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

<table>
<thead>
<tr>
<th>Criterion:</th>
<th>6.1 Robustness of the carbon crediting program’s environmental and social safeguards</th>
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</thead>
<tbody>
<tr>
<td>Carbon crediting program with complementary standard:</td>
<td>CAR + CCBS</td>
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<tr>
<td>Project type:</td>
<td>Establishment of natural forests</td>
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<tr>
<td>Assessment based on carbon crediting program and complementary standard documents valid as of:</td>
<td>15 May 2022</td>
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<td>Date of final assessment:</td>
<td>08 November 2022</td>
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<td>Score:</td>
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Assessment

This document presents the results of the assessment of sub-criterion 6.1 for the combination of the Climate Action Reserve (CAR) and Verra’s Climate, Community & Biodiversity Standards (CCBS).

Approach to assessing combinations of carbon crediting programs with complementary standards

For assessing the combination of a carbon crediting program with a complementary standard, the following approach was taken:

1. The carbon crediting program and the complementary standard were assessed separately against all indicators of sub-criterion 6.1. The results of these two individual assessments are available in separate documents on the CCQI website.

2. When assessing the combination of the carbon crediting program with a complementary standard, there are three possible outcomes for each indicator:
   a. Both the carbon crediting program and the complementary standard fulfill the indicator;
   b. Either the carbon crediting program or the complementary standard fulfills the indicator;
   c. Neither the carbon crediting program nor the complementary standard fulfils the indicator.

3. For assessment outcomes falling in categories a. and b., the indicator was deemed to be fulfilled for the combination of the carbon crediting program and the complementary standard and no further assessment was conducted.

4. For assessment outcomes falling into category c., an additional assessment was made whether the relevant provisions of the carbon crediting program and the complementary standard fulfill the indicator when looking at them in combination.

Scope of this assessment

This document presents the results of the additional assessment conducted when neither the carbon crediting program nor the complementary standard individually fulfill an indicator (assessment outcomes falling into category c. as described above).

To facilitate the navigation through this document, the table on the following page provides an overview which of the three categories presented above applies for each of the indicators of sub-criterion 6.1.

In this document, assessments are only provided for indicators that fall into category c. For all other indicators, the individual assessments for CAR and CCBS apply for deriving the respective indicator score of the combination (see respective detailed evaluations for sub-criterion 6.1 for CAR and CCBS on the CCQI website).
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Outcome category for the indicator (see explanation above)</th>
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Indicator 6.1.10

Relevant scoring methodology provisions
The program requires the project owners to establish an environmental and social management plan, at least for projects that the program classifies as having high environmental and social risks.

Information sources considered

Relevant carbon crediting program provisions

Assessment outcome
No (0 Points).

Justification of assessment
The provisions of both the carbon crediting program and the complementary standard do not include a requirement to explicitly set up an environmental and social management plan for projects with high risks. The indicator is therefore not fulfilled.

Indicator 6.1.13

Relevant scoring methodology provisions
“The program requires that the grievance mechanism to be established by the project owners provide the possibility of providing anonymous grievances.”

Information sources considered
Relevant carbon crediting program provisions


Demonstrate that a clear grievance redress procedure has been formalized to address disputes with communities and other stakeholders that may arise during project planning, implementation and evaluation with respect but not limited to, free, prior and informed consent, rights to lands, territories and resources, benefit sharing and participation.

The project shall include a process for receiving, hearing, responding to and attempting to resolve grievances within a reasonable time period. The feedback and grievance redress procedure shall take into account traditional methods that communities and other stakeholders use to resolve conflicts.

The feedback and grievance redress procedure shall have three stages with reasonable time limits for each of the following stages.

First, the project proponent shall attempt to amicably resolve all grievances and provide a written response to the grievances in a manner that is culturally appropriate.

Second, any grievances that are not resolved by amicable negotiations shall be referred to mediation by a neutral third party.

Third, any grievances that are not resolved through mediation shall be referred either to a) arbitration, to the extent allowed by the laws of the relevant jurisdiction or b) competent courts in the relevant jurisdiction, without prejudice to a party’s ability to submit the grievance to a competent supranational adjudicatory body, if any.

The feedback and grievance redress procedure must be publicized and accessible to communities and other stakeholders. Grievances and project responses, including any redress, must be documented and made publicly available.”

Assessment outcome

No (0 Points).

Justification of assessment

CAR has no provisions that require the establishment of a grievance mechanism. While the provisions of the CCBS would close this gap to a large extent, the indicator is not deemed to be fully fulfilled because the CCBS provisions do not meet the indicator’s requirements to provide a possibility to submit anonymous grievances. The combination of the provisions of the program and the complementary standard therefore does not fulfill the indicator.

Indicator 6.1.14

Relevant scoring methodology provisions

“The program requires that grievances received by the carbon crediting program and/or the project owners must be responded to within a specific response time.”
Information sources considered


Relevant carbon crediting program provisions

Provision 1 Source 1, section G3, page 18-19: “Feedback and Grievance Redress Procedure.”

Demonstrate that a clear grievance redress procedure has been formalized to address disputes with communities and other stakeholders that may arise during project planning, implementation and evaluation with respect but not limited to, free, prior and informed consent, rights to lands, territories and resources, benefit sharing and participation.

The project shall include a process for receiving, hearing, responding to and attempting to resolve grievances within a reasonable time period. The feedback and grievance redress procedure shall take into account traditional methods that communities and other stakeholders use to resolve conflicts.

The feedback and grievance redress procedure shall have three stages with reasonable time limits for each of the following stages.

First, the project proponent shall attempt to amicably resolve all grievances and provide a written response to the grievances in a manner that is culturally appropriate.

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The feedback and grievance redress procedure must be publicized and accessible to communities and other stakeholders. Grievances and project responses, including any redress, must be documented and made publicly available.”

Provision 2 Source 2, section 7, page 35: “Project proponents, validation/verification bodies and other stakeholders may submit enquiries to the VCS at any time. In addition, the CCB Program provides a complaints procedure and an appeals procedure. […]”

7.1 Complaints.
7.1.1 A complaint is an objection to a decision taken by the VCS or an aspect of how it operates the CCB Program, or a claim that the CCB rules have had an unfair, inadvertent or unintentional adverse effect. Project proponents and other stakeholders are provided with the following complaints procedure:

1) The complaint shall include the following information:
   a) Name of the complainant.
   b) Name of organization, if relevant.
   c) Contact information for the complainant.
   d) Details of the complaint.
   e) Declaration of any conflict of interest in submitting the complaint.

2) The complaint shall be addressed to the CCB Program Manager and emailed to CCBStandards@v-c-s.org with the word complaint in the subject line. An email response is provided to the complainant from the VCS acknowledging receipt of the complaint.

3) The VCS appoints an appropriate person to handle the complaint, who will organize an analysis (involving external experts, as required) and determine any appropriate action required.

4) The VCS prepares a written response and provides this to the complainant. The response to the complaint is brought to the attention of and approved by the VCS CEO.

Provision 3
Source 3, section 3.5.2 “Feedback and Grievance Process”, page 36: “For any project type, it is possible that a stakeholder may want to contact the Reserve to provide feedback, either positive or negative. For general feedback or inquiries, stakeholders may contact the Reserve at reserve@climateactionreserve.org, or call the Reserve office at (213) 891-1444. For questions or comments related to a specific protocol, current points of contact are listed on our website at http://www.climateactionreserve.org/contact-us/.

The Reserve strives to avoid adopting protocols for activities that present a risk of negative environmental or social impacts. However, if a stakeholder has a grievance about a specific project, the initial point of contact would be the same as described above. The staff member receiving this initial contact will collect as much information as possible from the stakeholder about the specific project and grievance. This will then be communicated to the senior management at the Reserve, including the President. The specific action taken will depend on the nature of the grievance.

- For cases of a potential over-issuance, Reserve staff will conduct a thorough review and analysis, then ensure that the system is “made whole,” according to the process detailed in Section 3.6.2 below.

- For disputes related to ownership of the GHG emission reductions, the Reserve senior management and legal counsel will review the positions and documentation of the parties involved and determine the appropriate owner (based on existing
Reserve guidance related to ownership of GHG emission reductions), as well as whether any additional action against the project or the project developer is warranted. The Reserve will not be party to any disputes where the involved parties pursue actions beyond the Reserve issuing a determination as previously described.

- For grievances related to potential negative social or environmental impacts related to a Reserve project, which are not in violation of existing regulations (and thus handled by the relevant government agency), the Reserve senior management will conduct a finding of facts and consider the stakeholder’s position. Such instances may be referred to the Board of Directors for a decision on project eligibility."

Assessment outcome

No (0 Points).

Justification of assessment

CAR has no provisions in place that require the project owner or carbon crediting program to respond to grievances within a specific response time. In combination with CCBS, the indicator is not fulfilled either as grievances received by the project owners must be “resolve[d] [...] within a reasonable time period” (Provision 1) but the provisions of CCBS for project owners do not include specific response times. There is also no specific response time given for grievances submitted to the overarching program (Verra) (Provision 2).

Indicator 6.1.18

Relevant scoring methodology provisions

“The program requires that the local stakeholder consultation be conducted before the decision of the project owners to proceed with the project and before the validation of the project."

Information sources considered


Relevant carbon crediting program provisions

Provision 1  Source 1, section G3, page 17: “Consultation.

Describe how communities including all the community groups and other stakeholders have influenced project design and implementation through effective consultation, particularly with a view to optimizing community and other stakeholder benefits, respecting local customs, values and institutions and maintaining high conservation values. Project proponents must document consultations and indicate if and how the project design and implementation has been revised based on such input.

Effective consultation requires project proponents to inform and engage broadly with the communities and other stakeholders using socially and culturally appropriate methods to enable meaningful influence on the subject of consultation. Different approaches may be appropriate for different community groups or other stakeholders. Communities and community groups potentially affected by the project must have an opportunity to evaluate impacts and raise concerns about potential negative impacts, express desired outcomes and provide input on the project design including the theory of change, both before the project design is finalized and during implementation.

In cases where it is unclear whether a project will be implemented or not, it is acceptable to start with preliminary consultations, provided there are plans for appropriate full consultations before the start of the project. Where conformance with the Climate, Community & Biodiversity Standards is being applied to a project already under implementation, project proponents must either provide documentation of appropriate consultations during the project design phase or demonstrate how more recent consultations have been effective in evaluating community benefits and adapting project design and implementation to optimize community and other stakeholder benefits and respect local customs.”

Provision 2  Source 2, section 3.3.5; page 9: “Stakeholder Consultations (G3.4).

Describe the steps taken to validate the project’s method(s) for conducting effective consultation to fulfil the requirements of G3.4. Provide and justify an overall conclusion regarding the project’s method(s) for conducting effective stakeholder consultations.”

Provision 3  Source 3, section 4.1, page 18: “Validation is the independent assessment of the project by a validation/verification body that determines whether the project design complies with the CCB rules.”
Provision 4  Source 4, section 3.5 “Stakeholder Input for Individual Projects”, page 35: “Direct and indirect stakeholder interaction is an integral part of the process for developing offset protocols (see Sections 4.2 and 4.4). This includes comment periods that are open to the general public. At the project level, interactions generally involve those stakeholders with a commercial interest in the projects (e.g., facility owners, project developers, verifiers, consultants, CRT buyers, regulators, etc.). This section details avenues for non-commercial stakeholders to interact with the Reserve in relation to individual projects (rather than protocols).”
Provision 5 Source 4, section 3.5.1 “Local Stakeholder Consultations”, page 35: “Every Reserve protocol includes requirements to ensure that credits are only issued for emission reductions at projects that are in compliance with applicable regulations, and do no net environmental harm. In some cases, offset projects may have the potential to create social impacts on the local community, either positive or negative, which may not be appropriately handled by other, existing government structures. In those cases, the individual protocol may include additional requirements for local stakeholder consultations. In addition, every protocol development process, as well as every major protocol update, involves at least one public comment period, with a public webinar. Local stakeholders are welcome to participate in any of these public events.”

Assessment outcome

No (0 Points).

Justification of assessment

It is not explicitly required to conduct local stakeholder consultations in CAR Protocols, but they may be part of the compliance with environmental regulations. Even though “individual protocols may include additional requirements for local stakeholder consultations” [emphasis added], source 1) the US Forest and Landfill Project Protocol do not include such requirements.

The CCBS requires that consultations are conducted before the project design document is submitted in order to provide input on the project design both before the project design is finalized and during implementation (Provision 1). This includes, for example, that the project owner would have to consult stakeholders if any further changes to the project design occur after the initial posting for validation public comment. As part of the validation process, the stakeholder consultations are reviewed and thus have to be conducted before validation (Provision 2 and 3). The requirement to conduct the stakeholder consultations before submission of the PDD does however not constitute a requirement to conduct the stakeholder consultations before the decision to proceed with the project as there are no time restrictions on when a PDD can be submitted. The CCBS can for example also be obtained by an already existing project (Provision 1). As the CCBS provisions are not sufficient either, the combination of CAR and CCBS does not fulfil the indicator.

Indicator 6.1.21

Relevant scoring methodology provisions

“The program requires that project owners make key information on the project available to local stakeholders prior to conducting the local stakeholder consultation, such as the project design documents and any supplemental project documentation.”

Information sources considered


Relevant carbon crediting program provisions

Provision 1 Source 1, section G3, page 16: “Access to Information.

1) Describe how full project documentation\(^{40}\) has been made accessible to communities and other stakeholders, how summary project documentation\(^{41}\) (including how to access full documentation) has been actively disseminated to communities in relevant local or regional languages and how widely publicized information meetings have been held with communities and other stakeholders.

2) Explain how relevant and adequate information about potential costs, risks and benefits\(^{42}\) to communities has been provided to them in a form they understand and in a timely manner prior to any decision they may be asked to make with respect to participation in the project.

\(^{40}\) Includes project description and monitoring reports, as they become available, through the project lifetime.”

Provision 2 Source 1, section G3, page 17: “Consultation.

Describe how communities including all the community groups and other stakeholders have influenced project design and implementation through effective consultation,\(^{44}\) particularly with a view to optimizing community and other stakeholder benefits, respecting local customs, values and institutions and maintaining high conservation values.

\(^{44}\) Effective consultation requires project proponents to inform and engage broadly with the communities and other stakeholders using socially and culturally appropriate methods to enable meaningful influence on the subject of consultation. Consultations must be gender and inter-generationally sensitive with special attention to vulnerable and/or marginalized people and must be conducted at mutually agreed locations and through representatives who are designated by the groups themselves in accordance with their own procedures. Different approaches may be appropriate for different community groups or other stakeholders. communities and community groups potentially affected by the project must have an opportunity to evaluate impacts and raise concerns about potential negative impacts, express desired outcomes and provide input on the project design including the theory of change, both before the project design is finalized and during implementation. Consultations must include participatory identification of ecosystem services important for communities and high conservation values, for example through participatory mapping. Consultations must also include an evaluation of the type and magnitude of impacts resulting from project activities (CM2.1). Consultations must also include a participatory design of feedback and grievance redress procedures (G3.8).”

Assessment outcome

No (0 Points).
Justification of assessment

CAR does not provide any provisions for this indicator. The complementary CCBS requires that key information, including the project description, is made available to local stakeholders (Provision 1). It is also required that information on potential impacts is provided in a “timely manner”. While it is foreseen that stakeholders shall have the opportunity to “evaluate impacts and raise concerns about potential negative impacts, express desired outcomes and provide input on the project design” (Provision 2) in order to influence project design and implementation, it is not stated explicitly, that key documents will be shared before the consultations are conducted. This could be made clearer in the provisions. The indicator is thus considered to not be fulfilled by CCBS either and thus not for the combination of the program and the complementary standard.

Indicator 6.1.25

Relevant scoring methodology provisions

“The program requires project validation and verification entities to contact and engage with affected local stakeholders during validation.”

Information sources considered


Relevant carbon crediting program provisions

Provision 1 Source 1, section 4.3.13, page 24: “Validation and verification audits shall include a visit to the project site. The purpose of the site visit is to confirm the validity of the written project description or monitoring report and to ensure that the project meets the rules and requirements of the CCB Program. The on-site audit process normally includes interviews with project proponents and stakeholders, and a review of supporting records, documents and reports.”

Assessment outcome

No (0 Points).

Justification of assessment

CAR does not require that project validation and verification entities proactively consult with affected stakeholders during audits. In combination with the complementary CCBS, the validation process “normally” includes interviews with stakeholders as a way to engage with stakeholders (Provision 1).
Upon communication with the standard, it was clarified that if the validation did not include interviews, Verra will question how a positive validation was concluded without such interviews. However, this implies that the VVB do not necessarily need to engage with affected stakeholders. The provision could thus clarify what “normally” means and in which cases this requirement does not apply and what process might instead suffice. The phrasing questions the mandatory nature of this provision. The indicator is therefore not fulfilled by the combination of the program and the complementary standard.

**Indicator 6.1.31**

**Relevant scoring methodology provisions**

“The program provisions explicitly ban any violation of human rights by the project owner or any other entity involved in project design or implementation.”

**Information sources considered**


**Relevant carbon crediting program provisions**

Provision 1 Source 1, section G3, page 18: “Describe the measures needed and taken to ensure that the project proponent and all other entities involved in project design and implementation are not involved in or complicit in any form of discrimination or sexual harassment with respect to the project.

47 Including discrimination based on gender, race, religion, sexual orientation or other habits.”

Provision 2 Source 2, section 1.2, page 2: “In addition, the Reserve strives to ensure that the offset projects it registers are not harmful. Project activities should not cause or contribute to negative social, economic or environmental outcomes and ideally should result in benefits beyond climate change mitigation. Projects are encouraged to identify, measure, and report on any non-GHG benefits of the project activities, such as alignment with the United Nations’ Sustainable Development Goals or other identified co-benefits.”

**Assessment outcome**

No (0 Points).

**Justification of assessment**

While CAR applies a do no harm approach to their work, the program has no such explicit human rights provisions. The CCBS bans any form of discrimination, but does not explicitly ban any violation
of human rights (Provision 1). The indicator is therefore not fulfilled by the program and the complementary standard in combination.

**Indicator 6.1.34**

**Relevant scoring methodology provisions**

“The program provisions specifically require that projects avoid physical and economic displacement in its projects and that, in exceptional circumstances where avoidance is not possible, displacement occurs only with appropriate forms of legal protection and compensation as well as informed participation of those affected.”

**Information sources considered**


**Relevant carbon crediting program provisions**

**Provision 1** Source 1, section G5, page 21: “The project recognizes respects and supports rights to lands, territories and resources, including the statutory and customary rights of Indigenous Peoples and others within communities and other stakeholders.59 The free, prior and informed consent (as described in G5.2) of relevant property rights holders has been obtained at every stage of the project.

Project activities do not lead to involuntary removal or relocation of property rights holders from their lands or territories and do not force them to relocate activities important to their culture or livelihood.60 Any proposed removal or relocation occurs only after obtaining free, prior and informed consent from the relevant property rights holders.


**Provision 2** Source 1, section G5, page 21: “Respect for Rights to Lands, Territories and Resources and Free, Prior and Informed Consent

1) Describe and map statutory and customary61 tenure/use/access/management rights to lands, territories and resources in the project zone including individual and collective rights and including overlapping or conflicting rights. If applicable,
describe measures needed and taken by the project to help to secure statutory rights. Demonstrate that all property rights are recognized, respected and supported.

2) Demonstrate with documented consultations and agreements that:

a) The project will not encroach uninvited on private property, community property, or government property,

b) The free, prior and informed consent has been obtained of those whose property rights are affected by the project through a transparent, agreed process. […]

c) Appropriate restitution or compensation has been allocated to any parties whose lands have been or will be affected by the project.

3) Demonstrate that project activities do not lead to involuntary removal or relocation of property rights holders from their lands or territories and does not force them to relocate activities important to their culture or livelihood. If any relocation of habitation or activities is undertaken within the terms of an agreement, the project proponents must demonstrate that the agreement was made with the free, prior and informed consent of those concerned and includes provisions for just and fair compensation.

61 ‘Customary rights’ to lands, territories and resources refer to patterns of long-standing community lands, territories and resource usage in accordance with Indigenous Peoples’ and local communities’ customary laws, values, customs and traditions, including seasonal or cyclical use, rather than formal legal title to lands, territories and resources issued by the State. (See: World Bank Operational Manual, OP 4.10 – Indigenous Peoples, 200, available at: https://policies.worldbank.org/sites/ppf3/PPFDocuments/090224b0822f89d5.pdf)

62 Including collective rights, both customary and statutory, to lands, territories and resources that communities have traditionally owned, occupied or otherwise used or acquired whether or not such ownership has been formally recorded. (Food and Agriculture Organization of the UN, Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, Principle 3.1, 2012 (available at: http://www.fao.org/docrep/016/i2801e/i2801e.pdf)).

63 In conformance with the United Nations Declaration on the Rights of Indigenous Peoples and International Labour Organization (ILO) Convention 169. The following manual can be used for guidance on Free, Prior and Informed Consent: Anderson, 2011, Free, Prior and Informed Consent in REDD+: Principles and Approaches for Policy and Project Development (available at http://www.recoftc.org). If non-contacted peoples are located or believed to be located in the project area, their right to remain in isolation should be respected in accordance with local, national and international laws and recommendations. Unless invited to make contact, implementing entities should not engage in any activities that may impact these populations, including project activities. There should be a buffer zone between the project area and the area in which indigenous populations living in voluntary isolation reside, or are believed to reside. Guidelines for the Protection of Indigenous Peoples in Voluntary Isolation and Initial Contact in the Amazon Region, the Gran Chaco and the Eastern Region of Paraguay, Office of the United Nations High Commissioner (OHCHR) and the Spanish Agency for International Cooperation and Development, May 2012.

Compensation should include both the financial and non-financial costs of the loss of lands, for example loss of culture or loss of business opportunity. See UN Declaration on the Rights of Indigenous Peoples, Article 10. Article 28

In conformance with the United Nations Declaration on the Rights of Indigenous Peoples and ILO 169, Article 28 of the UN Declaration on the Rights of Indigenous Peoples indicates that unless otherwise agreed upon, compensation should be in the form of lands, territories or resources equivalent in quality, size and legal status to those taken. When such compensation is not available, monetary compensation is appropriate.

Source 2, section 2.4.6, page 12: “The Reserve requires project developers to demonstrate that their GHG projects will not undermine progress on other environmental issues such as air and water quality, endangered species and natural resource protection, and environmental justice. When registering a project, the project developer must attest that the project was in material compliance with all applicable laws, including environmental regulations, during the verification period. The project developer is also required to disclose any and all instances of non-compliance—material or otherwise—of the project with any law to the Reserve and the verification body. […]

In developing environmental and social safeguard criteria and requirements for specific protocols, the Reserve applies the following general principles:

Common Agency. Environmental and social harms will only be considered in determining project eligibility to the extent that they can be attributed to the same agents (e.g., project developers, implementers or operators) in charge of implementing the project. Harms that may occur concurrently with a project, but are caused by other actors, will not be a factor in determining eligibility. The agents responsible, individually or collectively, for implementing projects will be determined during the protocol development process in consultation with stakeholders.

Proximity. Only environmental and social harms directly associated with a project activity (i.e., either physically or causally proximate) will be considered:

Harms directly caused by project activities, regardless of where the harms physically occur, will be a factor in determining eligibility.

Harms physically proximate to project activities but not directly caused by those activities may also be considered in determining eligibility if they are caused by agents responsible for project implementation. Such harms will be considered only if the agents are required by the relevant protocol to be involved in project implementation.
Required agents will be specified in the Reserve’s protocols, e.g., as part of the project definition or definition of eligible “project developers.” If an agent is allowed, but not required, to be involved in project implementation, then physically proximate harms caused by that agent will not be considered (even if such an agent is directly involved with a particular project).

Harms caused by agents in charge of implementing a project that occur at sites or facilities not linked or co-located with the project will not be a factor in determining eligibility.

Both agency and proximity of effects will be considered in the protocol screening and development processes to identify and set clear standards for the application of this policy.

In determining whether environmental and social harms are occurring, the Reserve will use the following criteria:

Legal Obligation. The Reserve will rely first and foremost on legal requirements within the jurisdiction(s) where the project is implemented. Project agents that are found to be out of material compliance with applicable laws, regulations or other legal mandates that apply to the project itself or activities proximate to the project will be penalized.

“Do No Harm” Beyond Legal Requirements. In some cases, the Reserve may determine, in consultation with stakeholders, that existing legal requirements are insufficient to guarantee protection against important environmental and social harms. In these cases, the Reserve may include additional criteria in protocols to ensure that projects will not give rise to these harms, or may screen out certain project types or activities from eligibility under a protocol altogether. The Reserve coordinates with government agencies and environmental representatives to ensure that its climate-oriented projects complement other environmental policies and programs.”

Provision 4
Source 3, section 2.2, page 4: “Forest Owners and Project Operators. A Forest Owner is an individual or a corporation or other legally constituted entity, city, county, state agency, or a combination thereof that has legal control of any amount of forest carbon within the Project Area. Control of forest carbon means the Forest Owner has the legal authority to effect changes to forest carbon quantities, e.g., through timber rights or other forest management or land-use rights. Control of forest carbon occurs, for purposes of satisfying this protocol, through fee ownership and/or deeded encumbrances, such as conservation easements.

Multiple Forest Owners may exist with respect to a single Forest Project, since control of forest carbon may be associated with fee ownership or through one or more deeded encumbrances that exist within a Project Area, any one of which may convey partial control of the project’s forest carbon. Any unencumbered forest carbon is assumed to be controlled by the fee owner. Individuals or entities holding mineral, gas, oil, or similar de minimis interests in the forest carbon, are precluded from the definition of Forest Owner. A Project Operator must be one of the Forest Owners. The Project Operator is responsible for undertaking a Forest Project and registering it with the Reserve, and is ultimately responsible for all Forest Project reporting and attestations. The Project Operator executes the Project Implementation Agreement (see Section
3.6) with the Reserve. [...] The Reserve maintains the right to determine which individuals or entities meet the definition of “Forest Owner”.

**Assessment outcome**

No (0 Points).

**Justification of assessment**

CAR’s approach to environmental and social safeguards is to rely “first and foremost” on legal requirements within the jurisdiction(s) where the project is implemented (Provision 4). Where in the protocol development process a joint assessment with stakeholders finds that the existing legal requirements are insufficient to guarantee protection against “important” environmental and social harms, the program may add additional criteria in protocols as a safeguard to avoid these harms or exclude certain activities from eligibility under the protocol (Provision 4). There are no publicly available documents that define the process that must be applied when assessing whether existing legal requirements are sufficient or not. In particular, there are no publicly documented requirements on the specific harms that must be avoided at a minimum by local laws, for the program not to introduce additional safeguard criteria in protocols. The program further does not define what it considers “important” environmental or social harms.

Protocols for the project types assessed do not contain any additional criteria in relation to physical or economic displacement other than Provision 3 which states that the project developer needs to have legal rights to the land. Whether the assessment of local laws during protocol development considered the specific aspects of this indicator is unclear from the publicly available documentation of the protocol development process.

The CCBS requires that no involuntary relocations shall occur (Provisions 1 and 2). If relocations or removals occur, free, prior and informed consent by affected people shall be ensured as well as appropriate compensation (Provisions 1 and 2). The standard does not have a, explicit requirement that displacement shall be avoided, and only allowed in exceptional circumstances. The use of the complementary standard CCBS therefore does not lead to a fulfilment of the indicator.

**Indicator 6.1.36**

**Relevant scoring methodology provisions**

“The program has safeguards in place in relation to environmental issues that at least address air pollution, water pollution, soil and land protection, waste management, and biodiversity.”

**Information sources considered**


Relevant carbon crediting program provisions

Provision 1  Source 1, section B1, page 41: "Indicators.

1) Describe biodiversity\textsuperscript{112} within the project zone at the start of the project and threats to that biodiversity, using appropriate methodologies.

2) Evaluate whether the project zone includes any of the following high conservation values (HCVs) related to biodiversity and describe the qualifying attributes for any identified HCVs:\textsuperscript{113}

   a) Globally, regionally or nationally significant concentrations of biodiversity values:

      i) Protected areas\textsuperscript{114}

      ii) Threatened species\textsuperscript{115}

      iii) Endemic species\textsuperscript{116}

      iv) Areas that support significant concentrations of a species during any time in their lifecycle.\textsuperscript{117}

   b) Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;

   c) Threatened or rare ecosystems.\textsuperscript{118}

3) Identify the areas that need to be managed to maintain or enhance the identified HCVs.

4) Describe how the without-project land use scenario would affect biodiversity conditions in the project zone.\textsuperscript{119}

\textsuperscript{112} Biodiversity is defined as the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems (Convention on Biological Diversity, 1992).\textsuperscript{a}

Provision 2  Source 1, section B2, page 43-44: "Indicators.

1) Use appropriate methodologies to estimate changes in biodiversity, including assessment of predicted and actual, positive and negative, direct and indirect impacts, resulting from project activities under the with-project scenario in the project zone and over the project lifetime. This estimate must be based on clearly defined and defensible assumptions.

2) Demonstrate that the project’s net impacts on biodiversity in the project zone are positive, compared with the biodiversity conditions under the without-project land use scenario (described in B1).

3) Describe measures needed and taken to mitigate negative impacts on biodiversity and any measures needed and taken for maintenance or enhancement of the high
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conservation value attributes (identified in B1.2) consistent with the precautionary principle.

4) Demonstrate that no high conservation values (identified in B1.2) are negatively affected by the project.

[...]

7) Guarantee that no GMOs are used to generate GHG emissions reductions or removals.

8) Describe the possible adverse effects of, and justify the use of, fertilizers, chemical pesticides, biological control agents and other inputs used for the project.

9) Describe the process for identifying, classifying and managing all waste products resulting from project activities.”

Provision 3 Source 1, section CM.2 “Net positive community impacts”, page 35: “Concept.

The project generates net positive impacts on the well-being of communities and the community groups within them over the project lifetime. The project maintains or enhances the high conservation values in the project zone that are of importance to the well-being of communities.

Indicators.

1) Use appropriate methodologies to assess the impacts100, including predicted and actual, direct and indirect benefits, costs and risks, on each of the identified community groups (identified in G1.5) resulting from project activities under the with-project scenario. The assessment of impacts must include changes in well-being due to project activities and an evaluation of the impacts by the affected community groups. This assessment must be based on clearly defined and defendable assumptions about changes in well-being of the community groups under the with-project scenario, including potential impacts of changes in all ecosystem services identified as important for the communities (including water and soil resources), over the project lifetime.

2) Describe measures needed and taken to mitigate any negative well-being impacts on community groups and for maintenance or enhancement of the high conservation value attributes (identified in CM1.2) consistent with the precautionary principle.

100 Impacts’ includes benefits, costs and risks, including those that are direct and indirect and including those related to social, cultural, environmental and economic aspects and to human rights and rights to lands territories and resources. Costs include those related to responsibilities and also opportunity costs. Note that the term ‘benefits’ refers to positive impacts and the phrase ‘costs and risks’ equates with negative impacts.

Provision 4 Source 2, section 2.4.6, page 12: “The Reserve requires project developers to demonstrate that their GHG projects will not undermine progress on other environmental issues such as air and water quality, endangered species and natural resource protection, and environmental justice. When registering a project, the project developer must attest that the project was in material compliance with all applicable
laws, including environmental regulations, during the verification period. The project developer is also required to disclose any and all instances of non-compliance—material or otherwise—of the project with any law to the Reserve and the verification body. [...] 

In developing environmental and social safeguard criteria and requirements for specific protocols, the Reserve applies the following general principles:

Common Agency. Environmental and social harms will only be considered in determining project eligibility to the extent that they can be attributed to the same agents (e.g., project developers, implementers or operators) in charge of implementing the project. Harms that may occur concurrently with a project, but are caused by other actors, will not be a factor in determining eligibility. The agents responsible, individually or collectively, for implementing projects will be determined during the protocol development process in consultation with stakeholders.

Proximity. Only environmental and social harms directly associated with a project activity (i.e., either physically or causally proximate) will be considered:

Harms directly caused by project activities, regardless of where the harms physically occur, will be a factor in determining eligibility.

Harms physically proximate to project activities but not directly caused by those activities may also be considered in determining eligibility if they are caused by agents responsible for project implementation. Such harms will be considered only if the agents are required by the relevant protocol to be involved in project implementation. Required agents will be specified in the Reserve’s protocols, e.g., as part of the project definition or definition of eligible “project developers.” If an agent is allowed, but not required, to be involved in project implementation, then physically proximate harms caused by that agent will not be considered (even if such an agent is directly involved with a particular project).

Harms caused by agents in charge of implementing a project that occur at sites or facilities not linked or co-located with the project will not be a factor in determining eligibility.

Both agency and proximity of effects will be considered in the protocol screening and development processes to identify and set clear standards for the application of this policy.

In determining whether environmental and social harms are occurring, the Reserve will use the following criteria:

Legal Obligation. The Reserve will rely first and foremost on legal requirements within the jurisdiction(s) where the project is implemented. Project agents that are found to be out of material compliance with applicable laws, regulations or other legal mandates that apply to the project itself or activities proximate to the project will be penalized.

“Do No Harm” Beyond Legal Requirements. In some cases, the Reserve may determine, in consultation with stakeholders, that existing legal requirements are insufficient to guarantee protection against important environmental and social harms. In these cases, the Reserve may include additional criteria in protocols to ensure that
projects will not give rise to these harms, or may screen out certain project types or activities from eligibility under a protocol altogether. The Reserve coordinates with government agencies and environmental representatives to ensure that its climate-oriented projects complement other environmental policies and programs."

Assessment outcome

No (0 Points).

Justification of assessment

CAR has no such specific provisions in place that completely address the issues from this indicator.

The carbon crediting program's approach to environmental and social safeguards is to rely “first and foremost” on legal requirements within the jurisdiction(s) where the project is implemented (Provision 4). Where in the protocol development process a joint assessment with stakeholders finds that the existing legal requirements are insufficient to guarantee protection against “important” environmental and social harms, the program may add additional criteria in protocols as a safeguard to avoid these harms or exclude certain activities from eligibility under the protocol (Provision 3). There are no publicly available documents that define the process that must be applied when assessing whether existing legal requirements are sufficient or not. In particular, there are no publicly documented requirements on the specific harms that must be avoided at a minimum by local laws, for the program not to introduce additional safeguard criteria in protocols. The program further does not define what it considers “important” environmental or social harms.

Protocols for the project types assessed do not contain any additional criteria in relation to environmental issues. Provision 3 is a general provision listing examples and not explicit requirements. Whether the assessment of local laws during protocol development considered the specific aspects of this indicator is unclear from the publicly available documentation of the protocol development process.

The complementary standard approaches the subject by requiring an assessment of potential impacts of projects on ecosystem services and biodiversity (Provision 3). In principle, this conceptual approach does address aspects of the “environment” that both relate to humans (ecosystem services) and the flora and fauna (biodiversity and high conservation values) (Provision 1 and 2). The requirement to describe steps needed and taken to mitigate any negative impacts thus provides for an overall framework for projects to principally ensure that the environment is protected, and community well-being is not negatively affected. For some environmental assets the standard further includes specific safeguards. For example, it requires project owners to describe the process for identifying, classifying and managing all waste products resulting from project activities (Provision 2). Similar applies to the requirement to describe the possible adverse effects of, and justify the use of, fertilizers, chemical pesticides, biological control agents. There are however no specific safeguards formulated by the standard that are addressing air and water pollution as well as soil and land protection.

The indicator is therefore considered not to be fulfilled for the combination of CAR with CCBS.
Indicator 6.1.39

Relevant scoring methodology provisions

“The program requires experts to support processes dedicated to avoiding physical and economic displacement and to free, prior and informed consent from indigenous people.

OR

The program requires experts to support all safeguard processes which are included in the program’s provisions.”

Information sources considered


Relevant carbon crediting program provisions

Provision 1 Source 1, section G4., page 20: “Management capacity. Concept. The project has adequate human and financial resources for effective implementation.

Indicators.

5) Document key technical skills required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team’s expertise and prior experience implementing land management and carbon projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations are partnered with to support the project or have a recruitment strategy to fill the gaps.”

Provision 2 Source 2, section 4, page 43: “The Reserve is committed to producing high quality GHG project accounting protocols, and to this end uses an intensive multi-stakeholder process to develop its protocols. This approach integrates extensive data collection and analysis with review and input from a diverse range of experts and stakeholders.”

Provision 3 Source 2, section 4.2.1, page 44: “To initiate the protocol development process, the Reserve assembles a balanced multistakeholder voluntary workgroup, drawing from industry experts, state and federal agencies, environmental organizations, and other various stakeholders. Workgroups are assembled by invitation, but all parties are encouraged to express their interest in participating in the workgroup process. Throughout the protocol development process, the workgroup provides expert review and direct input into the development of the protocol.”
Provision 4 Source 2, section 4.2.3, page 45: “The Reserve develops a draft protocol based on expert input and insights from an issue paper or the final options paper.”

Assessment outcome

No (0 Points).

Justification of assessment

CAR uses a standardized approach which relies foremost on legal requirements within the jurisdiction where the project is implemented (see for example indicator 6.1.33 in the CAR assessment). The program involves experts at different stages of the protocol development process (Provision 2 to 5). Considering that safeguards are mainly applied in the program through national/local regulations, it is unclear to what extent experts will be involved in safeguard processes – especially at the project-level.

While the CCBS requires that the project team has the necessary skills and expertise to implement the project, the provisions do not include a specific requirement that necessitates experts to support processes dedicated to avoiding physical and economic displacement and to free, prior and informed consent from indigenous people. There is also no general requirement that all safeguard processes need to be supported by experts.

The indicator is therefore not fulfilled for the combination of CAR with CCBS.

Indicator 6.1.41

Relevant scoring methodology provisions

“The program has a dedicated gender policy, strategy or action plan that integrates gender considerations and women empowerment into all aspects of its operations.”

Information sources considered


3. Verra - Who We Are – Important Policies. Online available at: https://verra.org/about/overview/#important-policies-
Relevant carbon crediting program provisions

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Assessment outcome

No (0 Points).

Justification of assessment

The program and the complementary standard have no dedicated gender policy, strategy or action plan in place that integrates gender considerations and women empowerment into all aspects of its operations. The indicator is not fulfilled.

Indicator 6.1.43

Relevant scoring methodology provisions

“The program explicitly requires that project developers perform a gender safeguard assessment during project design.”

Information sources considered


Relevant carbon crediting program provisions

Provision 1  Source 1, section G3, page 18: “Anti-Discrimination.

Describe the measures needed and taken to ensure that the project proponent and all other entities involved in project design and implementation are not involved in or complicit in any form of discrimination\(^{47}\) or sexual harassment with respect to the project.

\(^{47}\) Including discrimination based on gender, race, religion, sexual orientation or other habits.”

Assessment outcome

No (0 Points).

Justification of assessment

CAR has no such provision.

Provision 1 of the complementary CCBS not only prescribes that any form of discrimination, including discrimination based on gender, shall be banned but that project owners describe the measures needed and taken to ensure this. However, this provision does not explicitly require a systematic
assessment of where discrimination based on gender might occur. The indicator is therefore not fulfilled for the combination of CAR with CCBS.

**Scoring results**

According to the above assessment, none of the indicators, for which neither the carbon crediting program nor the complementary standard received points in their individual assessment, are fulfilled when looking at their provisions in combination. The assessment of these indicators therefore yields no additional points. When combining these assessment results with the individual assessments from both the carbon crediting program and the complementary standards (for indicators in categories a and b), this results in a total point score of 33 for the combination of the carbon crediting program and complementary standard. Applying the scoring approach in the methodology, this results in a score of 3.73 for this criterion.