Application of the CCQI 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

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Criterion:	**6.2 Sustainable development impacts of the project type or project**
Project type:	**Avoided planned deforestation**
Date of final assessment:	**02 July 2024**
Score:	**Protected Forest area:** **LDCs/SIDS: 3.05** **Other countries: 2.05** **IFM:** **LDCs/SIDS: 2.42** **Other countries: 1.42**

Assessment

Relevant scoring methodology provisions

The methodology assesses the extent to which a project type or specific project contributes to or hinders the achievement of each of the 17 Sustainable Development Goals (SDGs), with the exception of Goal 13 on climate action which is the primary goal of the climate mitigation projects. To assess the impacts of a project type or individual project on each SDG, the methodology draws on a seven-point ordinal scale for each SDG (see further details in the methodology). The following table illustrates the scale from -3 to +3 points to assess the impact or influence of a project type or individual project on each individual SDG goal:

Impact of the project on the SDG goal	Points
Indivisible: The successful implementation of the project automatically delivers progress on this SDG goal.	+3
Reinforcing: The successful implementation of the project directly makes it easier to make progress on this SDG goal.	+2
Enabling: The successful implementation of the project indirectly creates conditions that enable progress on this SDG goal.	+1
Consistent: There is no significant link between the project and this SDG goal.	±0
Constraining: The successful implementation of the project constrains the options for how to deliver on this SDG goal.	−1
Counteracting: The successful implementation of the project makes it more difficult to make progress on this SDG goal.	−2
Cancelling: The successful implementation of the project automatically leads to a negative impact on this SDG goal.	−3

As an additional step of the evaluation, it is assessed whether the project is implemented in Least Developed Countries or Small Island Developing States, which are recognized to face special circumstances that require additional support. Projects implemented in these countries receive an upgrade of one score point (e.g., from 3 to 4) in the overall evaluation of criterion 6.2. Note that the overall score cannot exceed 5.

Information sources considered

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12 Satyal et al. (2020) - Justice-related impacts and social differentiation dynamics in Nepal's REDD+ projects. Online available at: https://www.sciencedirect.com/science/article/pii/S1389934119301285

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16 Review of descriptions of different individual carbon credit projects

Assessment

The criterion is here assessed at the level of the project type, noting that the actual impacts may differ substantially between individual projects. The assessment thus aims to provide a picture of the typical impacts of the relevant project type. The project type is characterized as follows:

"Activities to avoid deforestation that is legally authorized and planned by an identifiable, commercial agent. In addition, forest degradation may be reduced. The activities are implemented on a dedicated project level geographical area (not at jurisdictional level). The project type reduces emissions by avoiding the loss of forest carbon stocks."

The assessment is further differentiated with the question whether the project activity includes a complete protection of the forest area (Table 1) OR whether it includes a form of sustainable forest management (Table 2).

The assessment results are summarized in the tables below.

Table 1: Avoided planned deforestation with protected forest area

SDG	Points	Justification
Goal 1: No Poverty	0	If individual projects fail to clarify land ownership or tenure (between a commercial agent vs. local populations) or to formally acknowledge forest use of local populations, the conservation of the project area might negatively impact livelihoods as the access to the forest (resources) is restricted (targets 1.2 and 1.4). Especially in tropical forest regions, land tenure is contested and indigenous customary land rights are not recognized or upheld. Additionally, literature shows that risks/negative impacts often fall hardest on marginalized, vulnerable or poor populations. As the commercial agent already holds the right to deforest the forest area in the baseline, it can be assumed that conflicts over land ownership are less likely for avoided planned deforestation projects. The impact on SDG 1 is further dependent on the local context and the individually implemented project activities. The project type might include additional activities that create alternative income sources (e.g. ecotourism) or include benefit sharing to compensate local populations for their restricted access to forest (resources). To account for this uncertainty a point score of zero is given which does not mean that there is no interaction in this case.
Goal 2: Zero Hunger	2	The project type might negatively impact the access to forest resources (target 2.1). This depends, however, on the specifics of the land, land ownership, and informal use of the land. It can be assumed that changes to the accessibility of the forest area are less likely as the commercial agent already holds the right to deforest the forest area in the baseline. Although dependent on the local context, forests can contribute to farmland pollination and seed dispersal. Beyond providing shelter for critical vertebrate pollinators, natural forests feature upmost diverse genetic material which can be utilized for breeding more resilient crops. Furthermore, forests reduce soil

SDG	Points	Justification
		erosion and can act as a buffer for nitrate leakage from surrounding agriculture (target 2.4).
Goal 3: Good Health and Well-being	0	Forests and wildlife have major well-being benefits across different cultural contexts. Permitting adjacent community access to forests and culturally important forest products, such as wild meat and medicine, can improve local well-being (target 3.4). It is unclear whether the access to forest resources for local communities will be permitted in the protected forest area compared to a baseline of deforestation. This depends also very much on the specifics of the land, land ownership, and informal use of the land. Due to this uncertainty, it is thus assumed that there is no significant change compared to baseline.
Goal 4: Quality Education	0	It is uncertain to what extent a project aiming at avoiding deforestation by an identifiable, commercial agent includes activities that create alternatives for local communities such as trainings, capacity-building and awareness raising (e.g. targets 4.1 and 4.7). However, the implementation of such additional activities (next to, for example, restricting the access to the forest and controlling/prohibiting local (degrading) uses of forest resources) depends very much on the local context and the project design. To account for this uncertainty, a point score of zero is given which does not mean that there is no interaction in this case.
Goal 5: Gender Equality	0	It is uncertain to what extent a project aiming at avoiding deforestation by an identifiable, commercial agent includes activities that promote gender equality. However, restricting access to land or forest (resources) by conserving the forest area often negatively impacts women (and other vulnerable groups) the most. If not explicitly addressed in the project design, the project type might thus even reinforce gender inequality and patriarchal forest decision-making structures as women tend to be excluded from decision-making, benefit sharing and rights to land/forests (targets 5.1 and 5.5). Due to the uncertainty, a point score of zero is given.
Goal 6: Clean Water and Sanitation	3	Compared to harvesting, keeping the forest intact and even improving it, will enhance water quality. By also avoiding a degradation of the forest, the risk for floods might be reduced depending on the local conditions as the water retention is higher in intact forests (target 6.3). The project types directly protects the water-related ecosystem forest compared to harvesting (or even clear-cut) in baseline (target 6.6).
Goal 7: Affordable and Clean Energy	0	No interaction
Goal 8: Decent Work and Economic Growth	0	Jobs can be created by protecting the forest area for conservation, but jobs in commercial harvesting can also be lost (target 8.5). It thus assumed that the project does neither significantly contribute to achieving this SGDs nor does it hinder progress on this SDG.
Goal 9: Industry, Innovation and Infrastructure	0	No interaction
Goal 10: Reduced Inequality	-1	On the one hand, injustices and conflicts (target 10.2) could be less of an issue for planned deforestation projects as the activities of a commercial agent are targeted and land ownership might be clearer compared to activities focussing only on unplanned (illegal) deforestation. However, badly-designed projects might also reinforce and perpetuate dispossession and inequity if the project type unfolds in a context of past displacement and land grabbing

SDG	Points	Justification
		(targets 10.2 and 10.3). There is evidence of projects neglecting land ownership or tenure of local stakeholders next to an identifiable commercial agent. The impact on SDG 10 is highly dependent on the local context and the implemented project activities. The project type poses though a particular risk to the progress on SDG 10 and thus a point score of -1 is given.
Goal 11: Sustainable Cities and Communities	0	No interaction
Goal 12: Responsible Consumption and Production	0	No interaction
Goal 14: Life Below Water	0	No interaction
Goal 15: Life on Land	3	The project type avoids planned deforestation by establishing a conserved/protected forest area. This conserves the ecosystem forest and halts deforestation (targets 15.1. and 15.2). Further, biodiversity is increased (target 15.5). There is a trade-off regarding biodiversity as there will be a shift away from light-loving species as the forest gets denser and darker after stopping commercial harvesting. This effect is though more significant cumulatively if the activity is implemented over a larger area/region.
Goal 16: Peace and Justice Strong Institutions	-1	In the worst cases, projects which fall under this project type have led to evictions and human rights abuses (targets 16.1, 16.2 and 16.7). While the impact on SDG 16 depends on the exact project activities implemented and the local context, this potential impact is a significant risk to sustainable development.
Goal 17: Partnerships to achieve the Goal	0	No interaction
Total points achieved: 6		

The project type receives 6 points in the SDG impact evaluation. Furthermore, none of the goals is assessed with a score of -3. Using the scoring approach of the methodology, this results in a score of 2.05. If the underlying project is implemented in a Least Developed Country or Small Island Developing State, the score is upgrade by one scoring point, resulting in an overall score of 3.05.

Table 2: Avoided planned deforestation with sustainable forest management

SDG	Points	Justification
Goal 1: No Poverty	0	If individual projects fail to clarify land ownership or tenure (between a commercial agent vs. local populations) or to formally acknowledge forest use of local populations, the new (sustainable) management of the project/forest area might negatively impact livelihoods as the access to the forest (resources) is hindered or altered (targets 1.2 and 1.4). Especially in tropical forest regions, land tenure is contested and Indigenous customary land rights are not recognized or upheld. Additionally, literature shows that risks/negative impacts often fall hardest on marginalized, vulnerable or poor populations. As the commercial agent already holds the right to deforest the forest area in the baseline, it can be assumed that conflicts over land ownership are less likely for avoided planned deforestation projects. The impact on SDG 1 is further dependent on the local context and the individually implemented project activities. The project type might namely include additional activities that create alternative income sources or include benefit sharing to compensate local populations for their restricted access to forest (resources). To account for this uncertainty a point score of zero is given which does not mean that there is no interaction in this case
Goal 2: Zero Hunger	0	It is uncertain to what extent the implementation of sustainable forest management impacts the access to forest resources or agricultural activities by the local population compared to a baseline of a higher rate of deforestation (target 2.1). This depends very much on the specifics of the land, land ownership, and informal use of the land as well as on the implemented (additional) activities to manage the forest more sustainably. To account for this uncertainty a point score of zero is given.
Goal 3: Good Health and Well-being	0	No significant change compared to baseline regarding the reduction of risks for deaths and illnesses (targets 3.4 and 3.9).
Goal 4: Quality Education	0	It is uncertain to what extent a project aiming at avoiding deforestation by an identifiable, commercial agent includes activities that create alternatives for local communities such as trainings, capacity-building and awareness raising (e.g. targets 4.1 and 4.7). However, the implementation of such additional activities (next to, for example, restricting the access to the forest and controlling/prohibiting local (degrading) uses of forest resources besides the sustainable management of the forest) depends very much on the local context and the project design. To account for this uncertainty, a point score of zero is given which does not mean that there is no interaction in this case.
Goal 5: Gender Equality	0	It is uncertain to what extent a project aiming at avoiding deforestation by an identifiable, commercial agent includes activities that promote gender equality. However, restricting access to land or forest (resources) by establishing a new management regime of the forest area often negatively impacts women (and other vulnerable groups) the most. If not explicitly addressed in the project design, the project type might thus even reinforce gender inequality and patriarchal forest decision-making structures as women tend to be excluded from decision-making, benefit sharing and rights to land/forests (targets 5.1 and 5.5). Due to the uncertainty, a point score of zero is given.
Goal 6: Clean Water and Sanitation	2	Activities to reduce planned deforestation which can be summarized as sustainable forest management often include a range of forest

SDG	Points	Justification
		activities (extending the rotation, reduced logging etc.). These forest protection measures but also the decreased disturbance (intensity) can provide the conditions for an improvement in water quality (target 6.3) and the protection of the water-related ecosystem forest (target 6.6). The change compared to the baseline varies depending on the implemented activities.
Goal 7: Affordable and Clean Energy	0	Commercially harvested wooded can have many different end uses and does not necessarily increase the share of renewable energy. Additionally, the prolonged use of woody biomass (e.g. as furniture) should be prioritized compared to an energetic use from a climate perspective.
Goal 8: Decent Work and Economic Growth	0	It is assumed that there is no significant change in the number of jobs due to the implementation of sustainable forest management compared to the baseline of conventional harvesting. Badly-designed projects might exclude local communities (by monitoring, patrolling etc.) to establish the new management system and thereby impact their livelihoods without giving them equivalent opportunities or sufficient compensation. Well-designed project might include additional activities for the local population. To account for this uncertainty, a point score of zero is given.
Goal 9: Industry, Innovation and Infrastructure	0	No interaction
Goal 10: Reduced Inequality	-1	On the one hand, injustices and conflicts (target 10.2) could be less of an issue for planned deforestation projects as the activities of a commercial agent are targeted and land ownership might clearer compared to activities focussing only on unplanned (illegal) deforestation. However, badly-designed projects might also reinforce and perpetuate dispossession and inequity if the project type unfolds in a context of past displacement and land grabbing (targets 10.2 and 10.3). There is evidence of projects neglecting land ownership or tenure of local stakeholders next to an identifiable commercial agent. The impact on SDG 10 is highly dependent on the local context and the implemented project activities. The project type poses though a particular risk to the progress on SDG 10 and thus a point score of -1 is given.
Goal 11: Sustainable Cities and Communities	0	No interaction
Goal 12: Responsible Consumption and Production	0	No interaction
Goal 14: Life Below Water	0	No interaction
Goal 15: Life on Land	3	The project type avoids planned deforestation by implementing sustainable forest management practices. This represents a sustainable use of the forest ecosystem and reduces deforestation compared to the baseline (targets 15.1. and 15.2). Further, biodiversity is likely increased (target 15.5).
Goal 16: Peace and Justice Strong Institutions	-1	In the worst cases, projects which fall under this project type have led to evictions and human rights abuses (targets 16.1, 16.2 and 16.7). While the impact on SDG 16 depends on the exact project activities implemented and the local context, this potential impact is a significant risk to sustainable development.

SDG	Points	Justification
Goal 17: Partnerships to achieve the Goal	0	No interaction
Total points achieved: 3		

The project type receives 3 points in the SDG impact evaluation. Furthermore, none of the goals is assessed with a score of -3. Using the scoring approach of the methodology, this results in a score of 1.42. If the underlying project is implemented in a Least Developed Country or Small Island Developing State, the score is upgrade by one scoring point, resulting in an overall score of 2.42.