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

Contact
carboncreditqualityinitiative@gmail.com

Criterion:	**6.2 Sustainable development impacts of the project type or project**
Project type:	**Avoided unplanned deforestation**
Date of final assessment:	**02 July 2024**
Score:	**LDCs/SIDS: 2** **Other countries: 1.00**

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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10 Seddon, N.; Chausson, A.; Berry, P.; Girardin, C. A. J.; Smith, A.; Turner, B. (2020): Understanding the value and limits of nature-based solutions to climate change and other global challenges. Online available at: https://royalsocietypublishing.org/doi/10.1098/rstb.2019.0120

11 Smith, P., J. Nkem, K. Calvin, D. Campbell, F. Cherubini, G. Grassi, V. Korotkov, A.L. Hoang, S. Lwasa, P. McElwee, E. Nkonya, N. Saigusa, J.-F. Soussana, M.A. Taboada, 2019: Interlinkages Between Desertification, Land Degradation, Food Security and Greenhouse Gas Fluxes: Synergies, Trade-offs and Integrated Response Options. In: Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems. Online available at: https://www.cambridge.org/core/books/climate-change-and-land/interlinkages-between-desertification-land-degradation-food-security-and-greenhouse-gas-fluxes-synergies-tradeoffs-and-integrated-response-options/4FDD06040C411E0C3A249E69ABEE6268

12 Sunderlin et al. (2017) - REDD+ Contribution to Well-Being and Income Is Marginal: The Perspective of Local Stakeholders. Online available at: https://www.mdpi.com/1999-4907/8/4/125

13 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 driven by multiple, mostly local agents. The deforestation occurs as a result of socioeconomic forces, such as subsistence agriculture of local communities, encroaching roads, or illegal logging. In addition, forest degradation may be reduced. Projects usually combine different activities to reduce deforestation, such as improving agricultural practices of local communities, providing alternative livelihoods, instituting patrols or assisting with land tenure reform.

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 results are summarized in the below table.

SDG	Points	Justification
Goal 1: No Poverty	-1	The project type might include activities that create alternative income sources and/or access to land/basic services through securing/clarifying land rights through land tenure registration (target 1.4). There might also be direct payment or some form of benefit sharing to compensate local populations for their restricted access to forest (resources). Some projects might achieve to clarify land ownership and tenure and formally acknowledge the (previously not formally accepted) land use of local populations. However, if not well designed or implemented, access to forest resources or the expansion of agricultural practices into the forest is restricted without providing sufficient alternative income opportunities or direct payments/compensation, thus negatively impacting livelihoods (targets 1.2 and 1.4). Informally held or used lands might also not be considered when clarifying/manifesting land ownership and tenure relations. 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. The impact on SDG 1 is further dependent on the local context and the individually implemented project activities. To account for this uncertainty and address the particular risks of this project type regarding land ownership / tenure, a point score of -1 is given.
Goal 2: Zero Hunger	0	Subsistence agriculture of local communities might be hindered by limiting the access/use of the forest area or of buffer zones around the project area. This can negatively impact food availability for adjacent local communities (target 2.1). Often projects avoiding deforestation include however activities that create alternative income sources and alternatives to forest degrading activities. Activities implemented to avoid unplanned deforestation might include training and support (technical or financial) to establish more sustainable farming practices (incl. agroforestry) or establishing alternative livelihoods compared to using forest resources (such as growing cocoa or acai, developing fisheries or aquaculture) (targets 2.1, 2.3, 2.4). Literature however shows that these alternatives (also incl. direct payments) are often not a sufficient compensation. A point score of zero is given for SDG 2 to account for this uncertainty which does not mean that there is no interaction for this SDG.
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 likely that a project avoiding unplanned degradation/deforestation in a country of the Global South negatively impacts the access to forest resources. This depends, however, very much on the specifics of the land, land ownership, and informal use of the land. Further, the project type might include additional activities which support access to health services such as the establishment of health clinics or provision of health services. It is assumed that there is no guaranteed significant change compared to baseline regarding reducing the risks for deaths and illnesses. A point score of zero is given for SDG 3 to

SDG	Points	Justification
		account for this uncertainty which does not mean that there is no interaction for this SDG.
Goal 4: Quality Education	0	The project type often includes activities that create alternatives to forest degrading/deforestation activities including 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	-1	Sometimes the project type includes activities that create income sources for women or provide training for women specifically, which positively impacts SDG 5. However, restricting access to land or forest (resources) often negatively impacts women (and other vulnerable groups) the most. If not explicitly addressed in the project design, the project type might 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). As gender mainstreaming is not necessarily enshrined in the project type, the project type likely provides conditions that hinder progress on this SDG.
Goal 6: Clean Water and Sanitation	1	By avoiding unplanned deforestation and degradation of forests, the water-related ecosystem forest is better protected than in the baseline (target 6.6). The risk for floods might be slightly reduced depending on the local conditions as the water retention is higher in more intact forests (target 6.3). However, projects avoiding unplanned degradation/deforestation might still include a substantial amount of (commercial) harvesting which reduces the extent of the aforementioned impacts.
Goal 7: Affordable and Clean Energy	0	Depending on the actual implemented project activities, the forest area might be subject to sustainable forest management including timber harvesting. 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	The project type can provide alternative income sources (employment opportunities) to stop illegal logging or subsistence agriculture. These activities could include paid patrolling or monitoring of forest areas, eco-tourism, establishment of new business opportunities (based on non-timber forest products like honey), or forms of benefit sharing (target 8.5). Badly-designed projects might exclude local communities (by monitoring, patrolling etc.) and thereby impact their livelihoods without giving them equivalent opportunities or sufficient compensation. To account for this diverging evidence from research, a point score of zero is given. This does however not mean that is no interaction for this SDG.
Goal 9: Industry, Innovation and Infrastructure	0	No interaction
Goal 10: Reduced Inequality	-1	Some projects might achieve to clarify land ownership and tenure and formally acknowledge the (previously not formally accepted) land use of local populations. However, badly-designed projects might even reinforce and perpetuate dispossession and inequity if

SDG	Points	Justification
		the project type unfolds in a context of past displacement and land grabbing (targets 10.2 and 10.3). There is evidence of projects avoiding (unplanned) deforestation that exclude local stakeholders without equal benefit-sharing or compensation, negatively impacting livelihoods or even causing conflicts (target 10.2). This is especially a risk if subsistence or illegal forest activities shall be avoided to decrease unplanned forest degradation/deforestation. The impact on SDG 10 is highly dependent on the local context and the implemented project activities. The project type poses however 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	This project type might include additional activities which support community development (such as support for transport, electricity supply, and infrastructure) (targets 11.1 and 11.2). However, this is not always the case and there is evidence that the project type actually weakens local/community institutions and decision-making by setting up new forest/carbon-market-related institutions/governance structures which lead communities to neglect existing/well-functioning structures. The impact on SDG 11 is thus very uncertain as it depends on the implemented project activities. To account for this uncertainty a point score of zero is given even though this does not mean that there is no interaction.
Goal 12: Responsible Consumption and Production	0	No interaction
Goal 14: Life Below Water	0	No interaction
Goal 15: Life on Land	1	The impacts on SDG 15 vary a lot as many different project activities in relation to forest management fall under this project types. Generally, the project types avoids unplanned deforestation and potentially degradation of forests which positively impacts the forest ecosystem (targets 15.2, 15.3 and 15.5). Depending on the individual design, various (sustainable) forest management practices might be implemented or a conserved forest area might be further protected in the buffer zones. These would, for example, further increase the positive impact on target 15.2 and 15.5. However, the project type does not necessarily halt deforestation activities completely (target 15.2) as only unplanned activities are avoided (and e.g. not large-scale deforestation by a commercial agent). To account for these varying potential impacts, a point score of +1 is given.
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: -2		

The project type receives -2 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 1.00. 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 1.37.