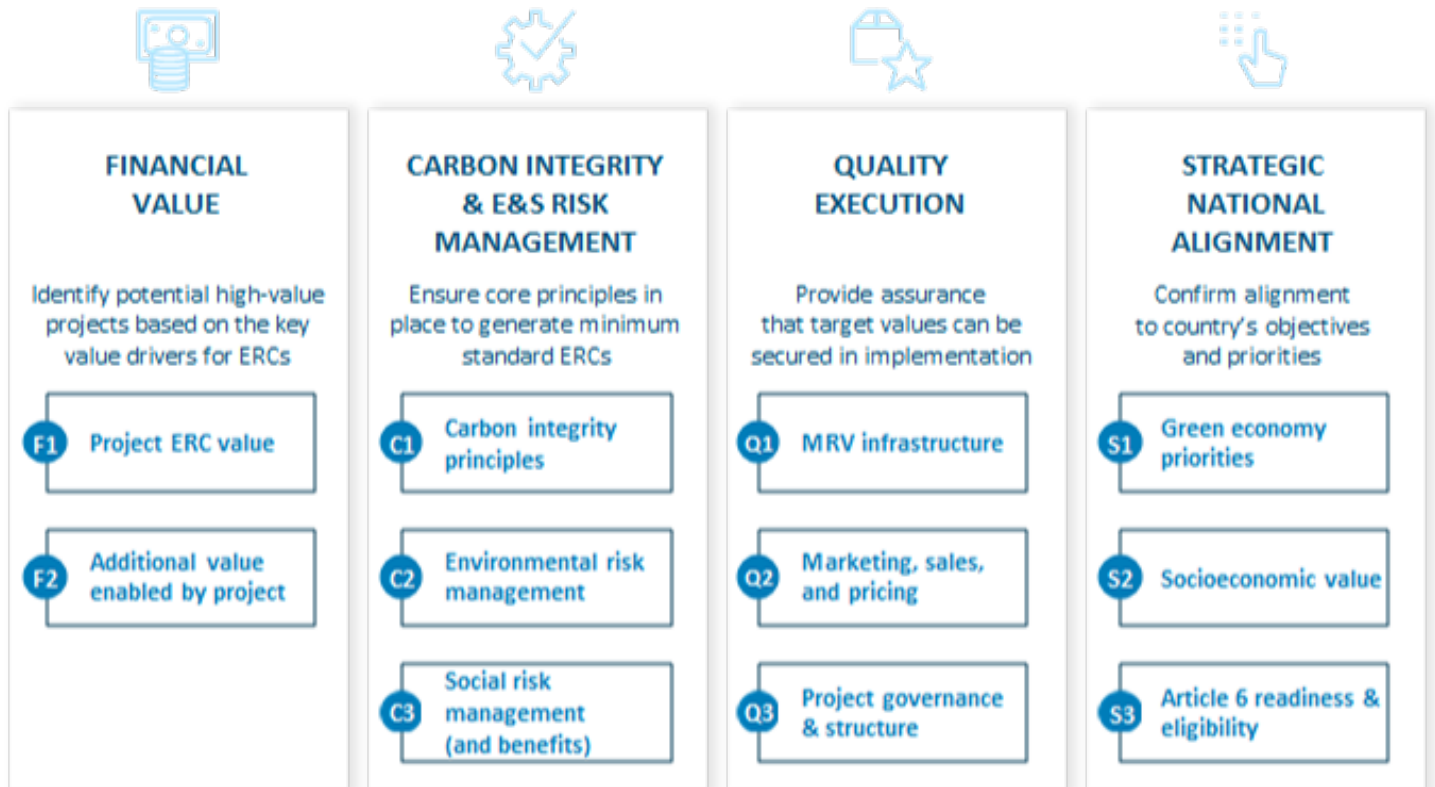


# Introduction to the Project Assessment Framework

## Full Description

Framework for the identification and selection of high-quality ERC projects, most likely to attract high demand and best value pricing.<sup>1</sup>

Figure 1.2. Project Assessment Framework



The Project Assessment Framework consists of four overarching objectives that set 11 assessable criteria to evaluate the project's attributes and mechanisms in alignment with global market best practices and national priorities. See [Figure 1.2](#).

**Financial Value:** The first objective of the Framework seeks to identify potential high-value projects based on key value drivers for ERCs. This objective considers two components that reflect a project's financial value:

- **Project ERC value:** Project's ERC revenues demonstrate high potential, and value net of costs gives positive net present values (NPV) considering varied scenarios across pricing, volume, and costs.
- **Additional value enabled by project:** Project enables additional value beyond ERC revenue, in either non-ERC revenue generated that is enabled by the project activity, or from cost savings due to the resources saved by the project activity.

**Carbon Integrity & Environmental and Social Risk Management:** The second objective of the Framework ensures that core principles and risk management measures are in place for the project to generate ERCs above a minimal standard, and that any risk factors that could affect the quality of the ERCs can be addressed. This objective is guided by three fundamental carbon-quality criteria:

- **Carbon integrity:** Project meets core carbon integrity principles for generating ERCs that are additional, measurable, permanent, independently verified, unique, and real.
- **Environmental risk management:** Project identifies and has risk management measures for potential environmental impact to ensure no net harm.
- **Social risk management and benefits:** Project design considers stakeholders and social impact and has legal rights to carry out project activities; Clear mechanisms for engagement and equitable benefits in a transparent and inclusive manner are planned for the project's design and implementation.

**Quality Execution:** The third objective intends to provide assurance that the potential value of the project can be secured in implementation. This requires the project to generate ERCs that are perceived as high-quality in the VCM and to secure buyers at an optimum target price. This objective therefore first examines the set-up of the project's MRV infrastructure and plans regardless of its project type and activities, and is distinct from the second objective, which looks at the project's carbon integrity risks given the nature of its project activities and the emission reductions or removals it generates. Second, it looks at the potential of the project to secure its value and target demand given its go-to-market strategy. Finally, it considers the governance and track record of the project team to ensure the project's continuity and provide confidence to buyers that the project's impacts will be sustained, and that buying its ERCs will not result in reputational risks. To this end, the analysis examines three key quality execution criteria:

- **MRV infrastructure:** Project's mechanisms for enabling carbon integrity are robust and transparent for the project type.
- **Marketing, sales, and pricing:** Strategy and partners engaged for bringing project to buyers are credible to market project's value and quality.
- **Project governance and structure:** Project team is well resourced and appropriately organized to deliver ERCs and ensure project's success throughout its lifetime.

**Strategic National Alignment:** The final objective of the Framework aims to confirm the project's alignment to the objectives and priorities of the country. The objective focuses on three criteria that define project attributes that demonstrate strategic national alignment:

- **Green economy priorities:** Project type is likely high on the country's priority list given its alignment with economic sector priorities.
- **Socioeconomic value:** Project contributes more broadly to the economy, environment and/or local community based on its co-benefits.
- **Article 6 readiness and eligibility:** Project type has a clear path to being authorized for Article 6-aligned transactions based on the country framework.

*Footnote 1: This section provides an overview of the criteria used for the two levels of project assessment described in Section 1.4. Users of the guidelines that are familiar with the terms and concepts in the carbon markets may proceed directly to Section 1.4, which focuses on the project assessment process.*

Related Content

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