

## Application of the Oeko-Institut/WWF-US/ EDF methodology for assessing the quality of carbon credits

This document presents results from the application of version 3.0 of a methodology, developed by Oeko-Institut, World Wildlife Fund (WWF-US) and Environmental Defense Fund (EDF), for assessing the quality of carbon credits. The methodology is applied by Oeko-Institut with support by Carbon Limits, Greenhouse Gas Management Institute (GHGMI), INFRAS, Stockholm Environment Institute, and individual carbon market experts. This document evaluates one specific criterion or sub-criterion with respect to a specific carbon crediting program, project type, quantification methodology and/or host country, as specified in the below table. Please note that the CCQI website [Site terms and Privacy Policy](#) apply with respect to any use of the information provided in this document. Further information on the project and the methodology can be found here: [www.carboncreditquality.org](http://www.carboncreditquality.org)

Sub-criterion:	<a href="#">1.1.2 Consideration of carbon credits before project implementation and restrictions on the eligibility of existing projects</a>
Carbon crediting program:	<a href="#">CDM</a>
Assessment based on carbon crediting program documents valid as of:	<a href="#">30 June 2021</a>
Date of final assessment:	<a href="#">20 May 2022</a>
Score:	<a href="#">2</a>

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## Assessment

### Indicator 1.1.2.1

#### Relevant scoring methodology provisions

The methodology assesses whether a carbon crediting program requires project owners to publicly document their intent to register a project the time that can lapse after the investment decision before any form of public documentation of the intent of using carbon credits must be made. The scores are applied as follows:

<b>The program requires public documentation of intent of registering a project:</b>	<b>Score</b>
Before the decision to proceed with the project is made	5
Within six months after the decision to proceed with the project is made	2
No such requirement, or more than six months are allowed to pass after the decision to proceed with the project is made	1

#### Information sources considered

- 1 CDM-EB93-A04-STAN – Standard: CDM project standard for project activities – Version 02.0  
[https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20181221092046526/Reg\\_stan04v02.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20181221092046526/Reg_stan04v02.pdf)
- 2 CDM-EB93-A06-PROC – Procedure: CDM project cycle procedure for activities – Version 02.0  
[https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20181221092024737/PC\\_proc03v02.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20181221092024737/PC_proc03v02.pdf)
- 3 CDM-EB07-A04-GLOS – Glossary: CDM Terms – Version 10.0  
[https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20200812172710009/Glossary\\_CDM.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20200812172710009/Glossary_CDM.pdf)
- 4 CDM-EB93-A07-STAN – Standard: CDM project standard for programmes of activities  
[https://cdm.unfccc.int/filestorage/e/x/t/extfile-20181221092036155-Reg\\_stan03v02.pdf/Reg\\_stan03v02.pdf?t=end8cXkxaHRrfDBjVubjLv0g-G9qjawBoYLM](https://cdm.unfccc.int/filestorage/e/x/t/extfile-20181221092036155-Reg_stan03v02.pdf/Reg_stan03v02.pdf?t=end8cXkxaHRrfDBjVubjLv0g-G9qjawBoYLM)

#### Relevant carbon crediting program provisions

Provision 1 Source 2, section 7.1 “Demonstration of prior consideration of the clean development mechanism”, paragraphs 31-33, pages 10-11: “If the start date of a proposed CDM project activity, as determined in accordance with paragraph 85 below, is prior to the date of publication of the PDD for global stakeholder consultation, the project participants shall demonstrate that the CDM benefits were considered necessary in the decision to undertake the project as a CDM project activity in accordance with paragraphs 32 or 33 below. If the start date of the project activity is on or after the date of publication of the PDD for global stakeholder consultation, such demonstration is not necessary.

31. For a proposed CDM project activity with a start date on or after 2 August 2008, the project participants shall notify the designated national authority (DNA) of the host

Party of the project activity, if such DNA exists, and the UNFCCC secretariat (hereinafter referred to as the secretariat), in writing of the commencement of the project activity and their intention to seek the CDM status for the project activity, or, through a DOE, publish the PDD for global stakeholder consultation, within 180 days of the start date in accordance with the “CDM project cycle procedure for project activities”.

33. For a proposed CDM project activity with a start date before 2 August 2008 and prior to the date of publication of the PDD for global stakeholder consultation, the project participants shall demonstrate that the CDM was seriously considered in the decision to implement the project activity. Such demonstration requires the following elements to be satisfied:

(a) The project participants shall provide evidence of their awareness of the CDM prior to the start date of the project activity, and that the benefits of the CDM were a decisive factor in the decision to proceed with the project activity;

(b) The project participants shall provide evidence that continuing and real actions were taken to secure the CDM status for the project activity in parallel with its implementation;

(c) The project participants shall provide an implementation timeline of the project activity. The timeline should include, where applicable, the date when the investment decision was made, the date when the construction work started, the date when commissioning started, and the date of start-up (e.g. the date when commercial production started). The project participants shall provide a timeline of events that have occurred and actions that have been taken to achieve CDM registration, with a description of the evidence used to support these actions.”

Provision 2 Source 2, section 7.6 “Start date, crediting period type and duration”, paragraph 85, page 21: “The project participants shall determine the start date of the proposed CDM project activity and provide a description of how this start date has been determined in accordance with the definition of start date in the “Glossary: CDM terms”.”

Provision 3 Source 3, Definition for the term “Start date”, page 20: “For a CDM project activity (non-A/R) or CPA (non-A/R), the date on which the project participants commit to making expenditures for the construction or modification of the main equipment or facility (e.g. a wind turbine), or for the provision or modification of a service (e.g. distribution of energy-efficient light bulbs, change of transport management system), for the CDM project activity or CPA. Where a contract is signed for such expenditures (e.g. for procurement of a wind turbine), it is the date on which the contract is signed. In other cases, it is the date on which such expenditures are incurred. If the CDM project activity or CPA involves more than one of such contracts or incurred expenditures, it is the first of the respective dates. Activities incurring minor pre-project expenses (e.g. feasibility studies, preliminary surveys) are not considered in the determination of the start date.

For an A/R CDM project activity or A/R CPA, the date on which the site preparation begins.

For a CDM PoA, the date on which the CME officially notifies the secretariat and the DNA(s) of the host Party(ies) of its intention to seek the CDM status, or the date of publication of the PoA-DD for global stakeholder consultation, whichever is earlier.”

Provision 4 Source 1, section 7.8.9 “Timing of local stakeholder consultation”, paragraphs 107-108, page 24: “The project participants shall complete the local stakeholder consultation process at the timing required by the rules of the host Party on local stakeholder consultation, if such rules exist. If host Party rules do not exist, the project participants shall complete the process before, whichever the earlier of:

- (a) The start date of the project activity as defined in the “Glossary: CDM terms”; or
- (b) The date of submitting the PDD of the proposed CDM project activity to a DOE for validation.

For the project activities that do not meet the requirement referred to in paragraph 107(a) above, but for which notifications of prior consideration of the CDM have been submitted to the secretariat in accordance with the “CDM project cycle procedure for project activities” before 23 February 2017, the project participants may, in accordance with the “Procedure: Direct communication with stakeholders”, submit a request for exemption from the requirement to the Board for its consideration on a case-by-case basis.”

Provision 5 Source 1, section 7.8.3 “Minimum group of stakeholder to be involved”, paragraphs 97-98, page 23: “For the purpose of the local stakeholder consultation, the project participants shall invite, as a minimum, representatives of local stakeholders directly impacted by the proposed CDM project activity and representatives of local authorities relevant to the project activity.

The project participants shall provide evidence that invitations were sent to the relevant stakeholders and that their comments were invited. If any of the relevant stakeholders were not invited, the project participants shall provide appropriate justification.”

Provision 6 Source 4, section 8.3, “Crediting period type and duration”, paragraph 185, page 42: “The coordinating/managing entity shall confirm that the start date of the proposed CPA is on or after the start date of the registered CDM PoA.”

### Assessment outcome

The carbon crediting program is assigned a score of 2.

### Justification of assessment

The above documentation specifies that the requirements of the carbon crediting program for public documentation of the intent of using carbon credits before project implementation are consistent with the methodology requirements to achieve a score of 2.

Project participants must either:

- Notify the designated national authority (DNA) of the host Party of the project activity, if such DNA exists, and the UNFCCC secretariat (hereinafter referred to as the secretariat), in writing

of the commencement of the project activity and their intention to seek the CDM status for the project activity

- Through a DOE, publish the PDD for global stakeholder consultation

For both options a time-restriction of within 180 days of the start date applies (Source 1).

The CDM Glossary of Terms defines project start date for non-A/R activities as the date on which the project participants commit to making expenditures for the construction or modification of the main equipment or facility, or for the provision or modification of a service, for the CDM project activity or CPA. Where a contract is signed for such expenditures, it is the date on which the contract is signed (Source 3). This definition is deemed to be commensurate with the term investment decision used in the methodology.

For an A/R CDM project activity or A/R CPA, the start date is defined as the date on which the site preparation begins. This is assumed to mark the date of the decision to proceed with the project in the same sense as the investment decision for non-A/R activities.

It could be construed that the requirement to conduct local stakeholder consultations before the project start date or the submission to the DOE qualifies as a public documentation of intent (Source 4). However, conducting local stakeholder consultations alone does not necessarily imply that the project activity will be registered under the CDM (as local stakeholder consultations might also be a requirement for other funding sources, or a requirement in the host country). As there is no notification of the stakeholder consultation to the UNFCCC secretariat, this requirement is assessed as not qualifying as a public documentation of intent.

### Indicator 1.1.2.2

#### Relevant scoring methodology provisions

The methodology assesses whether carbon crediting programs place a limit on the time that can lapse after a mitigation activity starts reducing or removing emissions for a project to be eligible under the program. If the program has any restrictions in place, it receives an upgrade of 1 score point to the score received under indicator 1.1.2.1 otherwise this score is retained.

<b>The program has time restrictions until when validation or registration needs to be completed for projects that already started the mitigation activity</b>	<b>Upgrade to score received under indicator 1</b>
Yes	+1 score point
No	No change

#### Information sources considered

- 1 CDM-EB93-A04-STAN – Standard: CDM project standard for project activities – Version 02.0 [https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20181221092046526/Reg\\_stan04v02.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20181221092046526/Reg_stan04v02.pdf)
- 2 CDM-EB93-A06-PROC – Procedure: CDM project cycle procedure for activities – Version 02.0 [https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20181221092024737/PC\\_proc03v02.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20181221092024737/PC_proc03v02.pdf)

- 3 CDM-EB07-A04-GLOS – Glossary: CDM Terms – Version 10.0  
[https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20200812172710009/Glossary\\_CDM.pdf](https://cdm.unfccc.int/sunsetcms/storage/contents/stored-file-20200812172710009/Glossary_CDM.pdf)
- 4 ACM0001 – Version 19.0: Large-scale Consolidated Methodology Flaring or use of landfill gas  
<https://cdm.unfccc.int/methodologies/DB/JPYB4DYQUXQPZLBDVPHA87479EMY9M>
- 5 AR-ACM0003 – Version 02.0: A/R Large-scale Consolidated Methodology Afforestation and reforestation of lands except wetlands  
<https://cdm.unfccc.int/methodologies/DB/C9QS5G3CS8FW04MYXXDFOQDPXWM4OE>
- 6 AMS-III.G – Version 10.0: Small-scale Methodology Landfill methane recovery  
<https://cdm.unfccc.int/methodologies/DB/0KHNES8D09H134V3TZDQ47C3LQL3H2>
- 7 AMS-II.G – Version 12.0: Small-scale Methodology Energy efficiency measures in thermal applications of non-renewable biomass  
<https://cdm.unfccc.int/methodologies/DB/10PELMPDW951SVSW1B2NRCQEBAX96C>

### Relevant carbon crediting program provisions

n/a

### Assessment outcome

The carbon crediting program does not receive an upgrade to the score received under indicator 1.1.2.1

### Justification of assessment

The carbon crediting program does not have any time restrictions until when validation or registration needs to be completed for projects that already started the mitigation activity.