



**BioCarbon Fund**  
Initiative for Sustainable Forest Landscapes

## **ISFL Process Requirements**

Version 2.0

March 2021

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## **1. Introduction**

1. These Process Requirements define the steps required for ISFL ER Programs to participate in the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL), generate Emissions Reductions and receive incentive payments to catalyze the development of a low carbon rural economy that generates livelihood opportunities and overall reductions in Emissions from the land.
2. The objectives of ISFL process Requirements is to:
  - a) Provide clarity on the participants and documents involved in the ISFL Process;
  - b) Describe the overall process to obtain ISFL verified Emissions Reductions.

## **2. References**

3. The following are references that are applicable for Validation and Verification:
  - a) ISFL Emission Reductions (ER) Program Requirements: Provides the overarching guidance and act as a standard that is designed to achieve a consistent approach to carbon accounting and programmatic characteristics;
  - b) ISFL Validation and Verification Requirements: define the requirements for Validation and Verification of ISFL Emission Reduction Programs (“ISFL ER Program”) under the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL);
  - c) Registry Requirements: Operational Requirements for Emission Reductions Transaction Registry.

## **3. Glossary of Terms**

4. For the purposes of the Process Requirements, the terms and definitions described in the ISFL Glossary of Terms shall apply.

## **4. Overview of the ISFL**

5. The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) is a multilateral fund established in 2004 supported by donor governments<sup>1</sup> and managed by the World Bank. It promotes reducing Greenhouse Gas Emissions from the land sector, from deforestation and forest degradation in developing countries (REDD+), and from sustainable agriculture, as well as smarter land-use planning, policies and practices.
6. ISFL is designed to help countries and their stakeholders achieve long-term sustainability in financing forest conservation. They are intended to help reduce climate change impacts from forest loss and degradation by making forests more valuable standing than cut down. The BioCarbon Fund remunerates participant countries in accordance with negotiated contracts for verifiable Emission Reductions (ERs).

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<sup>1</sup> a.k.a. BioCF T3 Participants.

## 5. Administration and Management

7. The ISFL Contributors<sup>2</sup> make-up the ISFL's governance structure as its main decision-making body. The ISFL Contributors meet at least once a year to approve budgets. They also make decisions, either at these meetings or on an ad hoc basis, related to the selection of programs, rules of procedures, methodologies, as well as approve funding allocations, budgets and rules of procedure.
8. The International Bank for Reconstruction and Development, acting as Trustee of the BioCF T3 provides secretariat services through a Fund Management Team. BioCF ISFL Fund Management Team administers the ISFL. The FMT oversees the Validation and Verification process to ensure that all ISFL operations comply with applicable World Bank Group Policies and the ISFL requirements. The FMT has several functions, *inter alia*:
  - a) Proposals for approval by the governance structure;
  - b) VVB selection;
  - c) Completeness check and posting of the final ER-PD and ER Monitoring Report;
  - d) Communication between the VVB and the ISFL ER Program;
  - e) Review of the Validation and Verification Reports;
  - f) Management of the Carbon Asset Trading System, i.e. ISFL Transaction Registry.
9. Validation and Verification are conducted by Independent Validation and Verification Body (VVB) who, according to the Validation and Verification Requirements, "shall be accredited under ISO 14065 for scope ISO 14064-2, specifically for Land Use and Forestry by an Accreditation Body that is a signatory of the IAF Multilateral Recognition Arrangement (MLA) for ISO 14065. The ISFL will submit a request for proposals from accredited VVBs to conduct country-specific Validation and Verification engagements". Other requirements for Validation and Verifications under the ISFL may be found in the Validation and Verification Requirements.
10. Accreditation of any Validation and Verification Body is given by an Accreditation Body acceptable to the ISFL.

## 6. Documents

11. There are four general classes of documents:
    - a) Requirements: Normative documents setting rules required to be complied with by ISFL ER Programs.
      - i. Emission Reductions Program Requirements: High-level requirements designed to achieve a uniform approach to compliance with the ISFL Requirements. The Program Requirements is mandatory;
      - ii. Other Requirements: a set of procedures intended to ensure that criteria of the ISFL ER Program Requirements and other requirements are fulfilled. Requirements are mandatory.
    - b) Guidance Notes: provides supplemental advice or instruction on the ISFL Requirements. A guidance note describes acceptable methods of satisfying requirements.
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- c) **Templates:** Used to capture data or information required in the ISFL processes. A form contains predefined fields to be filled in by the ISFL Country, or the Validation and Verification Body. Templates include specific text with Requirements.
- d) **ERPA documents:** Documents related to the ERPA with the ISFL.

Requirements	Guidance Notes	Templates	ERPA documents
<ul style="list-style-type: none"> <li>•ISFL ER Program Requirements</li> <li>•ISFL Buffer Requirements</li> <li>•ISFL Process Requirements</li> <li>•ISFL Validation and Verification Requirements</li> </ul>	<ul style="list-style-type: none"> <li>•Guidance note on Benefit Sharing</li> <li>•Guidance note on the ability of the Program Entity to transfer Title to ERs</li> <li>•Guidance note on financing plans for ER Programs</li> <li>•Stakeholder engagement approach</li> <li>•Guidance note on application of IPCC guidelines for subcategories and carbon pools where changes take place over a longer time period</li> </ul>	<ul style="list-style-type: none"> <li>•ISFL Program Document</li> <li>•ISFL Preliminary Screening of potential ISFL Programs</li> <li>•ISFL ER Monitoring Report</li> <li>•ISFL Validation Report</li> <li>•ISFL Verification Report</li> </ul>	<ul style="list-style-type: none"> <li>•ERPA framework agreement</li> <li>•ERPA Phase agreement</li> <li>•ERPA general conditions</li> <li>•ERPA Commercial Terms</li> </ul>

12. The following requirements have been approved:

- a) **ISFL ER Program Requirements:** Provides the overarching guidance and act as a standard that is designed to achieve a consistent approach to carbon accounting and programmatic characteristics;
- b) **ISFL Buffer Requirements:** Provides the procedures for managing Uncertainty and Reversal Management Mechanism of ISFL ER Programs;
- c) **ISFL Validation and Verification Requirements:** Provides the procedures for conducting Validation and Verifications of ISFL ER Programs by Independent Validation and Verification Bodies;
- d) **ISFL Process Requirements:** Provides the procedures for the ISFL ER Program cycle from Identification and Concept Stage to submission to payment of Emission Reductions and provisions for the approval of documents.

13. The following Guidance Notes have been approved:

- a) **Guidance note on benefit-sharing for ISFL ER Programs:** Provides supplemental advice for the development of benefit-sharing plans of ISFL ER Programs;
- b) **Guidance note on the ability of the Program Entity to transfer Title to ERs:** Provides supplemental advice for demonstrating the ability of the Program Entity to transfer Title to ERs;
- c) **Guidance Note on the preparation of financing plan of ISFL ER Programs:** Provides supplemental advice on the preparation of financing plans for ISFL ER Programs;
- d) **Stakeholder engagement approach:** describes the the stakeholder engagement approach at both the initiative and Program levels.

- e) Guidance note on application of IPCC guidelines for subcategories and carbon pools where changes take place over a longer time period: provides guidance on the application of the IPCC guidelines in the context of the BioCF ISF.

14. The following templates have been approved:

- a) ISFL Program Document: Form and guidance to help ISFL Countries to prepare a description of the ISFL ER Program required for the approval of the ISFL ER Program;
- b) ER Monitoring Report: Form and guidance to help ISFL Countries to prepare a Monitoring Report describing the results of the applicable Reporting Period.
- c) ISFL form for preliminary screening of potential ISFL programs: The purpose of this form is to collect key information on candidate landscape-level programs that reduce Greenhouse Gas (GHG) Emissions in the land use sector, to shape the BioCarbon Fund (BioCF) Initiative for Sustainable Forest Landscapes (ISFL) pipeline
- d) ISFL Validation and Verification Report: Form and guidance to help VVBs to prepare the Validation and Verification Report describing the assessment of ER-PDs.

15. The following ERPA documents related to fund ER transactions are available:

- e) ISFL ERPA framework agreements
- f) ISFL ERPA Phase Agreements
- g) ISFL ERPA general conditions;
- h) ISFL ERPA Commercial Terms.

16. All documents and new versions shall be prepared by the FMT and presented to ISFL Contributors for approval prior to making them publicly available in the ISFL Webpage. New versions<sup>3</sup> of the ISFL ER Program Requirements shall be subject to a 30-day public comment period through the ISFL webpage.

## **7. ISFL Process**

17. The creation of Emission Reductions in the ISFL consists of the steps below. Note that the steps may not necessarily be sequential.

18. The availability of ISFL documents as mentioned in all the steps below is determined in accordance with the World Bank's Access to Information Policy.

19. The ISFL Process consists of the following steps which may not be sequential:

- a) Preliminary Screening form is completed by candidates
- b) ISFL country selection by ISFL Contributors
- c) Development of an ISFL ER Program Document
- d) Review of ER-PD by World Bank and ISFL Contributors;
- e) Validation of ER-PD by VVB

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<sup>3</sup> Version number refers to the first number of the version number, i.e. x of x.y.

- f) Monitoring and Reporting:
- g) Verification:
- h) Payments and allocation of ERs to the ISFL
- i) Post-ISFL

## **7.1 Application and selection of ISFL Countries**

### **7.1.1 Preliminary Screening**

20. The landscape-level programs candidates shall complete and submit to the ISFL the form for Preliminary Screening of Potential ISFL Programs. Candidates shall comply with a set of criteria to be selected by the ISFL. Such criteria includes general indicators that cover relevant areas such as environmental conditions, institutional matters and Non-Carbon Benefits; REDD+ specific indicators; and agriculture indicators associated with climate smart agriculture.

### **7.1.2 ISFL Country selection**

- 21. ISFL countries are selected based on criteria that provide the best foundation for ISFL programs to achieve the greatest possible impact. These criteria ensure that countries are prepared to undertake a complex land use program and that programs will be governed and monitored effectively. They also assess the global community's commitment to working collectively towards solutions in-country so that countries have support to achieve results.
- 22. Each program candidate relies on institutional infrastructure for low carbon rural development that was fostered during the REDD+ Readiness process. The ISFL performs an assessment of the readiness process through a range of indicators that provide a preliminary view of countries' engagement and capacity in REDD+ and potential to reduce GHG Emissions through a similar program, such as the ISFL. In particular, linkages between national REDD+ efforts and other land uses are considered, as well as the institutional arrangements in place and the capacity of local stakeholders to implement the program.
- 23. The ISFL assess the initial quality of the countries' enabling environment and its potential to improve considering the strength of governance, private sector engagement, and green growth initiatives in-country. Agricultural drivers of land use and impacting commodities are also assessed to identify the potential of climate-smart agriculture practices to reduce GHG Emissions in each country.
- 24. Based on the previous assessment the ISFL selected five target countries to the develop ISFL programs: Colombia, Ethiopia, Indonesia, Zambia and Mexico.

## **7.2 Development of the ISFL ER Program Document**

- 25. The selected ISFL Country prepares and advanced draft of the ER-PD using the ISFL PD template.
- 26. The World Bank Task Team provides support to the Program Entity in developing its ER-PD, including the ASIP to ensure that the ISFL ER Program is developed in accordance with the World Bank's operational policies and procedures, including environmental and social safeguards, and BioCF T3 requirements (including the ISFL ER Program Requirements)

### **7.3 Assessment of ER-PD**

27. The advanced draft of the GHG Elements of the ER-PD is assessed by the World Bank and ISFL Contributors.
28. The ISFL ER Program Entity (Program Entity) submits an advanced draft of the GHG elements in the ER-PD in English to the ISFL Fund Management Team.
29. The FMT performs a Completeness and quality check on the advanced draft of the GHG elements of the ER-PD.
30. If necessary, the Program Entity revises the advanced draft of the GHG elements of the ER-PD and submits it to the FMT for a second Completeness check.
31. Once the advanced draft of the GHG elements of the ER-PD is complete, the FMT shares the document with the Contributors for written feedback in advance of a video/teleconference.
32. Contributors submit written comments to the FMT on the GHG elements of the ERPD in advance of a video/teleconference.
33. A response matrix is prepared by the Program Entity, Task Team, and FMT, as relevant, and shared with Contributors.
34. A video/teleconference is held with Contributors to receive their feedback with FMT, and Task Team.
35. After such discussion on the advanced draft on the GHG elements of the ER-PD, the Trustee then shares the complete advanced draft of the GHG Elements of the ER-PD and the feedback from ISFL Contributors with an independent third-party firm for Validation.
36. In parallel, The ISFL ER Program Entity (Program Entity) prepares an advanced draft ER-PD in English with the remaining non-GHG elements.
37. Once the non-GHG elements of the advanced draft ER-PD are complete, The ISFL ER Program Entity (Program Entity) submits the advanced draft ER-PD to the ISFL Fund Management Team (FMT).
38. The FMT performs a Completeness and quality check on the non-GHG elements of the advanced draft of the ER-PD.
39. If necessary, the Program Entity revises the advanced draft of the non-GHG elements of the ER-PD and submits it to the FMT for a second Completeness check.
40. Once the advanced draft of the non-GHG elements of the ER-PD is complete, the FMT shares the document with the Contributors for written feedback in advance of a video/teleconference.
41. Contributors submit written comments to the FMT on the non-GHG elements of the ERPD in advance of a video/teleconference.
42. A response matrix is prepared by the Program Entity, Task Team, and FMT, as relevant, and shared with Contributors.
43. A video/teleconference is held with Contributors to receive their feedback with FMT, and Task Team.
44. After such discussion on the advanced draft of the non-GHG elements of the ER-PD, the Trustee then shares the complete advanced draft of the non-GHG Elements of the ER-PD and the feedback from ISFL Contributors with an independent third-party firm for Validation.



## **7.4 Validation**

45. Validation shall occur once during each ISFL ERPA Phase. The Emissions Baseline shall be revalidated during subsequent ISFL ERPA Phases.
46. Validation will occur before the first Verification in each ERPA Phase and it will be based on the advanced draft ER-PD and supporting documents.
47. The Validation process is divided into two parts: Part 1: Assessment of the GHG elements of the ERPD, and Part 2: Assessment of the non-GHG elements of the ERPD
48. To initiate Part 1, the FMT shares the complete advanced draft of the GHG Elements of the ER-PD and Contributor feedback with the VVB.
49. Upon the reception of the advanced draft draft of the GHG Elements of the ER-PD, the VVB shall prepare a Validation plan and a sampling plan in accordance with the requirements of the Validation and Verification Requirements.
50. Upon a desk review of documentation and a country visit, the VVB shall issue a list of findings to be addressed by the ISFL ER Program and revise the ER-PD.
51. All GHG-related Non conformity Request NCR and New Information Request shall be suitably closed out by the ISFL Country prior to issuing a positive Validation.
52. The VVB initiates Part 2 of the assessment that consist in the review of the applicable<sup>4</sup> non-GHG elements of the ER-PD.
53. Upon the reception of the advanced draft of the non-GHG Elements of the ER-PD, the VVB shall prepare a Validation plan and a sampling plan in accordance with the requirements of the Validation and Verification Requirements.
54. Upon a desk review of documentation and a country visit, the VVB shall issue a list of findings on the non-GHG elements of the ER-PD to be addressed by the ISFL ER Program and revise the ER-PD.
55. All non-GHG related Non conformity Request NCR and New Information Request shall be suitably closed out by the ISFL Country prior to issuing a positive Validation.
56. The VVB follows up with the Program Entity until Part 1 and Part 2 of the assessment are concluded. The VVB issues a Validation Report following the requirements specified in the Validation/Verification Report template and the Validation and Verification Requirements
57. The final ER-PD (including both GHG and non-GHG related elements) and the Validation Report are submitted to the FMT.
58. The final ER-PD and the Validation Report are made public and the FMT informs Contributors of their availability in advance of the 'no objection' period.
59. A video/teleconference is held with Contributors to receive their feedback with FMT, VVB, and Task Team.
60. Once the 'No objection' period concludes, ISFL Programs proceed with ERPA negotiations for the ISFL ER Program based on the final ER-PD.

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<sup>4</sup> The firm will not assess compliance with World Bank Operational Policies and Procedures, including social and environmental safeguards

## 7.5 ERPA signature with the ISFL

### 7.5.1 ISFL ERPA Structure

61. The ISFL ERPA for each ISFL ER Program comprises of an ERPA Framework Agreement, ISFL ERPA Phase Agreement(s) and the ERPA General Conditions (together referred to as “ERPA”).<sup>5</sup> There is only one ERPA Framework Agreement for each ISFL ER Program and it covers the entire Term of the ISFL ERPA.

### 7.5.2 ISFL ERPA negotiation process

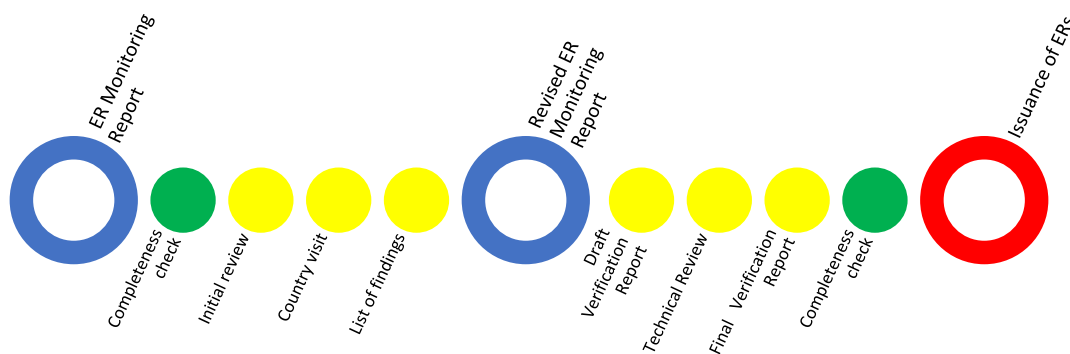
62. The complete ISFL ERPA negotiation process is detailed in the “ERPA negotiations process note”.

## 7.6 Reporting and Verification

63. Verification will occur after Validation within each ISFL ERPA Phase and it will be based on the ER Monitoring Report that provides a description of the results of the program’s implementation and reports on performance, in particular Emission Reductions generated. By completing and submitting the ISFL ER Monitoring Report, a program officially reports on its performance to the BioCF ISFL of the Reference Level of the ISFL ER Program and the carbon accounting system.

64. ISFL reporting and Verification include the following three phases.

- a) The FMT performs a Completeness and quality check to the ISFL ER Monitoring Report
- b) ER Monitoring Report: Upon the reception of the ER Monitoring Report, the VVB shall prepare a Verification plan and a sampling plan in accordance with the requirements of the Validation and Verification Requirements. Upon a desk review of documentation and a country visit, the VVB shall issue a list of findings to be addressed by the ISFL Program Entity and revise the ER Monitoring Report.
- c) Revised ER Monitoring Report and supporting information: The VVB shall prepare a draft Verification Report that shall be subject to a Technical Review, upon which, it shall issue a final Verification Report. The final Verification Report shall be reviewed by the FMT, who may provide comments to improve its quality.



<sup>5</sup> The ERPA Negotiation Process is based on several key legal documents, including the ERPA General Conditions, the default ERPA Term sheet, the ERPA Framework Agreement template and the ERPA Phase Agreement template. These are documents that have been prepared by the FMT and earlier versions were shared with BioCF T3 Participants. Upon acceptance of this note, the FMT will update and recirculate these documents for agreement.

65. Within forty-five (45) calendar days following the end of each Reporting Period, the ISFL Program Participant provides the FMT with an ER Monitoring Report for that Reporting Period following the ER Monitoring Report template.
66. The ISFL ER Program monitors and reports to the FMT on the implementation of the Safeguards Plans and Benefit Sharing Plan in accordance with the ERPAs.
67. The ISFL ER Country or its authorized entity sends the ER Monitoring Report and its annexes and any supporting documentation to the FMT. The FMT reviews the ER Monitoring Report is complete and of sufficient quality (Completeness Check).
68. The FMT sends the ER Monitoring Report to a Validation and Verification Body (VVB) that has been previously selected by the FMT based on the World Bank's procurement processes.
69. The VVB assesses the ER Monitoring Report following the Validation and Verification Requirements.
70. After the desk review and country visit, the VVB issues a report of findings that may include Non-comformity Requests (NCR), New Information Requests (NIR) and Observations (OBS).
71. The ISFL Country proposes a solution for the findings raised by the VVB and sends the ER Monitoring Report and the Verification findings report back to the VVB and the FMT.
72. Once the ER Monitoring Report is revised<sup>6</sup> the VVB shall prepare a draft Verification Report that shall be subject to a Technical Review, upon which, it shall issue a final Verification Report.
73. The VVB issues a Verification Report following the requirements specified in the Validation/Verification Report template and the Validation and Verification Requirements.
74. The FMT posts the Verification Report and, if applicable, an updated version of the ER Monitoring Report on the ISFL website and notifies Contributors of the availability of the documents.
75. The Verification Report, along with the ER Monitoring Report must be submitted to the Carbon Asset Trading System.
76. ERs issued shall be administered by the Carbon Asset Trading System (CATS). Cancellations, Retirements, and Transfer of ERs occurs through CATS as per the CATS Terms and Conditions.
77. ERs under the ISFL can be issued only during the term of the ERPA. Once the ERPA Term is concluded, ISFL ER Programs that decide to continue trading credits under the CORSIA scheme shall transition to another standard approved by ICAO and adjust the program documents accordingly.

## **7.7 Issuance, Buffer, Transfer, and Payment**

### **7.7.1 Issuance**

78. Based on the VVB's Verification Report, and subject to applicable operational policies and procedures and ERPA provisions being complied with, the FMT determines and notifies the ISFL Country or its authorized entity of the amount of generated and Verified ERs for which the ISFL Country or its authorized entity has demonstrated its ability to transfer Title to ERs and which form part of the ER Transfer.
79. The Verified ERs shall be recorded in the ISFL ER Program's Recording Account. A Fund Transaction Processor shall record the units either as Reported (from the Monitoring Report) or Verified (from the

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<sup>6</sup> Validation and Verification Requirements include requirements related to the issuance of positive opinions.

Validation and Verification Report). After the Fund Transaction Processor records and submit the transaction, the request goes to the Fund Manager for approval.

80. A Fund Transaction Processor can issue (partial/total) verified ER units from the Recording account selecting available units from a specific verification period. After the Fund Transaction Processor records and submits the transaction, the request goes to the Country Program Approver and the Fund Manager for the final clearance.
81. These certified Emission Reduction units are recorded in the issuance account as blocks. Each block shall be assigned a unique Global Carbon Ticker Code (GCTC). The mechanism of GCTC serialization consists of 13 elements, reflected as 71 alphanumeric characters that can be described as:
  - a) Static Elements that never change throughout the block life-cycle and define the details and characteristics of the block origin; and
  - b) Dynamic Elements that are subject to continuous change through the block life-cycle and define current state and characteristics of the block in relation to the transactions which have been performed

### **7.7.2 Buffer**

82. If applicable, the FMT, following consultations with the ISFL Country or its authorized entity, determines and notifies the ISFL Country or its authorized entity of the amount of generated and Verified ERs that have to be deposited into the ISFL ER Program Buffer as Buffer ERs in accordance with the ISFL Buffer Requirements.
83. Serialized ER units (after issuance) are allocated in Buffer accounts to help manage both Uncertainty and Reversal Risks. Two separate ER Program-specific buffer reserve accounts are established:
  - a) an 'Uncertainty Buffer' to create incentives for improving (reducing) Uncertainty associated with the estimation of ERs and manage the risk that the Emission Reductions were overestimated for prior Reporting Periods;
  - b) a 'Reversal Buffer' to insure against potential Reversals.
84. A Buffer Transaction Processor selects the Issuance account and the action Buffer for Uncertainty/Buffer for Reversal, setting the discount percentage or the specific number of units from a specific Reporting Period. Once he/she records and submit the transaction, the request goes to the ISFL Country Program Approver and the Buffer Manager for the final clearance.

### **7.7.3 Transfer**

85. From the Issuance account, and once the buffer discounts have been applied, the available serialized ER units from a specific Reporting Period can be transferred to the Participant's accounts. The Fund Transaction Processor can record and submit the transaction, 'Purchase Units' for Fund Manager's approval. These Purchased Certified Units must be allocated to the Participant Interim Non-Tradable or Tradable Accounts based on their contributions (once the Tranches are closed). A Fund Transaction Processor records and submit the transaction and the request goes to the Fund Manager for approval. The corresponding amount is credited in the Participant Interim Accounts waiting to be forwarded to the Participant's Non-Tradable or Tradable Accounts. Again, the Fund Transaction Processor records and submit the transaction and the request goes to the Fund Manager for approval.

86. Finally, a Participant Transaction Processor can initiate the operation of Re-Transferring ERs from the Participant Non-Tradable Accounts to the Program-specific Non-Tradable account (NDCs justification) for retirement. This request shall go to the Participant Approver and the Country Program Approver for approval (final clearance from the Fund Manager). The corresponding amount is credited in the Program Non-Tradable Account (holding accounts).
87. Allocating available serialized ERs from the Issuance account to the Tradable Country Program Account and transfer a specific amount to a Third-Party Buyer account (selling) is also possible once the buffer discounts have been performed and considering the specific ERPA conditions. The Fund Transaction Processor records and submit the transaction to the Fund Manager's approval and the corresponding amount is credited in the Program Tradable Account (holding accounts). In a second phase the Country Program Transaction Processor records and submits the transaction to the ISFL Country Program Approver and the Third-Party Approver for approval (final clearance from the Fund Manager). Finally, the Third-Party Transaction Processor can request the cancellation of those units that leave the system again through a 2-level of approval system (Third-Party Approver and final clearance from the Fund Manager).
88. For a complete and detailed explanation of all Registry procedures consult the Registry Requirements: Operational Requirements for Emission Reductions Transaction Registry.

#### **7.7.4 Payment by the ISFL**

89. Within thirty (30) calendar days following receipt of the Buffer ERs in the ISFL ER Program Buffer, the ISFL Program Participant or its authorized entity provides the World Bank with a signed ER Transfer Form which documents the amount of Verified ERs to be transferred to the ISFL BioCarbon Fund.
90. Following the completion of an ER Transfer, the World Bank makes the payment to the ISFL Program Participant or its authorized entity in accordance with the ERPA.
91. The Trustee of the ISFL accounts for the pro-rated amount of ERs transferred to each Tranche of the BioCF ISFL and allocates a pro-rata share of ERs to each Tranche Participant.

#### **7.8 Reversal Management after the Term of the ISFL ERPA**

92. Section 10 of the ISFL Buffer Requirements specify provisions for Reversal Management Mechanism beyond the Term of the ISFL ERPA<sup>7</sup> and the actions to be undertaken if the ISFL ER Program does not propose a RMM.
93. In accordance to Section 10.1 of the ISFL Buffer Requirements, if an ISFL ER Program transits into a new GHG program or standard, the applicable GHG program<sup>8</sup> shall monitor for the Reversals and have in place a Reversal Management Mechanism to compensate for material Reversals for at least until 10 years following the end of the ISFL in 2030 (i.e. 31 December 2040).

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<sup>7</sup> These provisions ensure that ISFL ER Programs that wish to generate CORSIA eligible Emission Reductions need to inform the BioCF of their intention to transition to a "CORSIA Eligible Emissions Unit Programme" (as defined under CORSIA) one year before the end of the Term of the ISFL ERPA.

<sup>8</sup> Such as a "CORSIA Eligible Emissions Unit Programme" as defined under CORSIA

**Document history**

<b>Version</b>	<b>Date</b>	<b>Notes</b>
1.0 Draft subject to approval	April 2020	Version to be approved by ISFL Contributors.
2.0	March 2021	The process for the assessment of the ER-PD and for validation has been updated to clarify that the Validation assessment has been divided in two parts: Part 1: Assessment of the GHG elements of the ERPD, and Part 2: Assessment of the non-GHG elements of the ERPD. This version has been approved by ISFL Contributors.