This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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Globally Accepted Methodologies

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On this page: *Countries rolling out their own crediting or co-crediting systems will need to define standards or methodologies. Read more below, or visit Strategic Guidance for Country System Assessments, Guidance for Countries in Assessing ERC Projects, or Mobilizing ERC Finance.*

S3: Globally accepted methodologies. This element focuses on ensuring that the standards and methodologies adopted by governments for ERCs generated locally are robust and aligned to the largest demand pools, especially in the situation where the country intends to roll out its own crediting or co-crediting system. Countries rolling out their own crediting or co-crediting systems will need to define which standards or methodologies for measuring the impact of the ERC activities will be used as a basis for the subsequent crediting. Adopting such standards will significantly reduce friction for international buyers to look into the local markets for their potential ERC purchases, as they will be able to quickly understand the quality of the ERCs in relation to their current portfolios.

In addition to the standards for determining emissions reductions, the importance of standards for co-benefits is becoming more apparent through the pricing premiums that projects with robust articulation of such characteristics obtain. Clarity on such co-benefits, especially if the country is expected to roll out its own crediting or co-crediting system, will help provide project developers forward visibility for their investments and resource deployment and potential buyers in assigning value to the ERCs.

Guideposts for best practice
Sequencing for roadmap

- For countries seeking to develop ERC crediting mechanisms, identification and adoption of ERC standards/methodologies that are aligned with potential buyer demands
- [Best practice and for countries with their own crediting systems] Robust review process of adopted ERC project standards/methodologies to ensure up-to-date list of eligible projects reflective of the global market and continuously aligned with the local regulatory context
- [For countries with own crediting systems] Identification and adoption of standards for ERC projects to claim co-benefits
- [Best practice] Prioritization of identified co-benefits in line with the country's other environment-related (e.g. biodiversity, air quality, etc.,) or strategic objectives (e.g. poverty reduction, gender equality, etc.,)

Impact	High – Methodologies greatly impact buyers' interest and valuation for the ERCs generated, and will be critical for project developers in deploying resources	Phase 2: Developing the pillars for market integrity
Resources needed	High - Existing global standards can be used in building and operating mechanisms around project standards and methodologies, but would require careful planning and coordination among government bodies	

Moreover, it is important to acknowledge that individual markets have established their own approaches to determining methodologies and standards for the local market, reflecting a dynamic and evolving ERC ecosystem. Below are some models of how other markets have accomplished this:

Model 1: Adopting current standards
Exemplars
Adopt standards/methodologies from globally recognized standard-setting bodies (e.g., Verra, Gold Standard, UNFCCC, etc.,) with potential to incorporate country-specific requirements to better align with country priorities and capabilities
Benefits and risks

Model 1: Adopting current standards

Exemplars

Image not found or type unknown **Easier access to international carbon markets** and funding, as methodologies are widely accepted and understood

Established track records of methodology credibility and reliability to ensure integrity of credits

Lower cost to procure technical expertise and infrastructure for developing own methodologies

Image not found or type unknown **Less control and flexibility** over the design of methodologies and projects, limiting alignment with potentially specific national objectives

Reliance on private third parties, which may have different incentives vs. country

1a: Pre-approval of methodologies from existing methodologies from registry bodies/standard-setters

Ghana. Ghana's Carbon Market Authority has pre-approved methodologies under existing international crediting standards (e.g., CDM, Gold Standard, Verra, ISO 14064, REDD+ TREES) with the list of recommended methodologies being periodically updated.[1]

1b: Robust review and adoption of select methodologies within the major registry bodies/standard-setters, with the addition of own requirements on top of the methodologies

California. California Air Resources Board (CARB) adopted methodologies (e.g., US Forest, Ozone Depleting Substance, Mine Methane Capture, etc.,) from the American Carbon Registry, Climate Action Reserve, and Verra as the accepted protocols for its Compliance Offsets Program, and added requirements and tests for additionality, legality, and environmental co-benefits, that both the VVBs and the CARB will be assessing.[2]

Model 2: Development of own standards

Exemplars

Develop own set of standards or project methodologies/protocols to align with priority areas for project development all while ensuring compliance to globally accepted principles for ERC projects.

This option may be challenging, the global ERC markets will prefer standards and methodologies that are familiar to them. The country systems will need to reflect global systems to leverage global markets.

Benefits and risks

☒ **Customization** of methodologies for local circumstances helps ensure fit with national policies

☒ **Independence** from global registries to better suit highly specific national objectives

☒ **Innovation** and creation of new opportunities for low-carbon technologies and models

☒ **Limits value maximization** due to limited international market access

☒ **Complexity** in methodology development and requirement of technical expertise and resources

☒ **Additional transaction costs** resulting from potential buyers needing to understand the nature of the ERCs and the methodologies/protocols that support them

Australia. Within the Clean Energy Regulator (CER), the Method Development Branch creates and manages its own methodologies (e.g., savanna fire management, vegetation, waste, agriculture, blue forest), based on its experience of adopting standards previously. The CER also works with the Emissions Reduction Assurance Committee (ERAC) to consult on all new methodologies to ensure compliance with the CER's Offsets Integrity Standards.

As a supplement to assessing this component, the Carbon Initiative for Development's (Ci-Dev) Standardized Crediting Framework[3] is recommended as a detailed and best practice guide for countries seeking to establish their own crediting framework. It is the aim of this initiative to improve transparency of national crediting decision-making, reduce transaction costs, and shorten time to generate the emissions reductions.

Establishing an contextualized approach to co-benefit recognition may be anchored on national priorities, especially if the country chooses to roll out its own crediting system. Looking at examples from other markets can provide valuable insights on how this can be accomplished.

Model 1: Local objective-driven standards

Exemplars

Establish in-house minimum standard for what constitutes co-benefit **and set up additional requirements for tracking.**

This option is optimal for countries with a strong emphasis on unique environmental or social conditions and/or with expertise and capacity to implement own co-benefits.

Benefits and risks

☒ **Alignment with national priorities** so that co-benefits are geared toward a country's unique environmental and social goals

☒ **Increased ownership and control** over offset co-benefits and tracking to build confidence in local ERC integrity

☒ **Higher cost and resource intensiveness** to develop and implement own co-benefit mechanisms

☒ **Credibility challenges** if there are limited in-house expertise to verify and track co-benefits

California. The US State of California **sets minimum standard of co-benefits for its offset credits,** requiring at least 50% of offset usage to have direct environmental benefits (DEBs) to California. DEBs pertains to the reduction or avoidance of emissions of any air pollutant in the state or the reduction or avoidance of any pollutant that could have an adverse impact on waters of the state Co-benefit verification is executed by the CARB-accredited VVBs, alongside the verification process for the emissions reductions, prior to offset credit issuance.[4]

Model 2: Adoption of existing standards

Exemplars

Adopt **established standard methodologies with attached co-benefits recognition.**

This option is optimal for countries looking for better alignment and consistency of reporting and recognition of co-benefits across regional and global project.

Benefits and risks

☒ **Reduced resource investment** in developing own co-benefits and tracking mechanism

☒ **assurance** with using established co-benefits and third-party verifiers

☒ **Less alignment with specific environmental and social goals,** which could limit effectiveness in achieving desired outcomes

☒ **Limited customization** to tailor co-benefit definitions to specific context and needs

Various. Several countries operate schemes (e.g., Japan Voluntary Emissions Trading Scheme, South Korea Emissions Trading Scheme) that recognize Gold Standard and Verra methodologies, which in turn come with attached environmental, social, and economic co-benefits; co-benefit verification done by respective registries.

Footnote 1: Ghana's framework on international carbon markets and non-market approaches

Footnote 2: CER Compliance Offset Program

Footnote 3: Standardized Crediting Framework

Footnote 4: CER Compliance Offset Program

Related Content

- **Strategic Guidance for Country System Assessments (Download PDF version)**
- **Guidance for Countries in Assessing ERC Projects (Download PDF version)**
- **World Bank Emissions Reduction Program: Mobilizing ERC Finance (Download PDF version)**

Additional Resources

- Power and Renewable Energy PPPs
- Infrastructure Challenges and How PPPs Can Help
- PPP Reference Guide 3.0 (Full version)

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