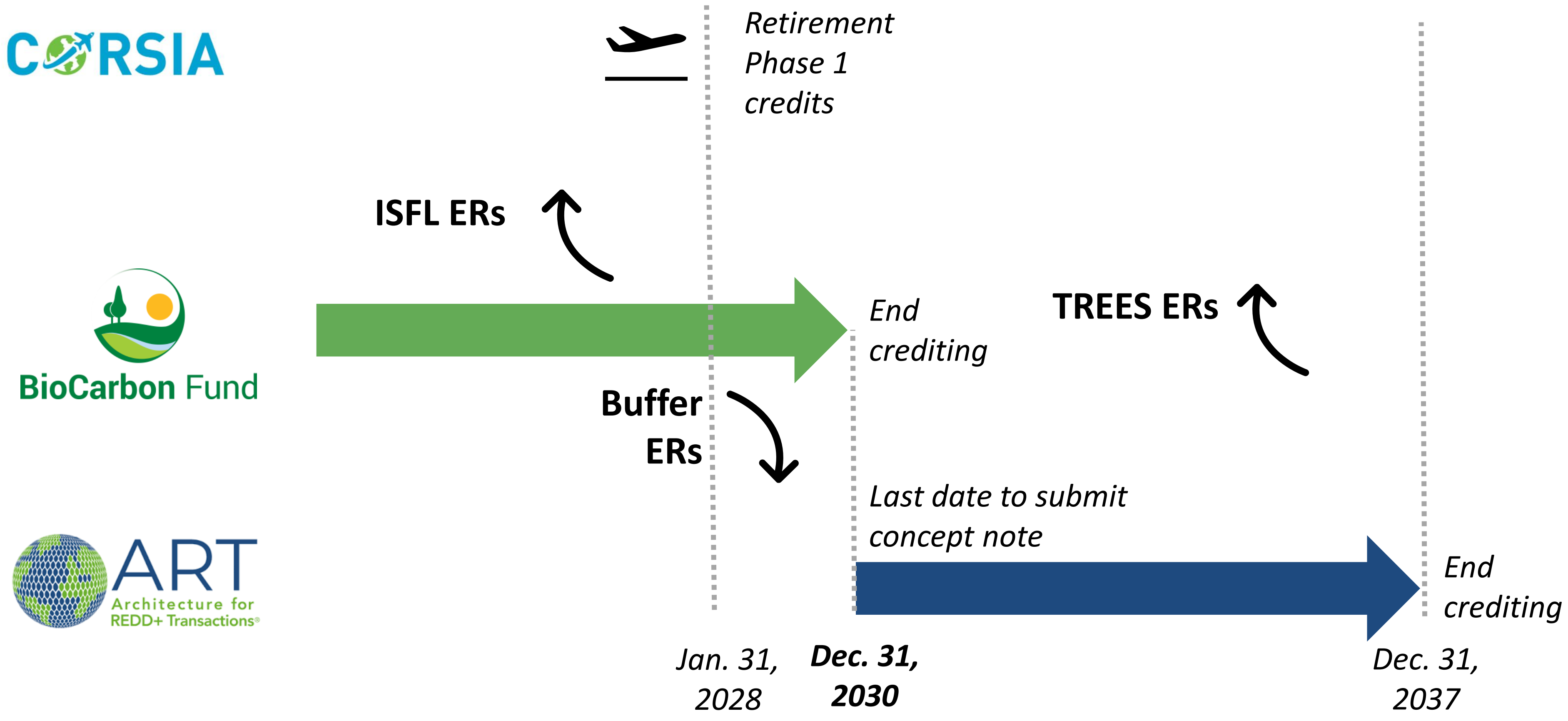
ER Program long-term crediting under CORSIA



ER Program long-term crediting under CORSIA



CORSIA Approval for FCPF and ISFL

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Monitoring and management of reversals until 2037

- Sign a Deed of undertaking to **Transition of ER program to TREES** to meet long-term monitoring and reversal management responsibilities of CORSIA compliance.

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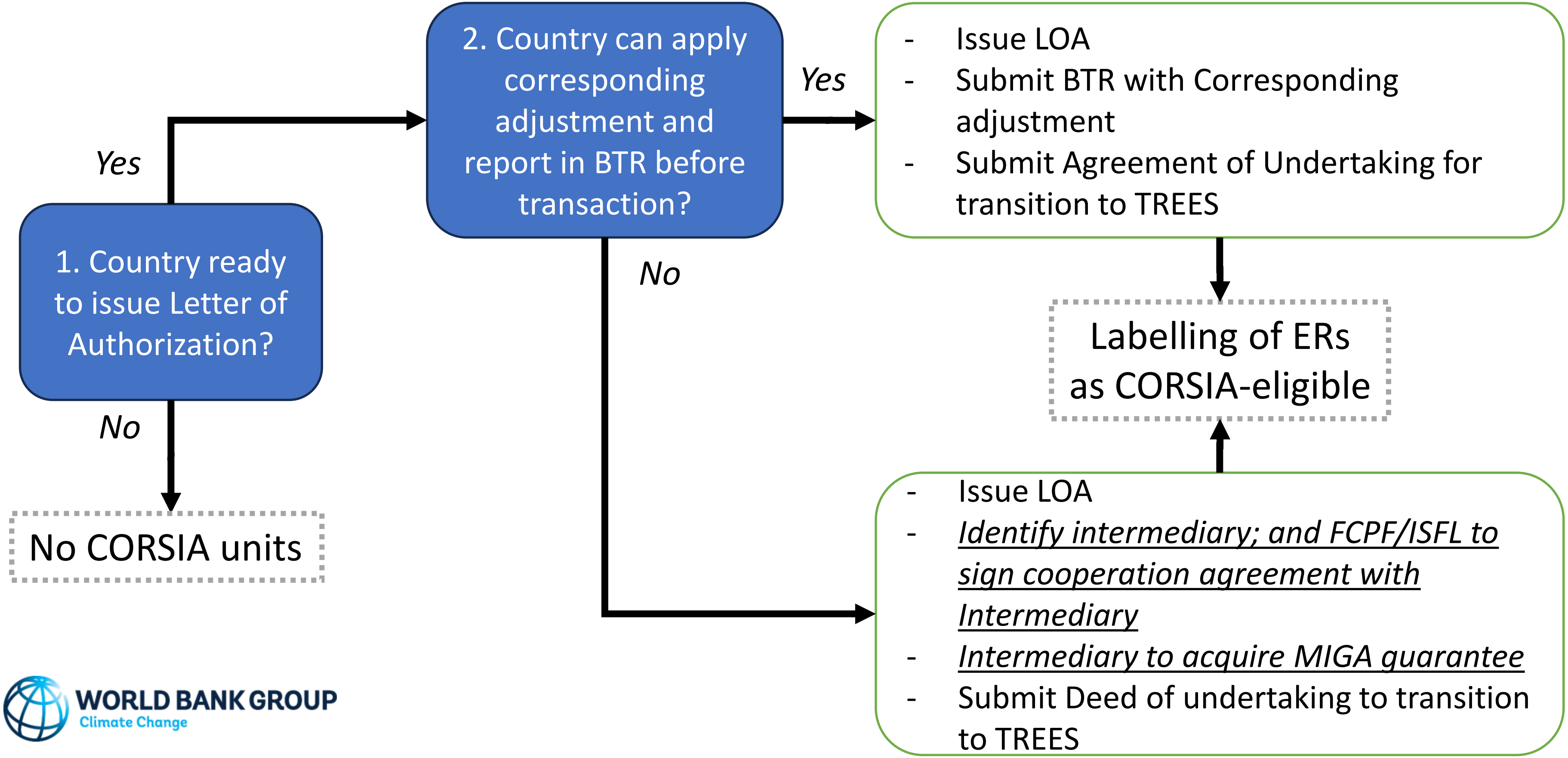
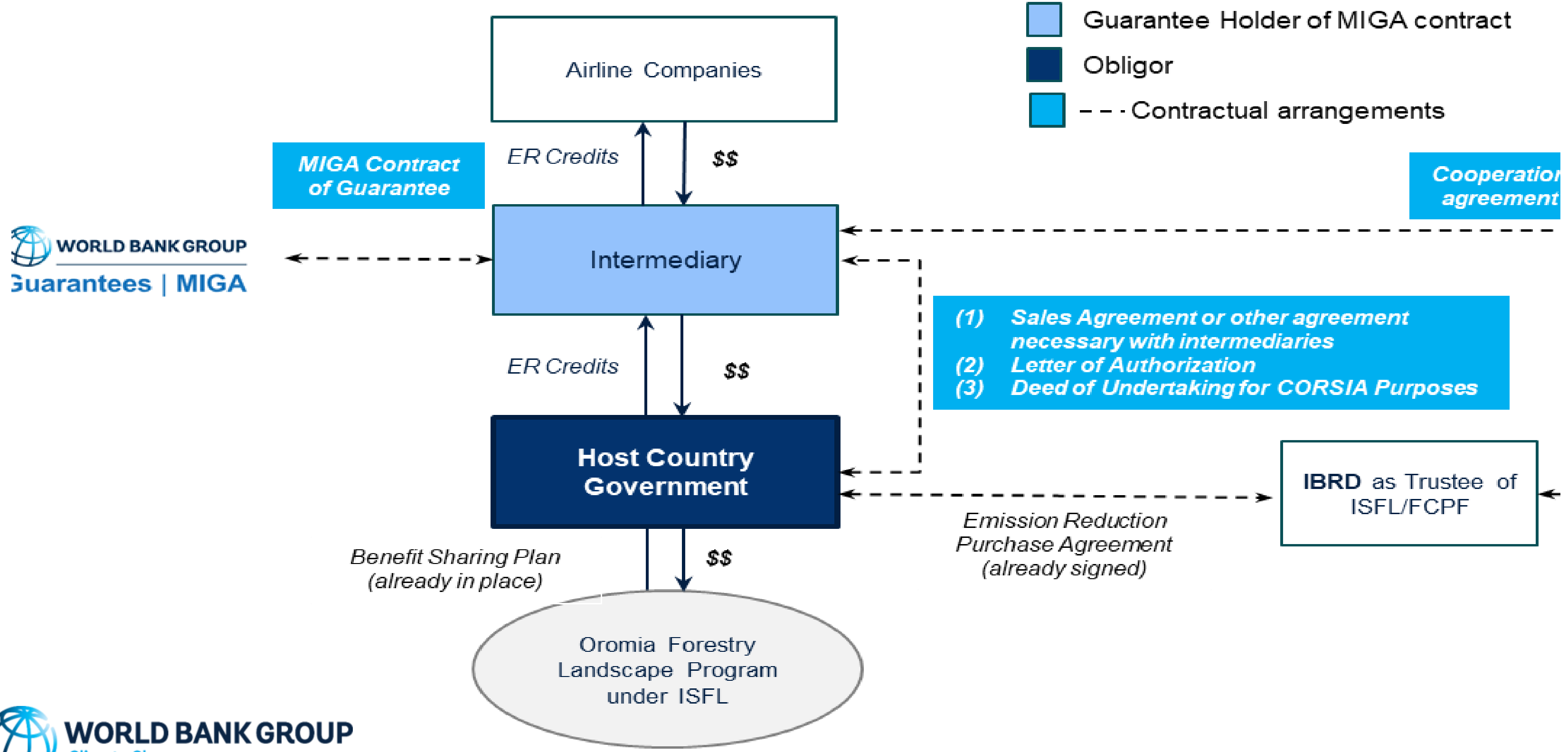
Two options to address double claiming



Structuring of CORSIA transaction and MIGA guarantee



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Capacities required for CORSIA transactions

Country readiness	Carbon market transaction capacity
• **Carbon market regulatory frameworks** and strategies for Article 6 transactions • **Processes for authorization**, corresponding adjustment, and reporting to UNFCCC • Robust systems for **benefit sharing distribution** and reporting • Systems for managing **environmental and social risks**	• **Identification of intermediary** to be able to secure MIGA Guarantee • **Technical capacity for negotiation** (price analysis, buyer vetting, marketing, deal structuring,…) • **Legal transaction capacity** for negotiating legal agreements

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Thank You!

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ANNEX