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.

Photo Credit
Project Governance and Structure, man typing on a laptop with a environmental icons and graphic on the screen

Project Governance and Structure

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On this page: *Assess the capabilities, structure, and counterparty risks of the project team that ensure that they are well resourced and appropriately organized to carry out respective responsibilities throughout the lifetime of the project. Read more below, or visit Strategic Guidance for Country System Assessments, Guidance for Countries in Assessing ERC Projects, or Mobilizing ERC Finance.*

Q3: Project governance and structure: This criterion assesses the capabilities, structure, and counterparty risks of the project team that ensure that they are well resourced and appropriately organized to carry out respective responsibilities throughout the lifetime of the project. This assessment focuses on the project proponent(s) and participant(s) involved in the management and coordination of the project activities, the monitoring and reporting of the ERCs in alignment with the methodology and relevant standard, and the financing of the project.

The following sources and analyses can serve as a guide for the assessment:

- Review the list of project proponent(s) and participant(s), their role(s) in the project and their expertise, experience, and background through gathering information from project documents, conducting desktop research, and interviewing project counterparts.
- Conduct a high-level background check on project proponent(s) for potential counterparty risks through desktop research and interviews with the project counterparts.

There are four assessable subcomponents to this criterion, where the credibility of the project's governance and management are assessed by these qualities, against the guideposts provided in Figure 4.10:

- **MRV capabilities**: In addition to the MRV mechanisms assessed under Q1: MRV infrastructure, the relevance and depth of experience of the party responsible for MRV in generating market standard ERCs.
- **Implementation capabilities**: The experience of the project implementor in carrying out relevant project activities.
- **Local knowledge and engagement**: The understanding of local conditions and ability to engage with local counterparts necessary for carrying out project activities and generating ERCs that are approved by local governments.
- **Counterparty risk**: The track record of the project proponent(s) in ensuring a project's success, preventing legal implications and potential reputational risks.

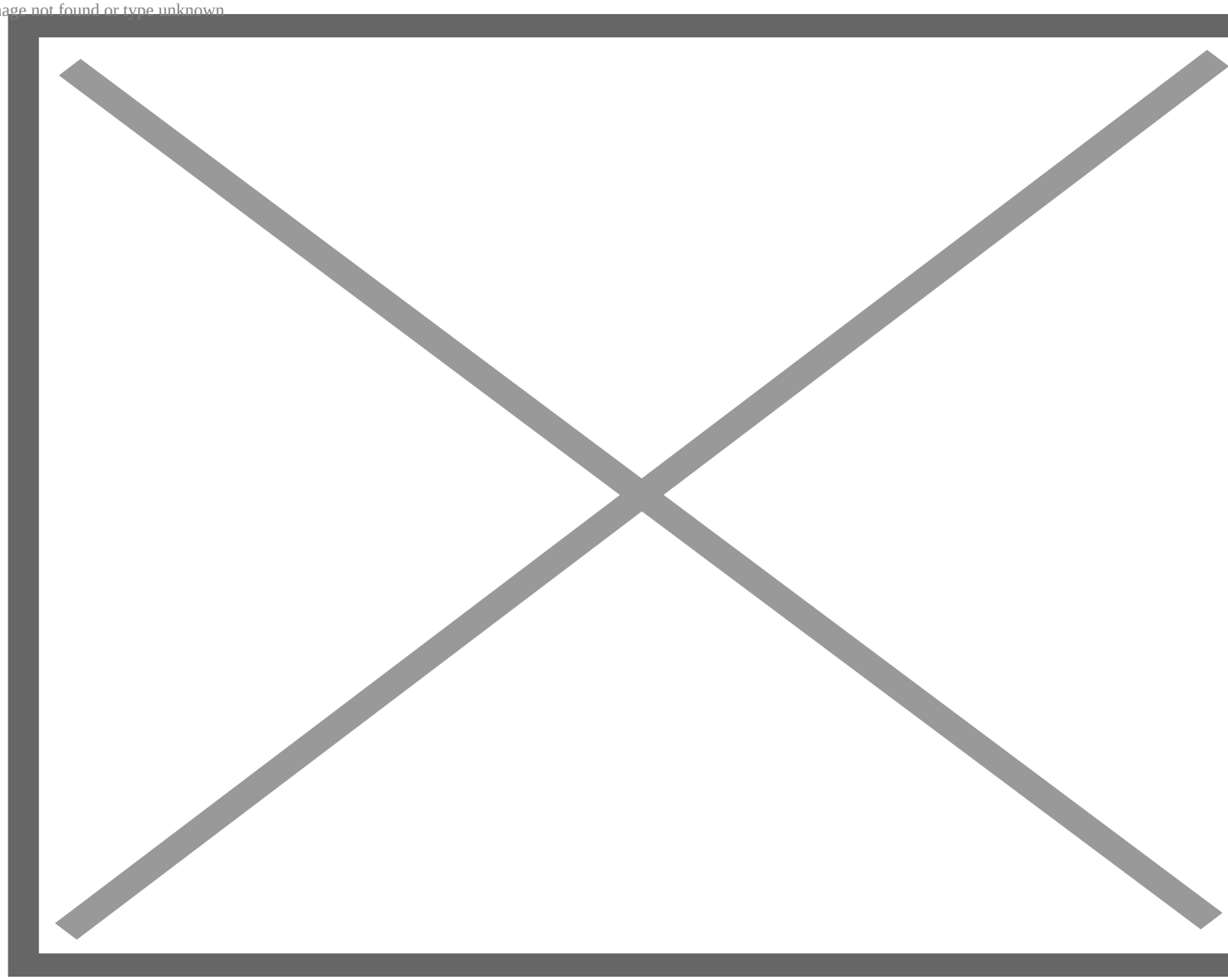
Figure 4.10. Guideposts for rating project governance and structure

Rationale for rating	Rating
MRV capabilities	
• Responsibility for the MRV process is assigned to a project participant that has demonstrable experience with carbon accounting for the project type through at least one verified and issued ERC project approved by the same methodology in the country. • Project participant responsible for the MRV process for the issuance of ERCs has a portfolio of several verified and issued ERC projects of a similar volume.	
• Entity responsible for MRV process has demonstrated experience with carbon accounting for the project type through at least one verified and issued ERC project of approved by the same methodology in the region, who could be an ad-hoc contracted consultancy with the necessary expertise. • Entity responsible for the MRV process for the issuance of ERCs has achieved verification and issuance for one ERC project of a similar volume.	
Implementation capabilities	
• Project participant(s) responsible for the facilitation of project activities have expertise in the relevant field, as proven by past projects, including non-ERC projects of a similar project type • Project appraisal or initial risk assessment expects low institutional risks for its implementation.	
• Project participant(s) responsible for the facilitation of project activities have limited expertise in the relevant field, but will be supported with technical assistance or contract the necessary service providers to support the technical needs for the project implementation. • Project appraisal or initial risk assessment expects high institutional risks for its implementation, and will implement the necessary mitigation measures to manage these risks.	
Local knowledge and engagement	

Rationale for rating	Rating
• At least one project proponent is a local entity with understanding of local relationships, culture, legal frameworks, and governance structures. • At least one project participant has experience engaging with host country national, subnational bodies around Article 6 considerations.	
• Project has access to knowledge of local relationships, culture, legal frameworks, and governance structures, such as through engaging local consultancies.	
Counterparty risk	
• Project proponent(s) have procedures to avoid, identify, and resolve conflicts of interest in its operations, as well as with and within the contracted VVB. • Project proponent(s) do(es) not have any ongoing lawsuits or disputes and have not been involved in litigation. • Project proponent(s) do(es) not have evidence of integrity risks related to corruption, fraud, money laundering, tax evasion, undue political influence, etc. • Project proponent(s) have evidence of legal documents and approvals, including documentation of land rights where applicable, for the lifetime of the project. • Project proponent(s) have not faced or are not otherwise at risk of facing local and/or international media criticism. • Project proponent(s) have evidence of sufficient cash flows to carry out project activities and verification cycle throughout the lifetime of the project. • Project proponent with rights to sell ERCs has a know-your-customer (KYC) process to avoid potential reputational risks associated with buyers, as well as anti-money laundering (AML)/Combating the financing of terrorism (CFT) processes.	
• Project proponent(s) have procedures to avoid, identify, and resolve conflicts of interest in its operations, as well as with and within the contracted VVB. • Project proponent(s) do(es) not have any ongoing lawsuits or disputes and have not been involved in litigation due to an ERC project. • Project proponent(s) do(es) not have evidence of integrity risks related to corruption, fraud, money laundering, tax evasion, undue political influence, etc. • Project proponent(s) have evidence of legal documents and approvals, including documentation of land rights where applicable, for the first crediting period. • Where project proponent(s) have faced local and/or international media criticism, they have responded with substantial evidence to refute allegations. • Project proponent(s) have a credible plan to raise funds that will enable it to carry out project activities and verification cycle throughout the lifetime of the project.	

Figure 4.11. ERC project's delivery risk through project development and verification cycle

Image not found or type unknown



Good governance and structure reduces the delivery and reputational risks for a given project, which provides confidence in its quality. ERC projects, by their nature, have high delivery risks before validation and registration given the challenges around feasibility, securing finance, and potential for unexpected delays, which can be minimized by a well-equipped team with a track record of delivering ERC projects. Once a project achieves its first verification and issuance, although delivery risks are significantly reduced thereafter, the risk of site-visit disruptions, reversals, policy changes, and other external factors still pose uncertainties for future issuances, where ongoing governance by an experienced team is needed to manage these risks across the project's crediting period. See Figure 4.11. This is important to ensure that the value of the ERC project is realized and that buyers—especially buyers looking for forward purchasing options—have confidence that their purchased credits will be delivered, and be of the required quality, with assurance as well that their support of the project will not have significant reputational risks.

Related Content

- **Guidance for Countries in Assessing ERC Projects (Download PDF version)**

Additional Resources

- Governance, Transparency and Anticorruption
- Assessing the Ability to Manage the Project

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