

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:	5.2 Transparency
Carbon crediting program:	Verified Carbon Standard (VCS)
Assessment based on carbon crediting program documents valid as of:	30 June 2021
Date of final assessment:	20 May 2022
Score:	4.55

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Assessment

Indicator 5.2.1

Relevant scoring methodology provisions

The program makes publicly available on its website the names and affiliations of all non-staff individuals or organizations serving in a professional capacity to support the administration of the program (e.g., members of the Board, advisory groups or expert committees).

Information sources considered

- 1 Program website: (<https://verra.org/about-verra/board-of-directors/>), last accessed on 29 June 2021.
- 2 Program website: (<https://verra.org/about-verra/advisory-groups-committees/>), last accessed on 29 June 2021.
- 3 Program website: AFOLU Experts Assessment panel (<https://verra.org/project/afolu-expert-assessment-panel/>) last accessed 13 December, 2021.
- 4 Program website: VVB Working Group members (<https://verra.org/project/vvb-working-group/>) last accessed: 13 December, 2021.
- 5 Program website: Advisory Groups & Committees (<https://verra.org/about-verra/advisory-groups-committees/>) last accessed: 13 December, 2021.

Relevant carbon crediting program provisions

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Assessment outcome

Yes (1 Point).

Justification of assessment

The website lists members of the Verra Board of Directors, all members of advisory groups, and technical working groups, steering committees, and technical committees that are active or have occurred previously such as the AFOLU Expert Assessment Panel, and the VVB Working Group.

Indicator 5.2.2

Relevant scoring methodology provisions

Minutes of Board of Directors or Trustees meetings are publicly available on the program's website.

Information sources considered

- 1 Amended and Restated Bylaws of Verra (Effective as of 2 May 2019). Online available at: <https://verra.org/wp-content/uploads/2019/07/Verra-Amended-and-Restated-Bylaws-2-MAY-2019.pdf> .
- 2 Program website: VCS Program Advisory Group meeting agendas and minutes: (<https://verra.org/vcs-program-advisory-group/>), last accessed on 29 June 2019.
- 3 Program website: Verra Governance (<https://verra.org/about-verra/governance/>) last accessed 13 December, 2021.

Relevant carbon crediting program provisions

Provision 1 Source 2: “Meeting Agendas and Minutes

Monday, 4 March 2019 – Initial Advisory Group Meeting: Agenda – Minutes

Tuesday, 6 August 2019 – Advisory Group Meeting: Agenda – Minutes

Thursday, 13 February 2020 – Advisory Group Meeting: Agenda – Minutes”

Assessment outcome

No (0 Points).

Justification of assessment

Minutes of the Board of Directors (BoD) meetings are kept, but these are not publicly available. By contrast, VCS Program Advisory Group meeting agendas and minutes are publicly available (Provision 1). As BoD minutes are not publicly available, the indicator is not fulfilled.

Indicator 5.2.3

Relevant scoring methodology provisions

The conflict of interest provisions identified in indicator 5.1.5 for 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) and the code of conduct for staff and registry administrators identified in indicators 5.1.6 are publicly available on the program’s website.

Information sources considered

- 1 Program website (<https://verra.org/about-verra/governance/>), last accessed on 29 June 2021.
- 2 Verra Employee Conflict of Interest Policy. Available: <https://verra.org/wp-content/uploads/2018/05/Verra-COI-Policy-and-Annual-Disclosure-Form-employees-16-MAY-2018.pdf>. Last accessed 16 December, 2021.

Relevant carbon crediting program provisions

Provision 1 Source 1: “Conflicts of Interest. Verra requires all [board members](#) and [employees](#) to abide by strict conflict of interest policies and to declare on an annual basis that they have not engaged in any conduct that violates [Verra’s Conflict of Interest Policy](#). In addition, board members are required to report any potential conflicts of interest at each meeting of the board and to recuse themselves where any conflicts exist. Finally, employees are required to annually disclose any gifts (regardless of value) they have received over the prior year from anyone who is doing business, has done business, or is seeking to do business with Verra.”

Provision 2 Source 2, section 6, page 4: “Annual Disclosure Statement. On an annual basis, employees are required to complete and submit the Annual Disclosure Statement (attached). In this form, employees will be required to certify that they have not engaged in any conduct that violates Verra’s Conflict of Interest Policy. In addition, employees will be required to disclose any gifts (regardless of value) they have received over the past year from anyone who is doing business, has done business, or is seeking to do business with Verra.”

Assessment outcome

Yes (1 Point).

Justification of assessment

The generic conflict of interest statements for Board members and for staff and registry administrators to fill out are publicly available on the program website. Individuals completed forms are not available nor are their annual disclosure statements. Therefore, the indicator is not fulfilled.

Indicator 5.2.4

Relevant scoring methodology provisions

The program defines and publicly discloses the level at which activities are allowed under the program (e.g., project-based, program of activities, etc.) and scope of eligible activities (e.g., which sectors, project types, or geographic locations are or are not included within the scope of the program).

Information sources considered

- 1 VCS Standard, v4.1, 22 April 2021. Available: https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf.
- 2 VCS Program Guide, v4.0, 19 September 2019. Available: https://verra.org/wp-content/uploads/2019/09/VCS_Program_Guide_v4.0.pdf.

Relevant carbon crediting program provisions

Provision 1 Source 1, section 2.1.1, page 2-4 “The scope of the VCS Program includes:

- 1) The six Kyoto Protocol greenhouse gases.
- 2) Ozone-depleting substances.
- 3) Project activities supported by a methodology approved under the VCS Program through the methodology approval process.
- 4) Project activities supported by a methodology approved under a VCS approved GHG program, unless explicitly excluded under the terms of Verra approval.
- 5) Jurisdictional REDD+ programs and nested REDD+ projects as set out in the VCS Program document Jurisdictional and Nested REDD+(JNR) Requirements.

The scope of the VCS Program excludes projects that can reasonably be assumed to have generated GHG emissions primarily for the purpose of their subsequent reduction, removal or destruction. The VCS Program also excludes the following project activities under the circumstances indicated in Table 1, below.

Table 1: Excluded Project Activities

Activity	Non-LDC ¹		LDC	
	Large scale ²	Small scale ²	Large scale	Small scale
Activities that reduce hydrofluorocarbon-23 (HFC-23) emissions	Excluded	Excluded	Excluded	Excluded
Grid-connected electricity generation ³	Excluded	Excluded	Excluded	

using hydro power plants/units				
Grid-connected electricity generation using wind, geothermal, or solar power plants/units	Excluded	Excluded		
Utilization of recovered waste heat for, <i>inter alia</i> , combined cycle electricity generation and the provision of heat for residential, commercial or industrial use	Excluded	Excluded		
Generation of electricity and/or thermal energy using biomass. This does not include efficiency improvements in thermal applications (e.g., cook stoves).	Excluded	Excluded		
Generation of electricity and/or thermal energy using fossil fuels, including activities that involve switching from a higher carbon content fuel to a lower carbon content fuel	Excluded	Excluded		
Replacement of electric lighting with more energy efficient electric lighting, such as the replacement of incandescent electrical bulbs with CFLs or LEDs	Excluded			
Installation and/or replacement of electricity transmission lines and/or energy efficient transformers	Excluded			

For example, and to illustrate the mechanics of this table, large-scale grid-connected hydroelectric projects are excluded in all cases. However, a small-scale grid-connected hydroelectric project would be eligible where located within an LDC.”

- Provision 2 Source 1, section 3.7.6, page 30: "Notwithstanding the requirements set out in Sections 3.7.1 – 3.7.5 above, projects applying a standardized method for determining additionality shall initiate the project pipeline listing process set out in the VCS Program document Registration and Issuance Process within the project validation timelines set out above. Validation may be completed any time thereafter."
- Provision 3 Source 1, section 3.19, page 49: "Projects may be registered under both the VCS Program and another GHG program (which may be an approved GHG program such as CDM, JI or the Climate Action Reserve, or any other GHG program). The term GHG program covers carbon crediting programs, as defined further in the VCS Program document Program Definitions. Further requirements relating to potential overlap of projects with other programs and mechanisms such as emission trading programs and the Paris Agreement are set out in Section 3.20 below."
- Provision 4 Source 1, section 3.19.3, page 49-50: "For projects registered under the CDM as a program of activities (PoA), the following applies: 1) Each component project activity (CPA) shall be registered with the VCS Program as a separate project accompanied by its associated program of activities design document. 2) Each such project shall be validated in accordance with Section 3.19.5(1) below. 3) Project Requirements 46 3) The project start date for such projects is the date on which the first activity under the program of activities began reducing or removing GHG emissions. 4) Validation shall be completed within the relevant project start date deadline, as set out in Section 3.19 (in this case, validation refers to validation of the first CPA under the associated PoA)."
- Provision 5 Source 2, section 2.3, page 4: "The VCS Program provides the standard and framework for independent validation of projects and programs, and verification of GHG emission reductions and removals, based on ISO 14064-2:2006 and ISO 14064-3:2006. The scope of the VCS Program covers all those activities related to the generation of GHG emission reductions and removals, including jurisdictional programs and nested REDD+ projects. The scope does not include carbon footprint assessments or carbon neutrality claims."

Assessment outcome

Yes (1 Point).

Justification of assessment

The above documentation specifies that the indicator is fulfilled.

Indicator 5.2.5

Relevant scoring methodology provisions

The normative program documents are publicly available on the program's website

Notes: In the definitions section the Methodology for assessing the quality of carbon credits defines normative program documents as follows: "The documents adopted under a carbon crediting program that specify requirements, procedures, and administrative and operational aspects of the

program. This typically includes standards, (such as quantification methodologies), procedures, manuals, guidance documents, and forms.

Information sources considered

- 1 VCS Program website. Available: <https://verra.org/project/vcs-program/rules-and-requirements/> accessed 13 December, 2021.

Relevant carbon crediting program provisions

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Assessment outcome

Yes (2 Points)

Justification of assessment

The normative program documents are provided and accessible publicly on the program's website. The indicator is fulfilled.

Indicator 5.2.6

Relevant scoring methodology provisions

Input received through public consultations relating to material program updates (e.g., new or updated normative program documents) is documented and the program reports back to the public on how raised issues were addressed.

Information sources considered

- 1 Methodology Approval Process v4.0, 19 September 2019. Available: https://verra.org/wp-content/uploads/2019/09/Methodology_Approval_Process_v4.0.pdf.
- 2 Program website: VCS Version 4 (<https://verra.org/project/vcs-program/rules-and-requirements/vcsversion-4/>), last accessed on 16 July 2021.
- 3 ISEAL Standard-Setting Code of Good Practice Version 6.0, December 2014. Accessible: <https://www.isealalliance.org/defining-credible-practice/iseal-codes-good-practice>
- 4 Program website, Governance & Development (<https://verra.org/project/vcs-program/governance-development/>) last accessed 16 December, 2021.
- 5 VCS Version 4 Consultation Summary. Available: <https://verra.org/wp-content/uploads/2019/09/VCS-Version-4-Public-Consultation-Summary-of-Comments.pdf>. Last accessed 16 December, 2021.

Relevant carbon crediting program provisions

Provision 1 Source 1, section 4.4.2, page 9: "At the end of the public comment period, Verra provides all and any comments received to the developer. The developer shall take

due account of such comments, which means it will need to either update the methodology or demonstrate the insignificance or irrelevance of the comment. It shall demonstrate to the validation/verification body what action it has taken.”

- Provision 2 Source 1, section 4.4.3, page 9: “All and any comments received are posted by Verra on the Verra website, alongside the methodology information.”
- Provision 3 Source 2: “VCS Version 4 was developed through a consultative process including two 60-day public consultations, held in May 2018 and June 2019, and many individual engagements with stakeholders, including project developers, methodology developers, validation/verification bodies, trade associations, NGOs and other market participants. A summary of the comments received during the May 2018 consultation, and how these comments were taken into consideration in the proposed updates, is included in each of the documents posted for the June 2019 consultation. The VCS Version 4 Consultation Summary includes a summary of the comments received during the June 2019 consultation, and how they have been taken due account of in the final preparation of the VCS Version 4 program documents.”
- Provision 4 Source 4: “Verra is committed to making certain that the VCS Program reflects the latest scientific research and is continually improved with respect to the consistency and accuracy of GHG emissions accounting. We follow ISEAL’s Codes of Good Practice in the ongoing development of the VCS Program.”
- Provision 5 Source 3, clause 5.4.5, page 13: “The standard-setting organisation shall:
- a. compile all comments received during a consultation period;
 - b. prepare a written synopsis of how each material issue has been addressed in the standard revision;
 - c. make the synopsis publicly available; and
 - d. send it to all parties that submitted comments“

Assessment outcome

Yes (1 Point).

Justification of assessment

The program’s regulatory documents do not contain provisions related to public consultations on material program updates, however the program identifies that it follows the ISEAL Standard-Setting Code of Good Practice in developing the VCS Program (Provision 4). The ISEAL Standard-Setting Code of Good Practice identifies that all comments received during a consultation period must be written into a synopsis and that synopsis must be made publicly available (Provision 5). The program documents input received in public consultations on material program updates and discloses information on how this input was addressed on the website (Provision 3). The consultation documents includes a summary of the comments although it does not present all comments received. The indicator is therefore met.

Indicator 5.2.7

Relevant scoring methodology provisions

The program clearly distinguishes mandatory requirements from recommendations and guidance (e.g., by uniformly applying “shall” for mandatory requirements and “should” for recommendations or guidance throughout its normative program documents).

Information sources considered

- 1 VCS Standard, v4.1, 22 April 2021. Available: https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf.
- 2 VCS Methodology Requirements, v4.1, 19 September 2019. Available: https://verra.org/wp-content/uploads/2019/09/VCS_Methodology_Requirements_v4.0.pdf.
- 3 VCS Guidance Standardized Methods v3.3, October 2013. Available: https://verra.org/wp-content/uploads/2018/03/VCS-Guidance-Standardized-Methods-v3.3_0.pdf.

Relevant carbon crediting program provisions

Provision 1 Source 1, section 2.2.1, page 4: “The application of principles is fundamental in ensuring that GHG-related information is a true and fair account. The principles below shall provide the basis for, and shall guide the application of, the VCS Program rules and requirements.”

Provision 2 Source 2, section 2.1, page 1-2: “Establishing consistent and standardized criteria for development and assessment of methodologies is critical to ensuring their integrity. Accordingly, certain high-level requirements shall be met by all methodologies, as set out below.

Requirements

Methodologies shall comply with the requirements set out in this document and any other applicable requirements set out in the VCS Program rules, and be approved via the methodology approval process (as set out in the VCS Methodology Approval Process).

New methodologies shall not be developed where an existing methodology could reasonably be revised (i.e., developed as a methodology revision) to meet the objective of the proposed methodology.

Methodology elements shall be guided by the principles set out in the VCS Program document VCS Standard. They shall clearly state the assumptions, parameters and procedures that have significant uncertainty, and describe how such uncertainty shall be addressed.

Methodologies shall be informed by a comparative assessment of the project and its alternatives in order to identify the baseline scenario. Such an analysis shall include, at a minimum, a comparative assessment of the implementation barriers and net benefits faced by the project and its alternatives.”

Assessment outcome

Yes (1 Point).

Justification of assessment

The program clearly distinguishes mandatory requirements from recommendations and guidance by applying “shall” for mandatory requirements and “should” for guidance.

Indicator 5.2.8

Relevant scoring methodology provisions

The program’s registry and project database is publicly accessible through the program's website. The registry includes for each carbon credit information on its status (active or cancelled), its serial number, and its issuance date. The project database includes detailed information on each credited activity, including all documentation required for the approval of the activity (e.g., project design documents, auditing reports, and supporting documentation), and all documentation required for the issuance of carbon credits (e.g., monitoring reports including reproducible emission reductions and/or removal calculations, auditing reports, and supporting documentation).

Information sources considered

- 1 Program website: Registry system (<https://verra.org/project/vcs-program/registry-system/>), last accessed on 11 June 2021.
- 2 VCS Registration and Issuance Process, v4.0, 19 September 2019. Available: https://verra.org/wp-content/uploads/2019/09/Registration_and_Issuance_Process_v4.0.pdf.
- 3 VCS Standard, v4.1, 22 April 2021. Available: https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf.

Relevant carbon crediting program provisions

Provisions 1 Source 1: “[A]ll project and program documentation, together with information on project and jurisdictional proponents, VCU issuance and retirement, the AFOLU pooled buffer account and the jurisdictional pooled buffer account will be available on the new registry.”

Provision 2 Source 2, section 1, page 1: “The Verra registry provides the central repository for all information and documentation relating to pipeline and registered projects. The registry is also responsible for ensuring uniqueness of projects, issuing VCU serial numbers and tracking VCU retirement. The registry makes project and VCU information and documentation publicly available and can be accessed via the Verra website. As set out in the VCS Program document *VCS Program Guide*, Verra is responsible for reviewing project documentation and overseeing validation/verification bodies to ensure the integrity of projects and VCUs in the Verra registry system.”

Provision 3 Source 2, section 4.2.10, page 11-12: “Information required: Names of the parties to the agreement. Verra registry check: The parties are the entity initiating the project

registration process (buyer or transferee) and the project proponent (seller or transferor), or where there is one or more intermediaries, the parties shall be the relevant parties in the chain of ownership between project proponent and the entity initiating the project registration process.”

Provision 4 Source 2, section 4.4, page 20: “Verra registry creates project and VCU records on the Verra project database. Documents to be uploaded include:

- 1) Project description
- 2) Validation report
- 3) Registration representation
- 4) Monitoring report
- 5) Verification report
- 6) Verification representation
- 7) Issuance representation
- 8) Other, as required”

Provision 5 Source 2, section 4.4.1-.2, page 20-21: “Where the project is presented for registration without VCU issuance, the project description, validation report, validation representation, registration representation and any AFOLU specific documentation or communications agreement shall be uploaded to the Verra registry as public documents.

Where the project is presented for registration and VCU issuance, the project description, validation report, validation representation, registration representation, monitoring report, verification report, verification representation, issuance representation and any AFOLU specific documentation, communications agreement or VCU conversion representation shall be uploaded to the Verra registry as public documents.”

Provision 6 Source 3, section 3.4, page 16: “In order to complete the project validation process, project proponents shall prepare a project description, which describes the project’s GHG emission reduction or removal activities. In order to complete the project verification process, project proponents shall prepare a monitoring report, which describes the data and information related to the monitoring of GHG emission reductions or removals”

Provision 7 Source 3, section 3.4.2, page 18: “All information in the project description shall be presumed to be available for public review [...]. Information in the project description related to the determination of the baseline scenario, demonstration of additionality, and estimation and monitoring of GHG emission reductions and removals shall not be considered to be commercially sensitive and shall be provided in the public versions of the project description.”

Assessment outcome

Yes (1 Point).

Justification of assessment

The Verra registry includes detailed information on each credited activity, including status (active or cancelled), its serial number, issuance date, as well as all VCS registration, validation/verification, issuance, and other supplemental documentation (Provisions 1-7). The indicator is thus fulfilled.

Indicator 5.2.9

Relevant scoring methodology provisions

The program requires that all relevant non-confidential project documentation, including reports from validation and verification entities, be disclosed. The program defines what information would qualify as “confidential”.

Information sources considered

- 1 VCS Standard, v4.1, 22 April 2021. Available: https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf.
- 2 VCS Program Definitions v4.1, 15 April 2021. Available: https://verra.org/wp-content/uploads/2021/04/Program_Definitions_v4.1.pdf

Relevant carbon crediting program provisions

Provision 1 Source 1, section 3.4.2, page 18: “All information in the project description shall be presumed to be available for public review, though commercially sensitive information may be protected, as set out in the VCS Program document Registration and Issuance Process, where it can be demonstrated that such information is commercially sensitive. The validation/verification body shall check that any information designated by the project proponent as commercially sensitive meets the VCS Program definition of commercially sensitive information.”

Provision 2 Source 2, section 2, page 14: “Sensitive Information

- Trade secrets, financial, commercial, scientific, technical or other information whose disclosure could reasonably be expected to result in a material financial loss or gain, prejudice the outcome of contractual or other negotiations or otherwise damage or enrich the person or entity to which the information relates. Also referred to as “Commercially Sensitive Information”; or
- Internal policy decisions, classified, financial, commercial, scientific, technical or other information whose public disclosure could reasonably be expected to undermine or negatively affect the development and/or implementation of a program, or damage national security. Also referred to as “Program Sensitive Information”.

Assessment outcome

Yes (1 Point).

Justification of assessment

The above documentation specifies that the indicator is fulfilled.

Indicator 5.2.10

Relevant scoring methodology provisions

The program requires that information related to the determination of the baseline scenario, additionality, or the calculation of emission reductions or removals must be disclosed and cannot be considered confidential.

Information sources considered

- 1 VCS Standard, v4.1, 22 April 2021. Available: https://verra.org/wp-content/uploads/2021/04/VCS-Standard_v4.1.pdf.

Relevant carbon crediting program provisions

Provision 1 Source 1, section 3.4, page 17: “In order to complete the project validation process, project proponents shall prepare a project description, which describes the project’s GHG emission reduction or removal activities. In order to complete the project verification process, project proponents shall prepare a monitoring report, which describes the data and information related to the monitoring of GHG emission reductions or removals.”

Provision 2 Source 1, section 3.4.2, page 18: “All information in the project description shall be presumed to be available for public review, though commercially sensitive information may be protected, as set out in the VCS Program document Registration and Issuance Process, where it can be demonstrated that such information is commercially sensitive. The validation/verification body shall check that any information designated by the project proponent as commercially sensitive meets the VCS Program definition of commercially sensitive information. *Information in the project description related to the determination of the baseline scenario, demonstration of additionality, and estimation and monitoring of GHG emission reductions and removals shall not be considered to be commercially sensitive [emphasis added] and shall be provided in the public versions of the project description.*”

Assessment outcome

Yes (1 Point).

Justification of assessment

The above documentation clearly specifies that the indicator is fulfilled.

Scoring results

According to the above assessment, the carbon crediting program receives 10 out of 11 achievable points. Applying the scoring approach of the methodology, this results in a score of 4.55.