Carbon Integrity and Environmental and Social Risk Management

Full Description

C1, C2, and C3: Carbon integrity and environmental and social risk management: As indicated in Introduction to the Project Assessment Framework, a project's ability to meet carbon integrity, environmental and social risk management standards at this initial profiling stage follows a high-level checklisting process. The checklist statements are provided in the Project Profile Template. The rating for each criterion is determined by the project meeting a number of these checklist statements from the full list, following the rating levels indicated for the initial profiling step in Introduction to the Project Assessment Framework. These criteria serve as a preliminary validation of the project's technical eligibility for generating ERCs that would meet the standard for quality and credibility in the global market.

Two carbon integrity checklists are provided in the Template. The first is established at a standard level to ensure that the accrediting standard the project intends to be registered under has mechanisms in place for ensuring key carbon integrity principles, following the best practices of the International Carbon Reduction Offsetting Alliance (ICROA). See <u>Figure 3.4</u>. The second checklist is positioned at a project level to ensure that the project has mechanisms in place for ensuring key carbon integrity principles as fundamental eligibility criteria for ERC generation and to minimize risks of non-integrity. These exclude criteria "independently verified", "unique" and "real", given that these are carbon integrity principles that rely largely on the accrediting standard that the project is registered under. See Figure 3.5.

Figure 3.4 Checklist for standard-level carbon integrity

Criteria	Checklist
Additional	Standard should have a clear requirements for additionality where eligible projects demonstrate a conservative business as usual scenario and must be surplus to regulatory requirements.
Measurable	Standard should ensure that ERCs are quantifiable and use recognized measurement tools, including adjustments for leakage and uncertainty, against a realistic and credible emissions baseline where a criteria for these adjustments are specified based on a conservative approach.
Permanent	Standard should have a mechanism to address the risk of reversals.
Independently verified	Standard should have a mechanism for independent, third-party validation and verification of mitigation activities.

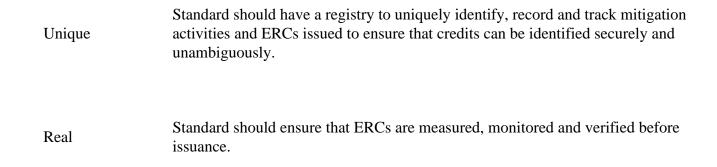


Figure 3.5 Checklist for project-level carbon integrity

Criteria	Checklist
Additional	Project proponent has confirmed that ERC-generation activities are surplus to regulatory requirements, as stated in the project document.
Measurable (Methodology)	Project proponent follows or intends to follow recognized methodologies for measuring and monitoring emission reductions or removals as of now to the next 6 months, as stated in the project document.
Measurable (Leakage)	Project has in place measures to account for potential leakages, where applicable.
Permanent	[For Agriculture, Forestry and Other Land Uses (AFOLU) projects only] Project has in place measures to mitigate risk of reversals, based on potential risk identified.

The environmental and social risk management checklist ensures that project has in place environmental and social risk management measures aligned with the 'do no harm' principle, beyond what is required by national law and regulations. Otherwise, good practice would be for the project to provide justification for why these risk management measures are not necessary based on the nature of the project—for instance if the environmental or social risk is not material to the project activity. In addition, in this step, this criterion also checks for the project's risk management measures for ensuring land and asset ownership rights for the ERCs generated, and for seeking approvals and confirming legality of the project activities. See Figure 3.6.

Figure 3.6 Checklist for environmental and social risk management

Criteria	Checklist
Impact on natural resources	Project has a plan or procedures in place to identify and assess its potential impact on natural resources and ecosystems, such as on water quality, air quality, soil quality etc., as well as to implement mitigation measures to minimize any potential negative impacts.
Impact on biodiversity	Project has a plan or procedures in place to identify and assess its potential impact on ecosystem habitats and biodiversity, as well as to implement mitigation measures to minimize any potential negative impacts.
Stakeholder consultation	Project has a plan or procedures in place to identify relevant stakeholders, to conduct stakeholder consultations and to enable access to project information for public comments.
Impact on local communities and livelihoods	Project has a plan or procedures in place to identify and assess its potential impact on local communities, such as residents within and around the project area, and livelihoods, as well as to implement mitigation measures to minimize any potential negative impacts.
Land/ownership rights	Project has a plan or procedures in place to identify assets in project boundary area and ensure the undisputed ownership of carbon rights.
Government approvals and legality	Project has a plan or procedures in place to ensure that the necessary approvals will be obtained from the Government to carry out the project activity and that the project is compliant with local laws and regulations.
Grievance mechanism	Project has a plan or procedures in place for receiving, investigating and resolving grievances from stakeholders.

Related Content

<u>Guidance for Countries in Assessing ERC Projects (Download PDF version) - coming soon!</u> Additional Resources

Environmental and Social Due Diligence in Asset Recycling Environmental and Social Studies and Standards

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