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

| Criterion: | 5.1 Overall program governance |
| Carbon crediting program: | Clean Development Mechanism |
| Assessment based on carbon crediting program documents valid as of: | 30 June 2021 |
| Date of final assessment: | 20 May 2022 |
| Score: | 2.50 |
Assessment

Indicator 5.1.1

Relevant scoring methodology provisions

“The program has a Secretariat comprised of paid and fully employed staff that is responsible for the administration of the program.”

Information sources considered

1 Decision 3/CMP.1: Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol. ANNEX Modalities and procedures for a clean development mechanism and ANNEX VIII. Secretariat. Online available at: https://cdm.unfccc.int/Reference/COPMOP/08a01_abbr.pdf.

Relevant carbon crediting program provisions

Provision 1 Source 1, Para.19, p.11: “The secretariat shall service the Executive Board.”

Provision 2 Source 1, Rule 33, p.41: “The Executive Secretary of the UNFCCC shall arrange for the provision of staff and services required for the servicing of the Executive Board from within available resources. The Executive Secretary shall manage and direct such staff and services and provide appropriate support and advice to the Executive Board. [...] The financial regulations of the United Nations and the financial procedures of the UNFCCC shall apply.”

Assessment outcome

Yes (2 Points).

Justification of assessment

The provisions identify that the UNFCCC Secretariat and staff provide the stated functions to fulfill the indicator.

Indicator 5.1.2

Relevant scoring methodology provisions

“The program provides contact details for the Secretariat on the program’s website.”

Information sources considered

1 Program website (https://cdm.unfccc.int/stakeholder/index.html and https://cdm.unfccc.int/contact/contact.html), last accessed on 12 April 2021.
Relevant carbon crediting program provisions

Provision 1 Source 1, Website: “Information on direct stakeholder communication with the secretariat and contact details publicly available on the program website: “AEs/DOEs, DNAs, project participants and other stakeholders may initiate a communication directing to the CDM Executive Board or the secretariat, on the understanding, application and development of CDM rules and the implementation of project activities and programmes of activities (PoAs), e.g., technical or operational explanation, suggestions/ proposals for new regulations, using the “Stakeholder communication form” (CDM-COM-FORM), available under the CDM webpage, Rules and Reference section, under the Forms sub-section”.”

Assessment outcome

Yes (1 Point).

Justification of assessment

The above documentation clearly specifies that the indicator is fulfilled.

Indicator 5.1.3

Relevant scoring methodology provisions

“The program defines who is responsible for the administration of the program and has established formally defined procedures for the decision making process on key programmatic functions, such as the approval of the normative program documents, the registration of projects, and the issuance, transfer and cancellation of carbon credits.”

Information sources considered

1 Program website (https://cdm.unfccc.int/EB/index.html), last accessed on 12 April 2021.
2 Decision 3/CMP.1: Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol. ANNEX Modalities and procedures for a clean development mechanism. Online available at: https://cdm.unfccc.int/Reference/COPMOP/08a01_abbr.pdf.

Relevant carbon crediting program provisions

Provision 1 Source 1, Website: “The CDM Executive Board (CDM EB) supervises the Kyoto Protocol’s clean development mechanism under the authority and guidance of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (CMP). The CDM EB is fully accountable to the CMP. The CDM EB will be the ultimate point of contact for CDM Project Participants for the registration of projects and the issuance of CERs.”
Provision 2  Source 2, Para. 2 and 3, p.7: “The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (COP/MOP) shall have authority over and provide guidance to the clean development mechanism (CDM).

The COP/MOP shall provide guidance to the Executive Board by taking decisions on:

(a) The recommendations made by the Executive Board on its rules of procedure;

(b) The recommendations made by the Executive Board, in accordance with provisions of decision 17/CP.7, the present annex and relevant decisions of the COP/MOP;

(c) The designation of operational entities accredited by the Executive Board in accordance with Article 12, paragraph 5, and accreditation standards contained in appendix A below.”

Provision 3  Source 2, Para.5, p.8: “The Executive Board shall supervise the CDM, under the authority and guidance of the COP/MOP and be fully accountable to the COP/MOP. In this context, the Executive Board shall:

(a) Make recommendations to the COP/MOP on further modalities and procedures for the CDM, as appropriate;

(b) Make recommendations to the COP/MOP on any amendments or additions to rules of procedure for the Executive Board contained in the present annex, as appropriate;

(c) Report on its activities to each session of the COP/MOP;

(d) Approve new methodologies relating to, inter alia, baselines, monitoring plans and project boundaries in accordance with the provisions of appendix C below;

(e) Review provisions with regard to simplified modalities, procedures and the definitions of small-scale project activities and make recommendations to the COP/MOP;

(f) Be responsible for the accreditation of operational entities, in accordance with accreditation standards contained in appendix A below, and make recommendations to the COP/MOP for the designation of operational entities, in accordance with Article 12, paragraph 5. This responsibility includes:

   i. Decisions on re-accreditation, suspension and withdrawal of accreditation;

   ii. Operationalization of accreditation procedures and standards;

(g) Review the accreditation standards in appendix A below and make recommendations to the COP/MOP for consideration, as appropriate;

(h) Report to the COP/MOP on the regional and subregional distribution of CDM project activities with a view to identifying systematic or systemic barriers to their equitable distribution;
(i) Make publicly available relevant information, submitted to it for this purpose, on proposed CDM project activities in need of funding and on investors seeking opportunities, in order to assist in arranging funding of CDM project activities, as necessary;

(j) Make any technical reports commissioned available to the public and provide a period of at least eight weeks for public comments on draft methodologies and guidance before documents are finalized and any recommendations are submitted to the COP/MOP for their consideration;

(k) Develop, maintain and make publicly available a repository of approved rules, procedures, methodologies and standards;

(l) Develop and maintain the CDM registry as defined in appendix D below;

(m) Develop and maintain a publicly available database of CDM project activities containing information on registered project design documents, comments received, verification reports, its decisions as well as information on all CERs issued;

(n) Address issues relating to observance of modalities and procedures for the CDM by project participants and/or operational entities, and report on them to the COP/MOP;

(o) Elaborate and recommend to the COP/MOP for adoption at its next session procedures for conducting the reviews referred to in paragraphs 41 and 65 below including, inter alia, procedures to facilitate consideration of information from Parties, stakeholders and UNFCCC accredited observers. Until their adoption by the COP/MOP, the procedures shall be applied provisionally;

(p) Carry out any other functions ascribed to it in decision 17/CP.7, the present annex and relevant decisions of the COP/MOP."

Provision 4 Source 3, Para.6-8, p.3-4: "The CMP is the ultimate decision-making body of the CDM. The CMP has authority over and provides guidance to the Board through the adoption of decisions, published in reports of the CMP. The decisions of the CMP outline formal expectations with respect to the CDM. They set direction and establish precedents which serve as reference for future decision-making and the basis for operationalizing the CDM. CMP decisions are treated as mandatory requirements or rules intended to ensure the successful implementation of the Kyoto Protocol.

The Board is the regulatory body of the CDM. Acting under the authority and guidance of the CMP, it is fully accountable to the CMP. The Board has authority over and provides guidance to the activities and processes of the CDM. All decisions taken by the Board elaborate upon and must be consistent with decisions of the CMP. Decisions of the Board taken during Board meetings are recorded in the meeting reports of the Board and their accompanying annexes, which together form the official record of the proceedings of the Board meetings. The authoritative set of documents containing regulatory decisions is published in the Rules and Reference section of the UNFCCC CDM website."
Taking into account both the rule-making and rule-enforcing roles of the Board, decisions of the Board are divided into three classes:

(a) Regulatory decisions: relate to the adoption of, or revision to, CDM rules and requirements to be followed by the Board, its support structure and stakeholders. Regulatory decisions are reflected in the adoption of, or revisions to: standards, procedures, tools, guidelines and clarifications, as recorded in and/or annexed to the meeting reports of the Board;

(b) Rulings: relate to the determination of whether the actions of project participants, applicant entities (AEs), or designated operational entities (DOEs) are in compliance with the CDM rules and requirements. Rulings taken during the Board meetings are published in the main body of the meeting reports of the Board and/or as separate documents after Board meetings;

(c) Operational decisions: relate to the functioning of the Board and its support structure (panels, working groups and secretariat) and include: decisions on finance; administration; programmes of work; internal operating procedures and the establishment of supporting bodies. Operational decisions are either published within the main body of the meeting reports of the Board or reflected in the adoption of, or revision to, internal standards, procedures and guidelines, or in the publishing of information notes."

Assessment outcome

Yes (1 Point).

Justification of assessment

Provisions 1, 2, 3, and 4 specify the roles and responsibilities within the program. Further, there are defined procedures for the decision-making process on key programmatic functions (Provisions 1 and 4).

Indicator 5.1.4

Relevant scoring methodology provisions

“The program is overseen by a Board of Directors or Trustees.”

Information sources considered

1 Decision 3/CMP.1: Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol. ANNEX Modalities and procedures for a clean development mechanism. Online available at: https://cdm.unfccc.int/Reference/COPMOP/08a01_abbr.pdf.

Relevant carbon crediting program provisions

Provision 1 Source 1, Para. 5, p.8: “The Executive Board shall supervise the CDM, under the authority and guidance of the COP/MOP, and be fully accountable to the COP/MOP.”
Assessment outcome

Yes (1 Point).

Justification of assessment

The above documentation clearly specifies that the indicator is fulfilled.

Indicator 5.1.5

Relevant scoring methodology provisions

“All non-staff individuals serving in a professional capacity to support the administration of the program (e.g., members of the Board, advisory groups or expert committees) are subject to conflict of interest provisions to address any financial or other conflicts that may arise in their role supporting the administration of the program (e.g., in providing expert opinions or reviewing quantification methodologies).”

Information sources considered

3 Decision 3/CMP.1: Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol. ANNEX Modalities and procedures for a clean development mechanism. Online available at: https://cdm.unfccc.int/Reference/COPMOP/08a01_abbr.pdf.

Relevant carbon crediting program provisions

Provision 1 Source 1, Para.1, p.1: “Each member and alternate member of the Executive Board of the CDM will: […]

(d): Exercise personal discretion in deciding whether s/he has a real or perceived conflict with respect to any matter under consideration by the Board and take appropriate action, which may include remaining silent and/or leaving the room during deliberations and decisions of the Board, and disclose to the Board any actual or perceived conflicts of interest of a direct or indirect nature of which s/he is aware and which s/he believes could compromise in any way the reputation or performance of the Board;”

Provision 2 Source 1, Para.2, p.1: “A “conflict of interest” refers to any current professional, financial or other interest which could:

i) significantly impair the individual’s objectivity in carrying out his or her duties and responsibilities for the Board, or

ii) create an unfair advantage for any person or organization.
For the purposes of this code, circumstances that could lead a reasonable person to question an individual’s objectivity, or whether an unfair advantage has been created, constitute a potential conflict of interest.”

Provision 3  
Source 2, Para.9, p.10: “The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, […] 9. Takes note that the Executive Board has adopted a code of conduct for its members […]”

Provision 4  
Source 3, Para.8, p.9: “Members, including alternate members, of the Executive Board shall: […]

(e) [t]ake a written oath of service witnessed by the Executive Secretary of the UNFCCC or his/her authorized representative before assuming his or her duties.

(f)[h]ave no pecuniary or financial interest in any aspect of a CDM project activity or any designated operational entity;”

Assessment outcome

No (0 Points).

Justification of assessment

There is no provision requiring members of advisory bodies or expert committees to sign the code of conduct. The indicator is therefore not fulfilled.

Indicator 5.1.6

Relevant scoring methodology provisions

“The program has established a code of conduct (or similar document) that identifies the provisions by which program staff and registry administrators must conduct themselves, including conflict of interest provisions to address any conflicts that may arise in the administration of the program (e.g., in registering projects or issuing carbon credits).”

Information sources considered

1  Decision 3/CMP.1: Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol. ANNEX Modalities and procedures for a clean development mechanism. Online available at: https://cdm.unfccc.int/Reference/COPMOP/08a01_abbr.pdf.

Relevant carbon crediting program provisions

Provision 1  
Source 1, Para.8, p.10: “Members, including alternate members, of the Executive Board shall:

(e) [t]ake a written oath of service witnessed by the Executive Secretary of the UNFCCC or his/her authorized representative before assuming his or her duties.

(f)[h]ave no pecuniary or financial interest in any aspect of a CDM project activity or any designated operational entity;”
Assessment outcome

No (0 Points).

Justification of assessment

The above documentation specifies that members of the Executive Board (Provision 1) are subject to conflict of interest provisions. These provisions are kept relatively generic. There no such provisions for program staff or the CDM registry administrator. The indicator is therefore not fulfilled.

Indicator 5.1.7

Relevant scoring methodology provisions

“The program's provisions and requirements are developed in accordance with formally defined procedures.”

Information sources considered


3 Decision 3/CMP.1: Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol. ANNEX Modalities and procedures for a clean development mechanism. Online available at: https://cdm.unfccc.int/Reference/COPMOP/08a01_abbr.pdf.

Relevant carbon crediting program provisions

Provision 1 Source 1 and 2, Para.4, p.5: “This procedure defines the processes for the development of new methodologies and methodological tools for the revision of approved methodologies and methodological tools, and for the provision of clarifications of approved methodologies and methodological tools.”

Provision 2 Source 3, Para. 5, p.8: “The Executive Board shall supervise the CDM, under the authority and guidance of the COP/MOP, and be fully accountable to the COP/MOP. In this context, the Executive Board shall: […]

(k) Develop, maintain and make publicly available a repository of approved rules, procedures, methodologies and standards;”
Assessment outcome
No (0 Points).

Justification of assessment
There are procedure documents on methodology development but little information on how other general program provisions are developed (e.g. how the CDM project standard for programmes of activities is updated).

Indicator 5.1.8

Relevant scoring methodology provisions
“Material program updates (e.g., new or updated normative program documents) are subject to public consultation and the process for doing so is clearly defined in the program’s provisions.”

Information sources considered
3. Decision 3/CMP.1: Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol. ANNEX Modalities and procedures for a clean development mechanism. Online available at: https://cdm.unfccc.int/Reference/COPMOP/08a01_abbr.pdf.

Relevant carbon crediting program provisions
Provision 1 Source 1, Para. 30, p.7: “When preparing a new regulatory document or a major revision of an existing document that has a significant impact on stakeholders, the secretariat, on behalf of the Board, shall:

a) Launch a call for input to seek the views of stakeholders on the areas to be covered/revised in the document and the concerns that it should address; and/or

b) Organize a workshop, including that for practitioners, to have the views of stakeholders.”

Provision 2 Source 1, Para. 32, p.7: “If it is decided to launch a call for input and/or a workshop, it shall be determined at which stage of the development of the regulatory document the Board will seek the views of stakeholders:

a) At the beginning of the preparation/revision of the document;
b) At the stage where an appropriate draft of the document is available.

The duration of a call for input shall be decided on a case-by-case basis depending on the complexity and the urgency of the issue on which the call is seeking views, allowing for reasonable time for comments to be submitted. Calls for input shall be directed to the public at large, using a dedicated alerting system and established mailing lists as appropriate, and all interested parties may provide their views on the subject of the calls.

Provision 3 Source 2, Para.18, p.17: “If the submission is concluded as qualified for consideration, the secretariat shall issue a unique reference number to the proposed new methodology and make the submission publicly available on the UNFCCC CDM website for global stakeholder consultation. The duration of the period for submission of comments for the global stakeholder consultation shall be 15 days. After this period, the secretariat shall make the comments received publicly available on the UNFCCC CDM website.”

Provision 4 Source 2, Para.31, p.9: “The secretariat shall maintain on the UNFCCC website a publicly available list of all proposed new methodologies deemed qualified for consideration by a relevant methodological panel or working group and the Board, indicating the current status in the process.”

Provision 5 Source 2, Para.43, p.11: “The secretariat shall make the draft recommendation to the Board publicly available on the UNFCCC CDM website for global stakeholder consultation. The duration of the period for submission of comments for the global stakeholder consultation shall be 15 days. After this period, the secretariat shall make all comments received publicly available on the UNFCCC CDM website.”

Provision 6 Source 3, Para.5, p.8: “(j) Make any technical reports commissioned available to the public and provide a period of at least eight weeks for public comments on draft methodologies and guidance before documents are finalized and any recommendations are submitted to the COP/MOP for their consideration”

Assessment outcome

No (0 Points).

Justification of assessment

Provision 1 is understood to indicate that the Secretariat makes a judgment call regarding the significance of the proposed regulation or revision’s impact and if deemed significant then would open up a stakeholder review and feedback process. This leaves a potential gap where stakeholder input and review could be beneficial if the proposed regulation or revision may not have an impact on stakeholders (known to the Secretariat) or may have an impact that is deemed insignificant by the Secretariat, but in fact it could be significant for some stakeholders who may be harmed by the change. It is recommended that a public stakeholder review and feedback process be included for all decisions, or at a minimum that the process for determining the significance of stakeholder impact be made publicly available. Given that the process for determining significance is not provided within program provision the indicator is not fulfilled.
Indicator 5.1.9

Relevant scoring methodology provisions

“The program actively performs outreach to gather public input when conducting public consultations on material program updates (e.g., through messages on their websites or messages to email listservs).”

Information sources considered


Relevant carbon crediting program provisions

 Provision 1 Source 1, Para.32, p.7: “The duration of a call for input shall be decided on a case-by-case basis depending on the complexity and the urgency of the issue on which the call is seeking views, allowing for reasonable time for comments to be submitted. Calls for input shall be directed to the public at large, using a dedicated alerting system and established mailing lists as appropriate, and all interested parties may provide their views on the subject of the calls.”

Assessment outcome

Yes (1 Point).

Justification of assessment

The above documentation clearly specifies that the indicator is fulfilled.

Indicator 5.1.10

Relevant scoring methodology provisions

"Material program updates (e.g., new or updated normative program documents) are developed with the participation of experts (e.g., through advisory groups or expert committees)."

Information sources considered


2 Decision 3/CMP.1: Modalities and procedures for a clean development mechanism as defined in Article 12 of the Kyoto Protocol. ANNEX Modalities and procedures for a clean development mechanism. Online available at: https://cdm.unfccc.int/Reference/COPMOP/08a01_abbr.pdf.
Relevant carbon crediting program provisions

Provision 1  Source 1, Para.21, p.8: “In preparing the draft recommendation, the secretariat may draw upon external expertise, depending on the technical complexity of the proposed new methodology, by selecting a maximum of two independent experts to review the submission. For this purpose, the secretariat shall establish and maintain a roster of experts. If the secretariat does not find suitable and available experts on the roster, it may use the services of experts not included on the roster.”

Provision 2  Source 1, Para.22, p.8: “The secretariat shall select two members of the relevant methodological panel or working group and forward the draft recommendation to them for their review. The selected members shall provide input on the draft recommendation within five days of receipt of it.”

Provision 3  Source 1, Para.23, p.8: “The secretariat shall finalize the recommendation, taking into account the input from the selected members of the relevant methodological panel or working group, and submit it to the panel or working group for consideration at its meeting in accordance with paragraph 10 above, at the latest seven days before the meeting.”

Provision 4  Source 2, Para.18, p.10: “The Executive Board may establish committees, panels or working groups to assist it in the performance of its functions. The Executive Board shall draw on the expertise necessary to perform its functions, including from the UNFCCC roster of experts. In this context, it shall take fully into account the consideration of regional balance.”

Assessment outcome

No (0 Points).

Justification of assessment

Experts are involved in the development of methodologies and tools (Provisions 1, 2, and 3). Experts may be involved in the work of the Executive Board to perform its functions (Provision 4). The latter does not explicitly require the involvement of experts, rather it is at the discretion of the Executive Board whether to establish these support structures for additional expertise. The indicator is therefore not fulfilled.

Indicator 5.1.11

Relevant scoring methodology provisions

“The program has established procedures for receiving complaints and resolving disputes from any carbon crediting program stakeholders. This includes the possibility for project owners to appeal decisions by the carbon crediting program relating to their projects.”

Information sources considered

1  Procedure: Direct communication with stakeholders. CDM-EB62-A15-PROC. Version 02.0. Document issued on 20 February 2015. Online available at:
Relevant carbon crediting program provisions

Provision 1  Source 1, Para.42 and 43, p.8-9: “A channel of communication shall be available to stakeholders to facilitate the understanding, application and development of CDM rules and the implementation of project activities and programmes of activities (PoAs). Stakeholders may initiate communications on matters that do not fall within the scope of a dedicated process procedure (e.g. technical or operational explanation, suggestions/proposals for new regulations) using the “Stakeholder communication form” (CDM-COM-FORM).

Depending on whether stakeholders wish to be provided with a fast-track response from the secretariat or to be provided with a formal response from the Board, they may submit:

(a) Communication to the secretariat;
(b) Communication to the Board.”

Assessment outcome

No (0 Points).

Justification of assessment

While there are general communication channels available that could be used by stakeholders to submit complaints (Provision 1), there were no explicit complaint or dispute resolution processes identified within the program documents nor a process for appealing decisions. Stakeholders submitting complaints would benefit from an outline of expectations for the process they should expect when identifying an issue to the GHG program, and such a process would also help to ensure equal treatment of complaints received from stakeholders. The indicator is therefore not fulfilled.

Indicator 5.1.12

Relevant scoring methodology provisions

“Potential issues with the program’s provisions as identified through public consultation or complaints by any carbon crediting program stakeholders, are addressed and the process for doing so is clearly defined in the normative program documents.”

Information sources considered

No sources identified.

Relevant carbon crediting program provisions

No provisions found.
Assessment outcome
No (0 Points)

Justification of assessment
No such provision found.

Indicator 5.1.13
Relevant scoring methodology provisions
“The procedure for handling stakeholder disputes and complaints has defined time-bound requirements for the program to respond to disputes or complaints.”

Information sources considered
No sources identified.

Relevant carbon crediting program provisions
No provisions found.

Assessment outcome
No (0 Points).

Justification of assessment
No provisions were identified to address the indicator.

Indicator 5.1.14
Relevant scoring methodology provisions
“There is no evidence that the current program staff have ever engaged in fraud on behalf of the program or that key personnel have been convicted of fraud. Web searches or other publicly accessible information may inform this indicator.”

Information sources considered
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Relevant carbon crediting program provisions
Web searches did not reveal any relevant findings.
Assessment outcome

Yes (1 Point).

Justification of assessment

Web searches or other publicly accessible information have not revealed any cases of program staff being involved in fraud.

**Indicator 5.1.15**

**Relevant scoring methodology provisions**

“The program has never been sanctioned by a regulator or other relevant authority for noncompliance with relevant laws and regulations, or for not complying with its own provisions. Web searches or other publicly accessible information may inform this indicator.”

**Information sources considered**

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**Relevant carbon crediting program provisions**

Web searches did not reveal any relevant findings.

**Assessment outcome**

Yes (1 Point).

**Justification of assessment**

Web searches or other publicly accessible information have not revealed any cases of noncompliance with laws and regulations or sanctions levied against the program.

**Scoring results**

According to the above assessment, the carbon crediting program receives 8 out of 16 achievable points. Applying the scoring approach of the methodology, this results in a score of 2.50.