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: | 5.3 Robust third-party auditing |
| Carbon crediting program: | ACR |
| Assessment based on carbon crediting program documents valid as of: | 15 May 2022 |
| Date of final assessment: | 08 November 2022 |
| Score: | 3.08 |

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Assessment

Indicator 5.3.1

Relevant scoring methodology provisions

“The program requires that accredited third-party validation and verification entities assess the adherence of a project against all program provisions, including whether the design of the activity and the determination of emission reductions or removals conforms with all program provisions. This auditing must take place prior to the issuance of carbon credits.”

Information sources considered


Relevant carbon crediting program provisions

Provision 1  Source 1, Introduction, page 7: “This document details the required validation and verification requirements that every GHG project must undergo in order for ACR to register its GHG emission reductions/removal enhancements as serialized Emission Reduction Tons (ERTs). ACR requires both validation and verification by a competent, independent, International Organization for Standardization (ISO) 14065-accredited third party that it has approved, at intervals as specified in the ACR Standard or the ACR approved methodology.”

Provision 2  Source 1, Section 1.B, page 10: “The overall goal of third-party validation is to review impartially and objectively a GHG Project Plan against the requirements laid out in the ACR Standard and relevant methodology. The VVB must independently evaluate the project design and planning information, based on supporting documentation and GHG validation best practices. The objectives of validation are to evaluate:

- Conformance to the ACR Standard;
- GHG emissions reduction project planning information and documentation in accordance with the applicable ACR-approved methodology, including the project description, baseline, eligibility criteria, monitoring and reporting procedures, and quality assurance/quality control (QA/QC) procedures;
- Reported GHG baseline, ex ante estimated project emissions and emission reductions/removal enhancements, leakage assessment, and impermanence risk assessment and mitigation (if applicable).

The VVB shall review any relevant additional documentation provided by the Project Proponent to confirm the project’s eligibility for registration on ACR.”

Provision 3  Source 1, Section 1.C, page 10-11: “Validation shall include examination of all of the following elements of a GHG Project Plan:

- Project boundary and procedures for establishing the project boundary;
• Physical infrastructure, activities, technologies, and processes of the project;
• GHGs, sources, and sinks within the project boundary;
• Temporal boundary;
• Description of and justification for the baseline scenario;
• Methodologies, algorithms, and calculations that will be used to generate estimates of emissions and emission reductions/removal enhancements;
• Process information, source identification/counts, and operational details;
• Data management systems;
• QA/QC procedures;
• Processes for uncertainty assessments; and
• Project-specific conformance to ACR eligibility criteria."

Assessment outcome
Yes (3 Points).

Justification of assessment
The above documentation specifies that the indicator is fulfilled.

Indicator 5.3.2

Relevant scoring methodology provisions
“Validation and verification entities are accredited by an International Accreditation Forum (IAF) member body or the CDM Executive Board (EB). The eligibility requirements of third-party validation and verification entities should be available on the program’s website.”

Information sources considered
Relevant carbon crediting program provisions

Provision 1  Source 1, Section 13.A, page 49: “VVBs shall be accredited for project validation and verification in the scope of the applicable methodology, and VVB teams shall meet the competence requirements as set out in ISO 14065:2013. All ACR validators and verifiers must be accredited, by an accreditation body that is a member of the IAF and with which ACR has a Memorandum of Understanding (MoU), to ISO 14065:2013 (or the latest version of the standard) in the applicable sectoral scope to conduct validation(s) and/or verification(s). All entities must submit required documentation and evidence of accreditation for ACR approval prior to conducting work for any project registered or seeking registration on ACR.”

Provision 2  Source 2: “All VVBs for voluntary market projects must be approved by ACR through the process below, and be IAF member-accredited in the applicable sectoral scope.”

Provision 3  Source 2: “Becoming an ACR-Approved Validation/Verification Body

Entities seeking to become an ACR-approved Validation and Verification Body can apply by sending a completed Application for Validation/Verification Body Approval, including all required attachments, and an Attestation of Validation/Verification Body to ACR@winrock.org.”

Assessment outcome

Yes (1 Point).

Justification of assessment

Provisions 1-3, and the availability of source 3 online, provide documentation that the indicator is fulfilled.

Indicator 5.3.3

Relevant scoring methodology provisions

“The program has in place standards, procedures or guidance that validation and verification entities must comply with in performing their auditing functions (e.g., validation and verification standards and procedures, audit manuals) to ensure consistent auditing practices under the program.”

Information sources considered


Relevant carbon crediting program provisions

Provision 1  Source 1, Introduction, page 7: “This document details the required validation and verification requirements that every GHG project must undergo in order for ACR to register its GHG emission reductions/removal enhancements as serialized Emission
Reduction Tons (ERTs). ACR requires both validation and verification by a competent, independent, International Organization for Standardization (ISO) 14065-accredited third party that it has approved, at intervals as specified in the ACR Standard or the ACR approved methodology. This document is intended to guide validation and verification bodies (VVBs), and may also be used by Project Proponents to inform their understanding of what validation and verification will entail.”

Provision 2  Source 1, Introduction, page 8: “ACR-approved VVBs conducting validations and/or verifications on behalf of ACR shall include this document in addition to the ACR Standard and an ACR-approved methodology as audit criteria.”

**Assessment outcome**

Yes (1 Point).

**Justification of assessment**

The above documentation specifies that the indicator is fulfilled.

**Indicator 5.3.4**

**Relevant scoring methodology provisions**

“The validation and verification entities’ auditing functions extend to the review of stakeholder consultations by evaluating whether public comments have been duly considered by the project.”

**Information sources considered**

1  ACR Validation and Verification Standard, Version 1.1, May 2018. Available:  

**Relevant carbon crediting program provisions**

Provision 1  Source 1, Section 6.G, page 25: “To examine a Project Proponent’s claims of net positive community and environmental impacts, the VVB shall review publicly available information regarding the GHG project against the GHG Project Plan undergoing validation and the environmental community impact assessment; records of stakeholder consultations, if any; and results from methodologies and tools used for community and environmental impact analysis.

Net positive impacts, and the adequacy of community impact analysis and/or stakeholder consultations, are subjective criteria that are difficult to validate and verify. Therefore, the VVB is not required to provide a judgment on the adequacy of these processes or their qualitative results. However, it must confirm that the Project Proponent has evaluated community and environmental impacts, documented a mitigation plan for any foreseen negative community or environmental impacts, and disclosed any prior negative environmental or community impacts or claims of thereof.”
Assessment outcome

No (0 Points).

Justification of assessment

Provision 1 specifies that VVB entities are not responsible for evaluating the adequacy of stakeholder consultations or their results. The indicator is therefore not fulfilled.

Indicator 5.3.5

Relevant scoring methodology provisions

“The program has in place provisions which restrict a project owner’s use of the same validation and verification entity. These restrictions, sometimes referred to as ‘rotation’ provisions, may limit the frequency of audits (e.g., if an auditor provided the initial verification, then that auditor may not provide the subsequent verification), the total number of audits (e.g., an auditor may only perform verification for six consecutive years of the project, thereafter another auditor must perform verification), or the types of audits which may be performed by the same entity for the same project (e.g., if an auditor performed the validation, another auditor must perform verification). Programs may provide exceptions to such provisions as long as such exceptions are only granted in circumstances specified by the program. For example, geographic scarcity of auditors may necessitate the use of the same auditor for multiple verifications.”

Information sources considered


Relevant carbon crediting program provisions

Provision 1 Source 1, Section 9.G, page 55: “ACR requires that Project Proponents utilize a different VVB at a minimum of every 5 years of reporting or five verifications (including both full and desk reviews), whichever comes first. The first verification conducted by a new VVB must be a full verification.”

Provision 2 Source 2, Section 13.C, page 50: “Projects may elect to contract with the same VVB for both validation and the first verification. ACR requires that Project Proponents utilize a different VVB at a minimum of every 5 years or five verifications, whichever comes first. For Crediting Period renewals, a different VVB than conducted the initial project validation must be chosen.”

Assessment outcome

Yes (1 Point).
Justification of assessment

The carbon crediting program has provisions that limit the use of the same VVB (Provisions 1 and 2). The indicator is therefore fulfilled.

Indicator 5.3.6

Relevant scoring methodology provisions

“The program provisions as set out in the standards, procedures or guidance for validation and verification entities, or otherwise indicated in the normative program documents, require that audit reports from validation and verification entities include at least:

- Details of audit dates
- Locations and scope of auditing
- The team composition of the validation and verification body
- Main findings
- Corrective action requests.”

Information sources considered

5 Personal communication with ACR, August 2022.

Relevant carbon crediting program provisions

Provision 1 Source 1, Chapter 12, page 47-48: “The Verification Report is a more detailed description of the verification activities, corrective actions, and conclusions. This report shall:

- Provide the VVB’s name, address, and other contact information.
- Include the date of report issue.
- Identify the GHG assertion verified and reporting period covered.
- Reference the ACR Standard and approved methodology against which the verification was conducted.”
Describe the verification objectives, scope, and activities, including:

- GHG information or performance data verified (e.g., baseline GHG emissions, project GHG emissions, GHG emissions reductions and/or removal enhancements);
- Project personnel interviewed;
- Techniques and processes used to test the GHG information and associated GHG assertion;
- The results of quantitative uncertainty assessment and analysis of the quantification methodologies and applicable data sets and sources;
- Whether the data and information supporting the GHG assertion were based on assumptions and industry defaults, future projections, and/or actual historical records;
- Describe the leakage assessment, if required; and
- Describe any findings, including opportunities for improvement raised during the verification and their resolutions, including issues that required consultation with ACR and ACR’s determinations on these issues, citing the specific communication and date.

Include dates for any site visits, which sites were visited, and any onsite activities conducted.

For projects requiring Project Proponents to assess risk of reversal and apply an ACR approved risk reversal mechanism, include the VVB’s opinion on the risk assessment.

Describe the level of assurance.

State the VVB’s conclusion on the GHG assertion, including any qualifications or limitations. For acceptance by ACR, the Verification Statement shall confirm that the GHG assertion is without material discrepancy, as defined by ACR, and that the verification activities provide a reasonable level of assurance.

Be signed and dated by the lead verifier and internal reviewer.

Provision 2  Source 1, Section 13.A, page 49: “ACR requires that all VVBs submit an application and verifier attestation, which defines the VVB role and responsibilities, ensuring technical capabilities and no conflicts of interest. Validation and verification activities may not be conducted until the VVB has received approval from ACR. Once approved, it is the VVB’s responsibility to update ACR immediately about any changes in accreditation status or scope, enforcement activities, investigations, revocations or suspensions of the body itself, or any verifiers working on the VVB’s behalf.”

Provision 3  Source 2, Section 9.D, page 54: “Prior to commencing validation or verification work on ACR, all VVBs must be in good standing; have completed the application process described at http://americancarbonregistry.org/carbonaccounting/verification, including submitting an application form and Attestation of Validation/Verification Body, which details requirements for conflicts of interest and makeup of the verification teams; document technical capabilities for each of the sectoral scopes in which the verifier seeks to conduct validation or verification; established their VVB account on ACR; and have submitted a project-specific Conflict of Interest Form for ACR’s approval.”

Provision 4  Source 3, #3, page 2: “Verification Body Competence. For each ACR Verification, Verification Body will ensure that Verification Body and members of the verification
team possess all approvals, accreditations, licenses and other qualifications (“Professional Qualifications”), as well as all expertise, tools, and equipment, necessary to complete the verification in a competent and professional manner. Verification Body agrees not to undertake any ACR Verification that it is not competent to perform. In addition, Verification Body will promptly notify ACR in writing if any Professional Qualification of the Verification Body or any member of a verification team is revoked or suspended, or if Verification Body becomes aware of any investigation or enforcement action involving Verification Body or any verification team member and relating to any Professional Qualification.”

Provision 5  Source 3, #7, page 3: “Record keeping. For each issued verification statement, Verification Body will keep records of verification work for at least seven years after the issuance of the verification statement. Records will include names of personnel doing the verification work, methods of work, data, calculations and any other information generated in the course of the verification that could be useful in adjudicating a dispute about the accuracy of a verification statement. This information will be kept in a system that facilitates identification and retrieval of the information.”

Provision 6  Source 5, “Prior to start of validation or verification work all VVBs must complete a project-specific COI form and identifying to ACR the VVB team.”

Assessment outcome

No (0 Points).

Justification of assessment

To be eligible to engage in validation and/or verification work through the ACR program, a VVB must specify the staff members comprising its team and must maintain an up-to-date staff roster (Provisions 2 and 3). Moreover, the Attestation of Verification Body document (Source 3) identifies that the team competence must meet all requirements to perform work and that records are required which identify the team members that contributed to each instance of verification services performed (Provisions 4 & 5). However, the team composition of specific verification activities is not included in verification reports (Provision 1).

From reviewing verification reports that are publicly available (Source 5) it seems that it is common practice by verifiers to include the composition of their team members within verification reports, but this is not a requirement stated in the program provisions. From email correspondence with ACR it was determined that a project-specific COI form was required by each VVB team prior to commencing work on a project that detailed the team composition (Provision 6). This COI form does not appear to be publicly available. While most verifiers will abide by the practice of detailing their verification team, some verifiers may not, and the verification team member composition would in that case not be publicly available information. The indicator is therefore not fulfilled.
**Indicator 5.3.7**

**Relevant scoring methodology provisions**

“The program has procedures in place to perform oversight of the validation and verification entities that have been approved under the program. Oversight should include review of individual project validation or verification reports and systematic monitoring of the validation and verification entity’s job performance.”

**Information sources considered**


**Relevant carbon crediting program provisions**

**Provision 1** Source 1, Section 13.D, page 50: “In addition to the accreditation processes to which all VVBs must adhere, ACR reserves the right to conduct oversight activities during validation and/or verification performance by the VVBs operating under the ACR program. Oversight activities are conducted to ensure an adequate level of quality control, and are intended to supplement accreditation body oversight and audit processes. Oversight activities conducted by ACR representatives include the following:

- Review of information and supplementary documentation submitted by VVBs regarding project-specific conflict of interest determinations;
- Review of VVB documentation such as verification and sampling plans;
- Review of Validation Reports, Verification Reports, and Verification Statements; and
- Participation during project-level audits.”

**Provision 2** Source 1, Section 13.D.1, page 50: “Should ACR select an IAF member-accredited VVB for a project-level audit, the VVB must include ACR on communications with the Project Proponent, include ACR in substantive meetings with the Project Proponent, and make project-level data and information subject to validation and/or verification available to ACR for review. During a project-level audit, ACR may choose to send, at its own expense, a representative to the validation and/or verification site visit to observe on-site verification activities. After a project-level audit is complete, ACR will communicate its observations via written report directly to the VVB, which may also be made available to the accreditation body. The report will document, as applicable, any items of concern noted during validation and/or verification performance, including areas for improvement and nonconformities with ACR validation and verification procedures.”

**Assessment outcome**

No (0 Points).
Justification of assessment

The above provisions specify that ACR may, at its discretion, conduct oversight activities on VVBs, including the review of individual project validation or verification reports (Provision 1 and 2). The program has thus procedures in place to perform oversight of the validation and verification entities that have been approved under the program. While the first sentence of the indicator is fulfilled, there is no process for systematic monitoring and evaluation of the VVBs performance (e.g., with random sampling of verification reports that are systematically reviewed by the program), due to the discretionary nature of the provisions. The indicator is therefore not fulfilled.

Indicator 5.3.8

Relevant scoring methodology provisions

“The program has procedures in place for reporting identified non-compliances to the validation and verification entity and its accreditation body(ies).”

Information sources considered


Relevant carbon crediting program provisions

Provision 1  Source 1, Section 13.D.1, page 50: “Should ACR select an IAF member-accredited VVB for a project-level audit, the VVB must include ACR on communications with the Project Proponent, include ACR in substantive meetings with the Project Proponent, and make project-level data and information subject to validation and/or verification available to ACR for review. During a project-level audit, ACR may choose to send, at its own expense, a representative to the validation and/or verification site visit to observe on-site verification activities. After a project-level audit is complete, ACR will communicate its observations via written report directly to the VVB, which may also be made available to the accreditation body. The report will document, as applicable, any items of concern noted during validation and/or verification performance, including areas for improvement and nonconformities with ACR validation and verification procedures.”

Assessment outcome

No (0 Points).

Justification of assessment

The ACR program provisions identify a procedure for reporting identified non-compliances to the accreditation body (Provision 1). However, the use of these provisions is fully at the discretion of the program. This approach does not ensure that non-compliances will be reported to the accreditation body. The indicator is therefore not fulfilled.
Indicator 5.3.9

Relevant scoring methodology provisions

“The accreditation bodies recognized by the carbon crediting program, or the carbon crediting program if it itself accredits validation and verification entities, have monitoring procedures in place to regularly assess the performance of validation and verification entities in providing auditing services to the relevant carbon crediting program (e.g. through regular accreditation surveillance, requirements for re-accreditation).”

Information sources considered


Relevant carbon crediting program provisions

Provision 1 Source 1, Section 13.A, page 49: “All ACR validators and verifiers must be accredited, by an accreditation body that is a member of the IAF and with which ACR has a Memorandum of Understanding (MoU), to ISO 14065:2013 (or the latest version of the standard) in the applicable sectoral scope to conduct validation(s) and/or verification(s).”

Footnote-11: As of May 2018, ACR has an MoU with the ANSI. ACR may, in the future, enter into MoUs with other IAF member accreditation bodies.

Provision 2 Source 2: “Surveillance:

Surveillance of accredited V/ VBs provides confidence about the full implementation and effectiveness of the V/VB systems. The intent of regular surveillance is to assure stakeholders of the quality of the services provided. Surveillance occurs every year annually at the date of initial accreditation.”

Provision 3 Source 3, Clause 10.1-10.4: “10.1 GHG Program operates based on a 5 year cycle. Therefore, reassessment activities shall be conducted during year 5 of the V/VB’s accreditation in accordance with the GHG Program procedures. Reassessment shall proceed similar to initial assessment except that experience gained during previous assessments shall be taken into account.”
10.2 Surveillance assessment on accredited V/VBs shall be conducted every year in accordance with the GHG Program procedures other than the years during which the V/VB undergoes reassessment per clause 10.1. The purpose of surveillance assessments is to monitor the continued conformance of accredited V/VBs with the international standards, appropriate guidance documents and ANAB policies and procedures.

10.3 Surveillance assessment shall be less comprehensive than initial assessments and reassessments but shall include document review, onsite assessment and at least one witness assessment. Specific number of witness assessments and sites to be visited shall be determined by ANAB staff in consultation with technical assessor(s) if necessary. Surveillance onsite assessments shall be planned taking into account other surveillance activities.

10.4 All V/VB premises from which one or more key activities are performed shall be assessed at least once within the accreditation cycle."

**Assessment outcome**

Yes (1 Point).

**Justification of assessment**

Active V/VBs under the ACR program are accredited by the American National Standards Institute (ANSI) which is an AIF member (Provision 1 and Source 4). ANSI has appropriate procedures in place to periodically assess the performance of validation and verification bodies (Provision 3). The indicator is therefore fulfilled.

**Indicator 5.3.10**

**Relevant scoring methodology provisions**

“The program has procedures in place for program personnel to perform their own quality control reviews of individual projects seeking registration and carbon credit issuance requests. Examples of quality control reviews of project compliance may include desk reviews of submitted project documentation, interviews with project owners, and/or in-person site visits.”

**Information sources considered**


**Relevant carbon crediting program provisions**

Provision 1 Source 1, Section 6.A, page 35: “2. ACR reviews the GHG Project Listing Form for completeness, and a compatibility check with the ACR Standard, at fees per the currently published ACR fee schedule. This screening results in (a) Project Listing with approval to proceed to Validation/Verification Body (VVB) selection, (b) requests for clarifications or corrections, or (c) rejection because the project is ineligible or does
not meet requirements of the ACR Standard. If the ACR screening includes requests for clarifications or corrections, the Project Proponent may re-submit the GHG Project Listing Form for further review. ACR reserves the right to accept or reject a GHG Project Listing at any time and for any reason during the review. A project is considered to be listed once the GHG Project Listing Form is approved.

Provision 2

Source 1, Section 6.A, page 36: “5. ACR reviews the project, validation and verification documents. This results in (a) acceptance, (b) acceptance contingent on requested corrections or clarifications, or (c) rejection. See the ACR Validation and Verification Standard for further details.

6. Upon acceptance of the submitted documents, ACR registers the project and makes the final validated GHG Project Plan, validation report, and verification report and statement public on its registry.

7. ACR issues to the Project Proponent’s account serialized ERTs for the relevant reporting period, in the amount listed in the verification statement.”

Assessment outcome

Yes (1 Point).

Justification of assessment

The ACR includes checks on projects by its program staff prior to project listing (registration) (Provision 1) and credit issuance (Provision 2). The indicator is therefore fulfilled.

Indicator 5.3.11

Relevant scoring methodology provisions

“The program and/or the accreditation bodies recognized by the program have procedures in place to apply sanctions against validation and verification entities in cases of performance issues, including suspension or increased oversight (e.g. spot checks). Sanctions could be in response to accreditation lapses or other non-compliances identified by the program.”

Information sources considered


Relevant carbon crediting program provisions

Provision 1 Source 1, Section 13.D.1, page 50: “Should ACR select an IAF member-accredited VVB for a project-level audit, the VVB must include ACR on communications with the Project Proponent, include ACR in substantive meetings with the Project Proponent, and make project-level data and information subject to validation and/or verification available to ACR for review. During a project-level audit, ACR may choose to send, at its own expense, a representative to the validation and/or verification site visit to observe on-site verification activities. After a project-level audit is complete, ACR will communicate its observations via written report directly to the VVB, which may also be made available to the accreditation body. The report will document, as applicable, any items of concern noted during validation and/or verification performance, including areas for improvement and nonconformities with ACR validation and verification procedures.”

Provision 2 Source 2, Section 9.H, page 56: “Should ACR select a project for a project-level audit, the VVB must include ACR on communications with the Project Proponent and in substantive meetings with the Project Proponent, and make project-level data and information subject to validation and/or verification available to ACR for review. During a project-level audit, ACR may choose to send, at its own expense, a representative to the validation and/or verification site visit to observe on-site verification activities. At the conclusion of a project-level audit, ACR will communicate its observations in a written report directly to the VVB. The report will document, as applicable, any items of concern noted during validation and/or verification performance, including areas for improvement and non-conformities with ACR validation and verification procedures.”

Provision 3 Source 3, clause 11.1-11.4.: “Based on GHG Program procedures, accreditation of the V/VB may be reduced, suspended, or withdrawn by the GVAC [GHG Validation / Verification Body Accreditation Committee] for a persistent failure of the accredited V/VB to abide by relevant standards and ANAB policies and procedures.”

Assessment outcome

No (0 Points).

Justification of assessment

ACR does not specify procedures to apply sanctions against validation and verification entities in cases of performance issues, including suspension or increased oversight (Provisions 1 and 2). The American National Standards Institute (ANSI), the eligible accreditation body, applies sanctions against validation and verification entities in cases of performance issues “based on GHG Program procedures” (Provision 3). As ACR does not have procedures to apply sanctions, it is deemed that the indicator is not fulfilled.

Scoring results

According to the above assessment, the carbon crediting program receives 8 out of 13 achievable points. Applying the scoring approach in the methodology, this results in a score of 3.08.