



WORLD BANK GROUP
Climate Change

Updates: Revisions to FCPF requirements, technical corrections, validation/verification,

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CONTENTS

- Revisions to FCPF Requirements
- Validation and Verification process
- Technical corrections

Revisions to FCPF Requirements

BACKGROUND

- In 2019 the FCPF CF applied to become eligible under CORSIA and allow ER Programs to sell their excess ERs under **CORSIA**

WHAT IS CORSIA?



- [CORSIA](#) is the Carbon Offsetting Scheme for International Aviation led by ICAO
- CORSIA invited GHG programs to apply to become an accepted GHG Program
- GHG programs are then subject to the assessment of a TAB against specific [criteria](#)
- The TAB then makes a recommendation to the ICAO Council who then confirms the GHG programs that are accepted
- Activities under accepted GHG programs can sale their ERs to ICAO
- Currently (it could change) only accepting ERs with **vintages up to 2020**

BACKGROUND

- The TAB identified a number of issues related to CORSIA eligibility but also pointed out significant issues that needed to be addressed beyond CORSIA
- One critical comment from CORSIA was related to the lack of an **accredited third-party validation** (≠ TAP assessment)
- As a result the FCPF made several improvements including revision of the MF, Buffer Guidelines, Process Guidelines or alignment of terms (e.g. use of term *Crediting Period* instead of *ERPA term*, use of term *Validation/Verification Body* instead of *Independent Reviewer*)
- FCPF CF has been conditionally accepted by CORSIA and the final acceptance will be confirmed on December 2020

Requirements

Methodological
Framework (MF)

Buffer Guidelines
BG

Guidelines on the
application of the
MF

Process Guidelines
PG

Validation and
Verification
Guidelines (VG)

FCPF Glossary of
Terms

Templates

ERPD

ER Monitoring
Report

Validation/
Verification Report

Other expected updates

- ER Monitoring Report template
- Guidelines on Uncertainty Analysis

CHANGES TO THE METHODOLOGICAL FRAMEWORK

- Changes to the MF are only applicable to ERPAs signed since April 2020.
- Criterion 19, pertaining the reversal management mechanism, was adjusted to remove option a) (mechanism proposed by the country). All countries shall adhere to option b): CF buffer
- Criterion 20: countries are now required to define a post-ERPA reversal management mechanism **that is equivalent to the CF Buffer** and criteria for this equivalency are defined in the Buffer Guidelines.
- The glossary of terms has been moved to a separate document named “FCPF Glossary of Terms”.
- The FCPF require that the amount of ERs to be set aside in the Reversal Buffer and Pooled Reversal Buffer accounts is based on the Total ERs (minus the ERs set aside in the Uncertainty Buffer account) and not only on the Contract ERs and Additional ERs.

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CHANGES TO THE BUFFER GUIDELINES

- Post-ERPA reversal management mechanism:
 - In line with changes in Criterion 20 of the MF, Section 12 includes now criteria to define an RRM that is equivalent to the CF Non-Permanence Buffer.
- Conditions of the use of Pooled Buffer:
 - Before, the BG stated that Pooled buffer was only accessible if the reversal has been caused by a non-human induced Force Majeure Event impacting at least 25% of the Accounting area.
 - Now, this condition has been removed.
- The glossary of terms has been moved to a separate document named “FCPF Glossary of Terms”.

CHANGES TO TERMINOLOGY AND NEW DEFINITIONS

- Crediting Period = period between the Crediting Period Start Date and the end date of the last reporting period under the ERPA which consists of at least 2 reporting periods
- Crediting Period Start date = ER Program start date under the ERPA general conditions
- Independent Reviewer = Validation and Verification Body
- Verification guidelines = Validation and Verification guidelines

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BACKGROUND

- ERPA General Conditions require reported ERs by ER Programs to be subject to periodical *Verification* by an *Independent Reviewer* .
- [CF16](#) confirmed that the *Verification* shall only cover carbon accounting and that it shall be conducted by a *firm* following the *auditing* approach
- [CF17](#) identified the need to standardize the *Verification* process and prepare a standard for verification
- [CF19](#) confirmed that *Verification* shall assess reported ERs but shall also confirm that there are no misstatements, omissions or errors in the establishment of the RL, i.e. partial validation
- [CF20](#) confirmed the outline of the new standard for *Verification*, i.e. *Verification Guidelines*, and this was approved in September 2019

VALIDATION AND VERIFICATION GUIDELINES (VVGs)

- There was a need to define in written form standards for validation verification, this is the purpose of the VVG
- These are based on ISO 14064-3, ISO 14065 and ISO 14066
- VVG set:
 - Requirements for VVBs
 - Requirements for conducting Validation and Verification under the FCPF



Validation and Verification Guidelines

Version 2.1

June 2020

REQUIREMENTS FOR VVBs

- VVBs are entities specialized in the auditing of carbon projects/programs ≠ TAP
- The VVB shall be accredited under ISO 14065 for scope ISO 14064-2 by an Accreditation Body member of the IAF MLA for ISO 14065. The FCPF CF may submit a request of proposals from VVBs
- VVBs will provide a Validation/Verification team that will have competences, amongst others, in carbon accounting, statistics applied to forest resource assessment, remote sensing,...

VALIDATION AND VERIFICATION

Validation:

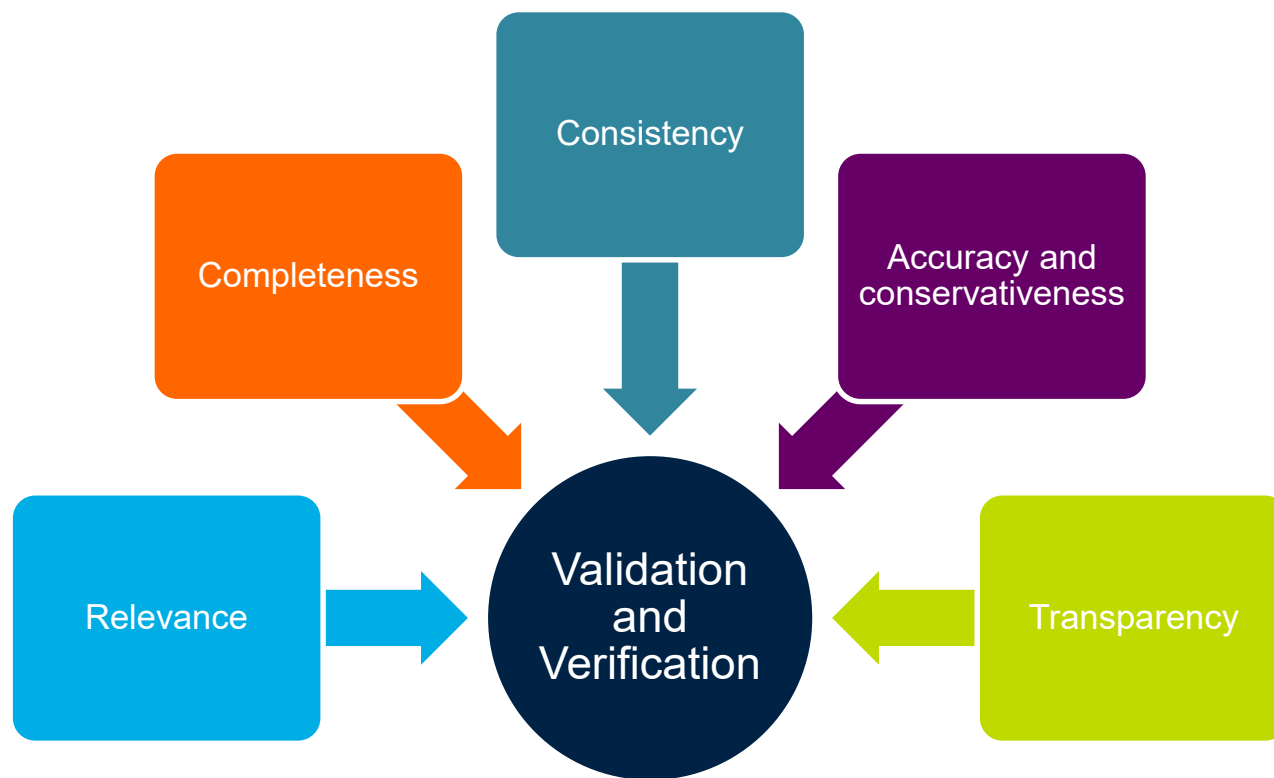
Assess the integrity of the reference level. “Full validation” also includes the assessment of policy and design decisions, i.e. forest definition, sources and sinks,...

Verification:

Is the periodic assessment by a VVB of the amount of ERs generated by the ER Program since the last Verification Report or, in the case of the first Verification, since the Crediting Period Start Date

Validation and Verification exclude the assessment of non-carbon benefits, safeguards, benefit sharing implementation, drivers of deforestation and resources tenure.

GENERAL PRINCIPLES VALIDATION AND VERIFICATION



FULL AND PARTIAL VALIDATION AND VERIFICATION

Partial Validation

MANDATORY

- Assess that the RL is materially accurate
- Assess the uncertainty assessment of the RL
- Assess technical corrections made to the reference level

Full Validation (+ to Partial validation)

CORSIA

OPTIONAL

- Assess the ER Program's scope in terms of sources, sinks and carbon pools
- Assess whether the ER Program's methods are in compliance with IPCC Guidelines
- Assess the Programs policy and design decisions (Forest definition, National Forest Monitoring System, etc)
- Assess conformance of RL with applicable validation criteria.

Verification

MANDATORY

- Assess consistency of monitoring with RL
- Assess the Emission Reductions generated in the RP are materially accurate
- Assess the uncertainty assessment of the ERs
- Assess completeness and accuracy of MR sections on displacement and reversals
- Assess buffer calculation, double counting and DMS

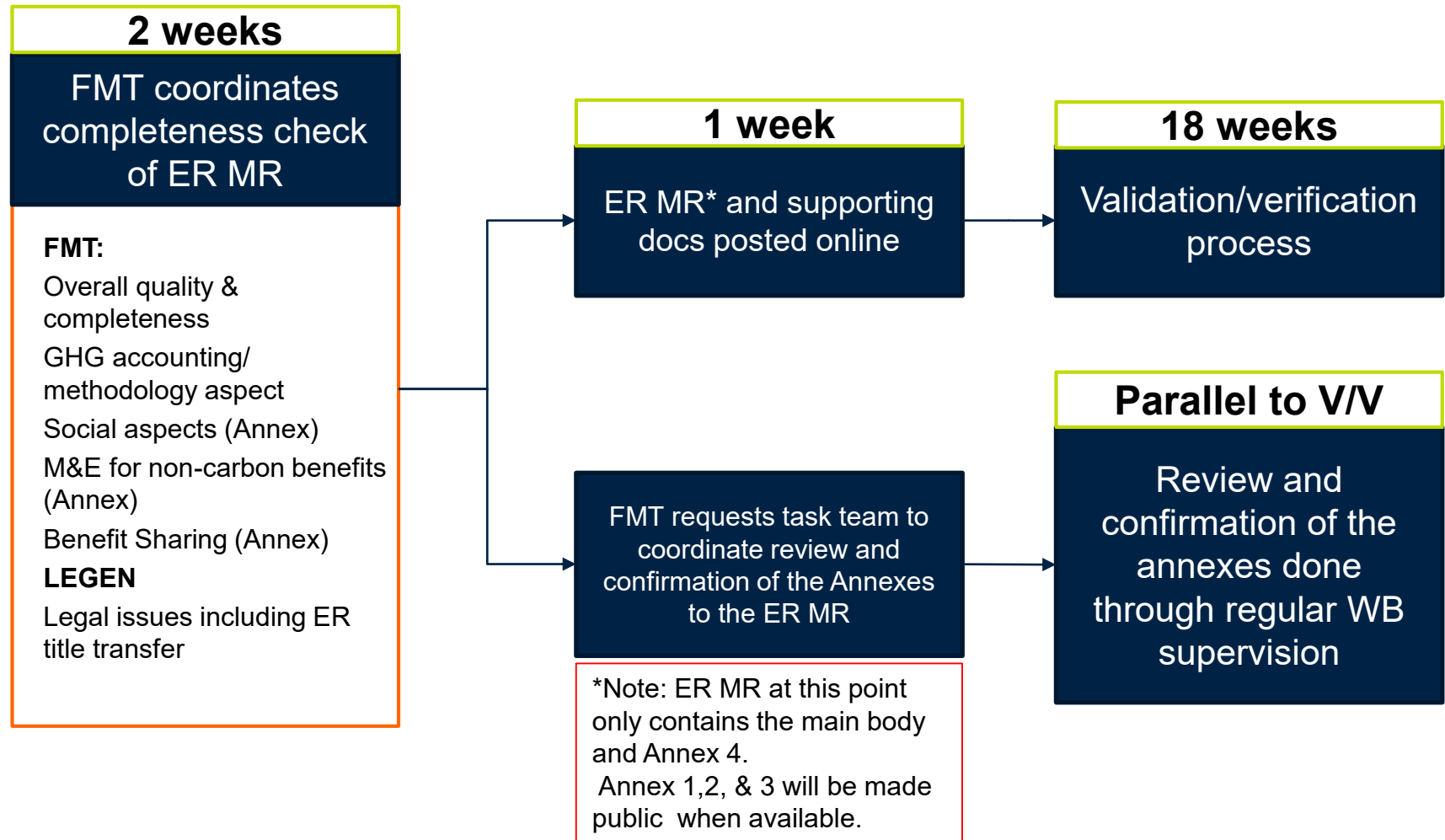
HOW TO GENERATE CORSIA ELIGIBLE UNITS?



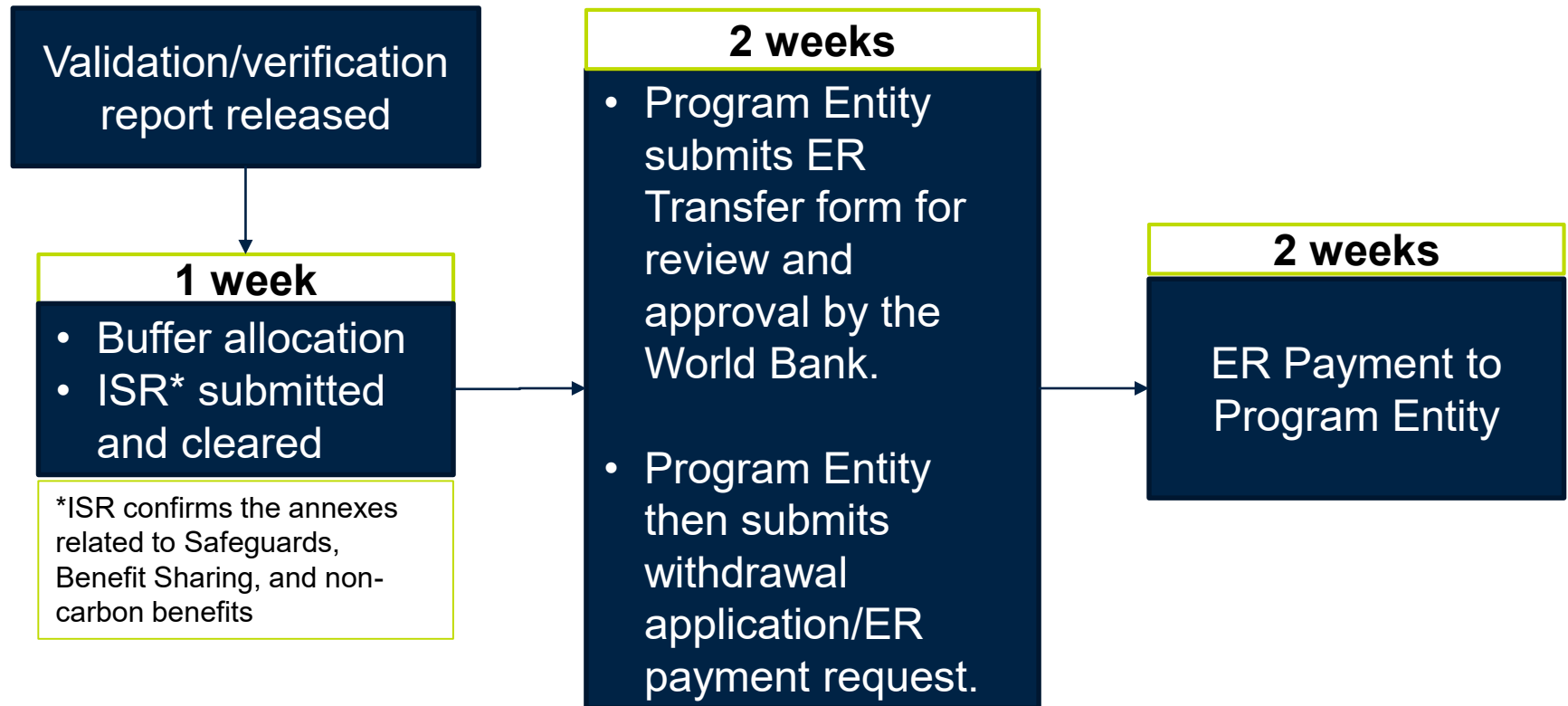
- ER Programs wishing to generate CORSIA eligible units shall notify the FMT 1 month prior to expected submission of draft ER MR
- ER Program will then be subject to “full validation” by the VVB
- PROS → ER Program could generate CORSIA compliant ERs giving it the option to sell excess ERs
- CONS →
 - there will be more scrutiny and efforts by the country as the scope of the full validation will be greater
 - it not clear that the FCPF will be approved by CORSIA

Validation and Verification process

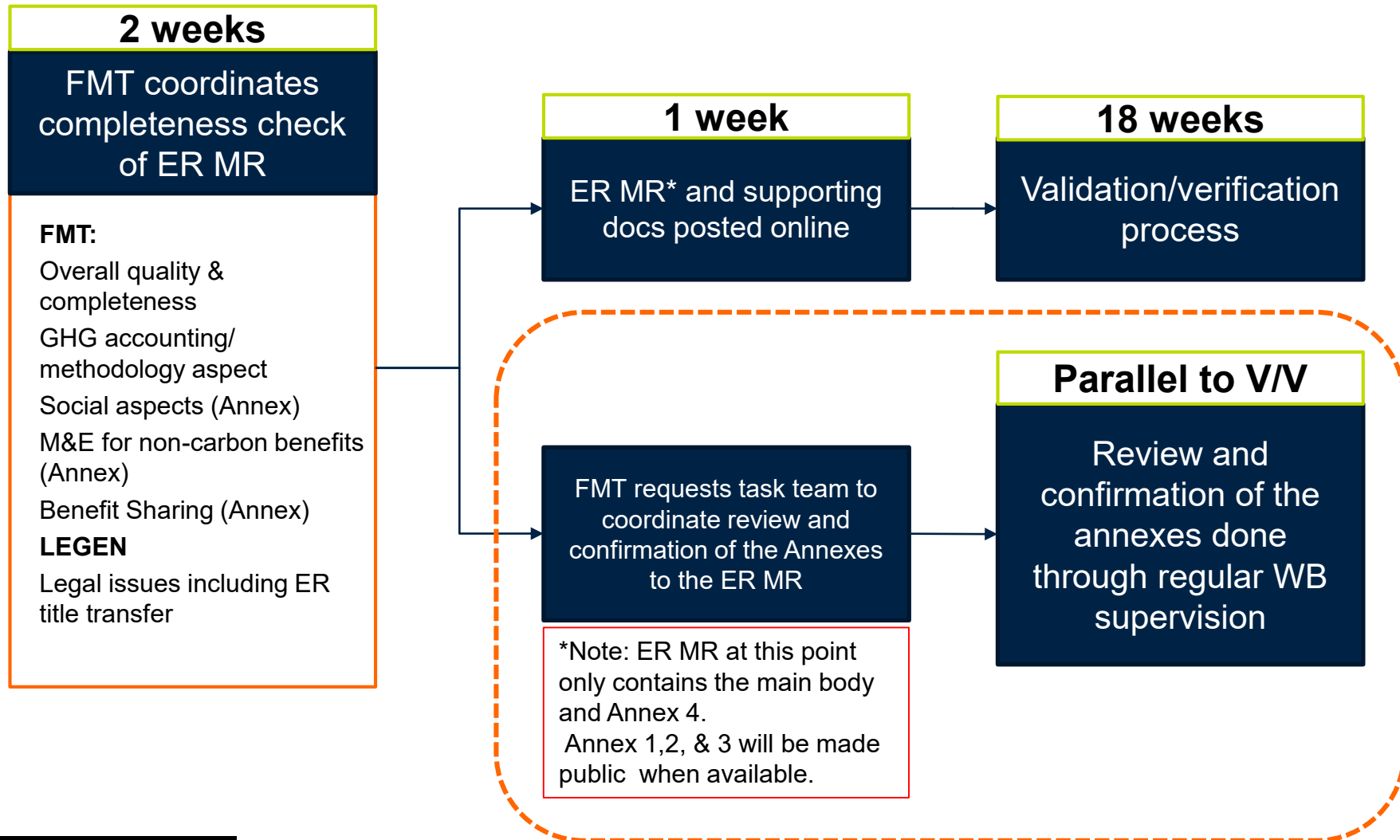
COMPLETENESS CHECK, VAL/VER, & SUPERVISION



ER ISSUANCE AND PAYMENT



COMPLETENESS CHECK, VAL/VER, & SUPERVISION



COMPLETENESS CHECK AND PROCESS FOR NON-CARBON-ACCOUNTING ISSUES

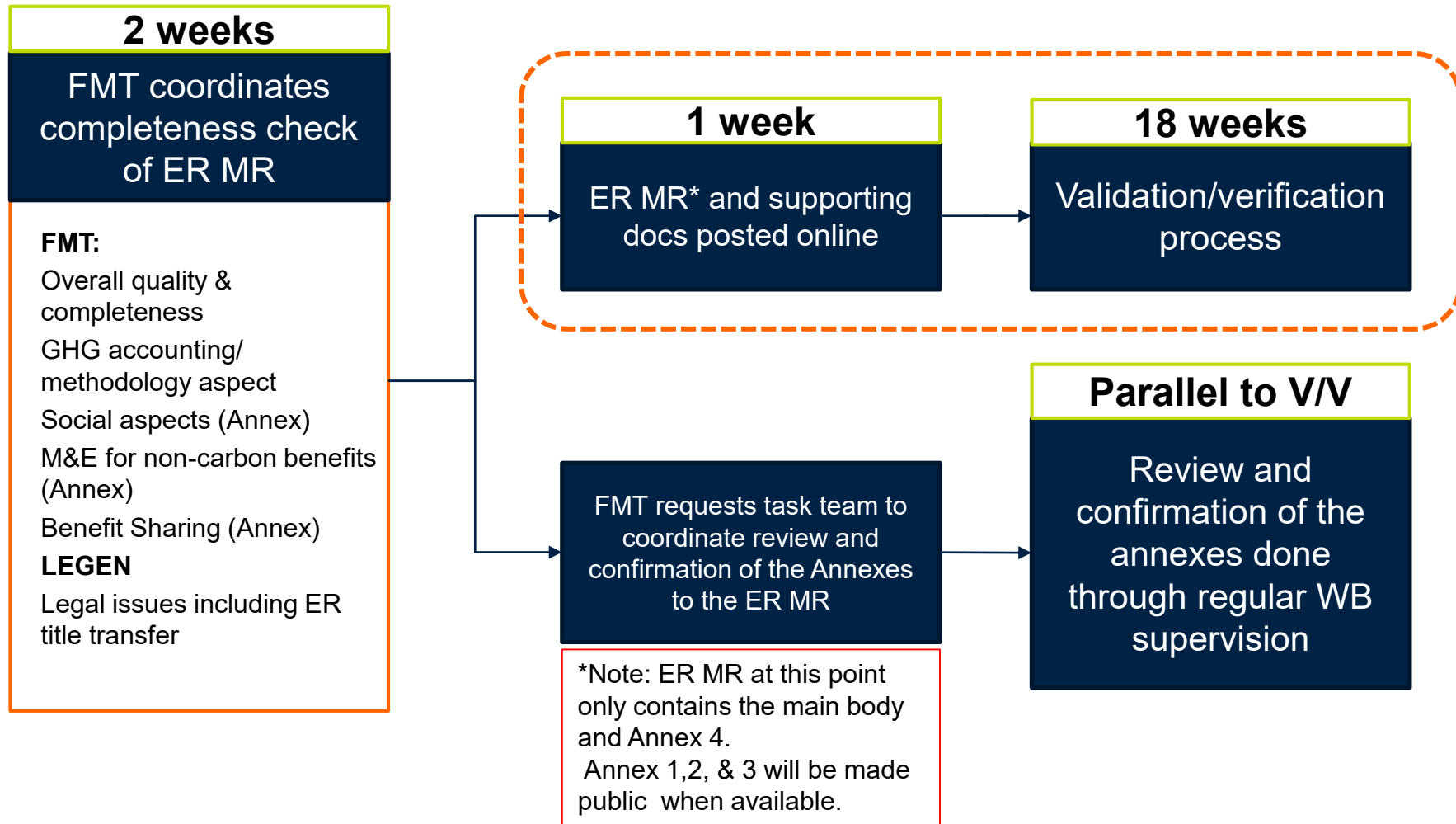
- **Completeness check**

- FMT will conduct a CC over the entirety of the ER MR including Annexes
- If the ER MR is found incomplete the REDD Country Participant will have to address the findings and provide a complete ER MR
- Lack of completeness of information related to safeguards (Annex 1), BSP (Annex 2), non-carbon benefits (Annex 3) and ER Title (Section 2.1) will not hold-up validation/verification

- **Process for safeguards, BSP, non-carbon benefits**

- The WB will perform a parallel due diligence process* on the ER Program annexes to confirm they are complete. Confirmation should be provided prior to initiate request for ER payment.

COMPLETENESS CHECK, VAL/VER, & SUPERVISION



VAL/VER PROCESS – ROLES AND RESPONSIBILITIES

Validation and Verification Body

- Accredited Independent third-parties in charge of conducting validation and verification

Facility Management Team

- Oversees the Validation and Verification Process

REDD+ Country Participants

- Prepare the monitoring Report and supporting documents

VALIDATION AND VERIFICATION PROCESS



VAL/VER PROCESS - COUNTRY VISITS

- VVBs are required to plan and conduct a country visit.
- However, given the current restrictions imposed by **COVID-19**, VVBs are required to propose provisions on how audits could rely entirely on a desk review or country visit conducted by contractors or other means without affecting the required level of assurance
- VVBs will describe in the validation and verification plans (provided at the beginning of the process) whether a country visit will take place

VAL/VER PROCESS - EVIDENCE TO BE MADE AVAILABLE TO THE VVB

- a) Monitoring Report. VVB shall be able to reconstruct the calculations
- b) Annex IV of the Monitoring Report. This annex will become an addendum to the ERPD and includes sections specific to full and partial validation
- c) Links to mandatory public information (Indicator 6.2). The VVB will check that links are publicly available either at the FNDS site or at the FCPF website.
- d) Raw database used to generate activity data and emission factors → VVB will check a sample of the AD sample units to confirm they are in conformance with the defined SOPs; VVB, in principle, will not visit plots used to generate Emission Factors
- e) Calculation spreadsheets and scripts.
- f) QA/QC process related information including SOPs shall be described and provided.
- g) Forest Monitoring System related information. VVBs might need to interview key personnel to understand the FMS, including its data management system and its controls
- h) REDD Projects and Programs Data Management System link and related information.

VAL/VER PROCESS - NON-CONFORMITIES & OBSERVATIONS

MCAR

- Insufficient, unclear or non-transparent evidence that may lead to material errors, omissions or misstatements
- Assumptions not supported by data
- material errors, omissions or misstatements in assumptions, data or calculations
- non-compliance with Verification criteria (only applicable to verification)
- Previous mCARs not solved
- **All MCARs shall be closed prior issuing positive opinion**

mCAR

- Insufficient, unclear or non-transparent evidences not leading to material error, omissions or misstatement
- non-material errors, omissions or misstatements have been made in applying assumptions, in data or calculations
- Non-compliance with Validation Criteria
- **All mCAR issued at verification shall be suitable closed at next verification**
- **All mCAR issued at validation shall be suitable closed at subsequent Crediting Period**

OBS

- the VVB observes practices and/or methods that could result in future MCAR and mCAR
- the VVB wishes to identify an area of the Forest Monitoring System that requires attention and/or adjustment in future monitoring and reporting

VAL/VER PROCESS - POSSIBLE OUTCOMES

Partial validation – Positive opinion	Full validation – Positive opinion	Verification – Positive opinion	
☒	☒ / ☐	☒	➡ FCPF units
☒	☒	☒	➡ CORSIA compliant units
☒	☒ / ☒ / ☐	☒	➡ No units
☒ *	☒ / ☐	☒	➡ No units

*If REDD Country was not able to solve the issues

VALIDATION / VERIFICATION STATEMENTS

- Level of scope, criteria and materiality
- Activities undertaken by VVB
- Overview of findings
- **Validation:**
 - A VVB's opinion on the accuracy and completeness of Annex IV
 - A VVB's opinion, addressed to the FCPF Carbon Fund, on the GHG assertion (i.e. RL) whether representing a positive or negative opinion
- **Verification:**
 - A description of opportunities for future technical improvements to the Forest Monitoring System
 - A VVB's opinion, addressed to the FCPF Carbon Fund, on the GHG assertion (i.e. ERs) whether representing a positive or negative opinion
 - A statement of the quantity of Total ERs, Buffer ERs and Net ERs that the ER Program has generated during the relevant Reporting Period

Technical corrections

GUIDELINES ON TECHNICAL CORRECTIONS

- Methods used to estimate activity data and emission factors might change over time as a result of improvements and new knowledge
- Especially there might be a difference in the methods used between the historic Reference Period and the period over which the ER Program is monitoring
- Recognizing this, the FCPF approved the guidelines on technical corrections in November 2018
- The FMT, as requested by the CFPs, is considering the revision of the guidelines to consider lessons learned from their implementation by REDD Countries

GUIDELINES ON TECHNICAL CORRECTIONS - BRIEF

- Improvements to measurement and monitoring systems can be made but will require technical corrections to the Reference Level to ensure consistency
- Technical corrections to the Reference Level limited to one or a combination of the corrections from a positive list (see next slide)
- Allowable technical corrections shall not relate to any change to policy and design decisions affecting the Reference Level, including, selected carbon pools and gases, selected GHG sources, selected reference period, forest definition, selected REDD+ activities, selected Accounting Areas, identified forest types and definitions, definitions of REDD+ activities (deforestation, degradation)
- Technical corrections are only allowed in the **first reporting period**

POSITIVE LIST OF ALLOWABLE TECHNICAL CORRECTIONS

Only the following types of technical corrections are allowed:

Replacement of emission or removal factors used in the construction of the reference level by others that have improved accuracy or a higher precision than those previously used

Corrections to historical activity data resulting from improvements of the sampling design for estimation of activity data

Corrections to historical activity data resulting from the use of reference data that is of higher spatial and temporal resolution than the one used for the submission of the ER-PD

Corrections to historical activity data resulting from improvements to quality assurance/quality control procedures

The FMT is considering including “the correction of misstatements, mistakes or errors” as part of the positive list. Any other?

PROCESS

- Technical corrections shall be transparently requested, presented and assessed.
- Whole process defined in guidelines but important for REDD Country Participant:
 - Notify the FMT no later than the date of the ERPA signature of plan to apply one or more of the technical corrections*;
 - No later than 3 months prior to the end of the first Reporting Period, provide the FMT with a complete description of technical corrections that will be applied*;
 - Present the corrected Reference level and the associated uncertainty as an annex to the first Monitoring Report;

*Some exemptions are considered in the Guidelines. Moreover, the FMT is currently assessing the change in these requirements.



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THANK YOU

