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# TOOL FOR DETERMINATION OF CONTRIBUTION OF PROJECTS TOWARDS SUSTAINABLE DEVELOPEMENT

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Draft Version 1.0



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**CARBON REGISTRY-INDIA  
NETWORK FOR CERTIFICATION AND CONSERVATION  
OF FORESTS**

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## ABBREVIATIONS

- A/R: Afforestation/Reforestation
- CDM: Clean Development Mechanism
- CR-I: Carbon Registry-India
- CS: Carbon Standard
- DE: Delegate Entity
- DPD: Detailed Project Document
- EP: External Project
- GC: Governing Council of NCCF
- IPP: Independent Project Proponent
- IRR: Internal Rate of Return
- MCU: Marketable Carbon Unit
- MR: Monitoring Report
- RIP: Registration and Issuance Procedure
- SCR: Stakeholder Consultation Report
- SD: Sustainable Development
- SDG: Sustainable Development Goal
- VaR: Validation Report
- VeR: Verification Report
- VVB: Validation and Verification Body
- VVS: Validation and Verification Standard

## 1. Introduction

Climate Change is known to have social, economic and environmental impacts with basic amenities such as food, water, energy, etc coming under severe climatic stress. Climate change certainly and adversely impacts the sustainable development. This makes it imperative to assess any mitigation project with respect to its contribution towards the sustainable development (SD). The adoption of the 2030 Agenda for Sustainable Development and the Paris Agreement by Parties provides an opportunity to integrate objectives of Sustainable Development with those of the projects and actions aimed to mitigate the climate change. Thus, the Carbon Registry-India (hereafter referred to as the registry) focuses on contribution to Sustainable Development Goals (SDGs) as integral part of all projects seeking registration and issuance with the registry. The aim of the registry is not only to reduce net GHG emissions but holistically lead to achieving SDGs.

The CR-I tool for Determination of Contribution of projects towards Sustainable Development (hereafter referred to as ‘the tool’) provides an open, flexible, yet robust and efficient method for identification of activities of project affecting the 17 SDGs using appropriate quantitative and qualitative assessment methodologies. The tool also allows the Independent Project Proponents (IPPs) link the co-benefits generated by the project to the national, regional and/or local goals and commitments of the host country to its SD.

The tool shall further facilitate determination of impact factor, which shall be utilised as a comparative measure to analyse the contribution of different projects towards SD as per the SDGs.

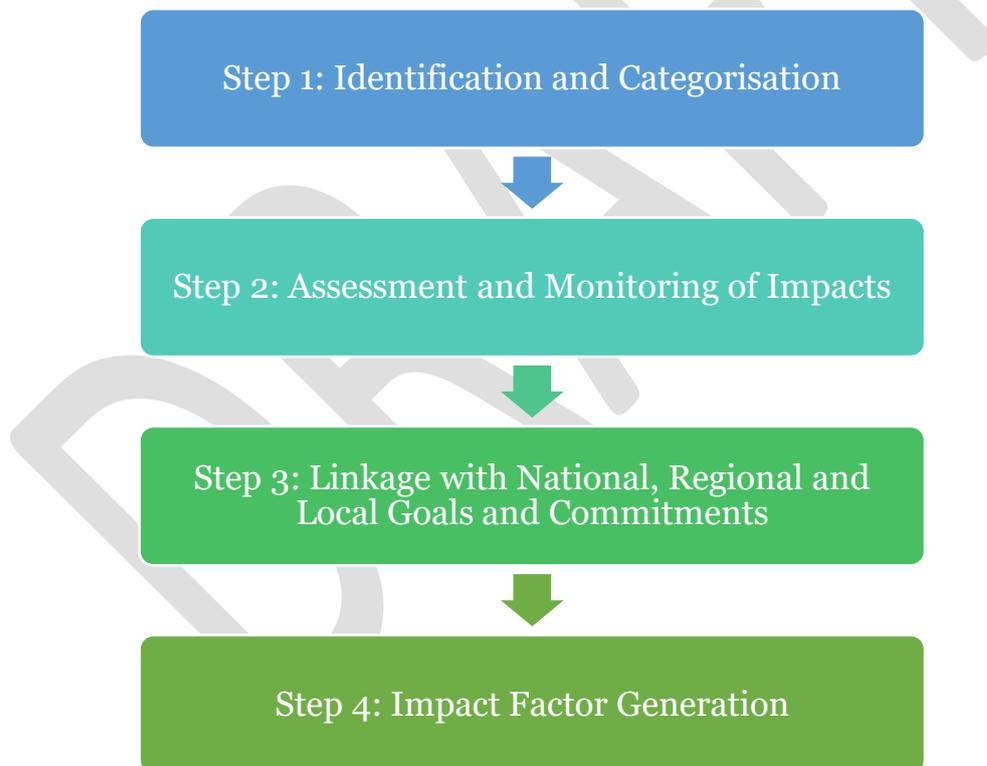
The tool shall be used in its entirety for all projects regardless of the sectoral scope, scale and geographic location, seeking registration, and issuance with the registry..

## 2. Approach

### 2.1 General

- 2.1.1 IPP(s) shall completely adhere to the rules, requirements and procedures established in the tool and CS and any other regulatory document applicable, for determination SD contribution.
- 2.1.2 IPP(s) shall appropriately and adequately complete sections and completely adhere to document preparation instructions as provided in DPD and MR *w.r.t* the tool.

- 2.1.3 The registry shall follow a four-step approach towards determination of contribution of a proposed and/or registered project with the registry.
- 2.1.4 It shall be imperative for a project to have net positive impact on at least 4 SDGs (including Goal 13: Climate Action) out of the 17 SDGs.
- 2.1.5 The IPP(s) shall only take into consideration the impacts which are a result of direct activities of the project. Activities such as conducting trainings, capacity building workshops, financing health and education systems and/or activities aiming at poverty reduction, etc. may be considered as direct activities and shall be assessed for their net contribution to the SDGs provided that the details thereof are mentioned explicitly in the Detailed Project Document (DPD). Such activity shall be either financed directly from the project funds or be financed from sale of MCUs of the project. Financials of such activities shall be reported in IRR sheets.
- 2.1.6 The 4-step procedure to assess net contribution of a GHG mitigation project towards SD is presented in Figure 1 below:



*Figure 1: Determination of Contribution to Sustainable Development*

## **2.2 STEP 1: Identification and Categorisation of Impacts on SDGs**

- 2.2.1 First step for determination of a project for its contribution towards SD constitutes identification of activities that result from implementation of the project, and which impact SDGs. One activity or a number of activities of the same project may contribute positively or impact negatively towards either a single SDG or a group of SDGs.

- 2.2.2 The IPP(s) shall describe the net SD contributions on the SDGs and the corresponding national target(s) due to the identified activities of the proposed project. IPP(s) shall adequately describe the net SD contributions as per the format given in in the Table 1. This description of impacts/contributions in the table shall be conceptual rather than being quantitative or qualitative evaluation. However, IPP(s) shall elaborate and provide rationale for the same. For example, reduction in amount of combustion of fuelwood due to improved cookstoves may relate to SDG 3– Good health and wellbeing, through better indoor air quality due to reduction in soot, SOx and NOx emissions, and also SDG 15 – Life on Land and SDG Affordable and Clean Energy among others.
- 2.2.3 IPP(s) shall categorise the contribution and thus the assessment method, as qualitative or quantitative based on the technological, financial and methodological feasibility of assessment. For example, a project which uses improved cookstoves aiming to reduce GHG emissions through decrease in fuelwood consumption, would also, therefore, contribute towards improved indoor air quality. However, it may not be financially viable to quantify absolute reduction of the air pollutants in the ambient air and consequent improvement in indoor air quality. In such cases, IPP(s) may opt for qualitative approach for assessment of categorisation. IPP(s) shall provide reasoning for categorization of each activity along with its impact on SDG.
- 2.2.4 IPP(s) shall analyse the type of impact and thus net impact on the SDG as positive or negative for each activity under the project. In case where more than one activity is impacting or contributing to an SDG, the net impact of all activities on that SDG is required to be identified, as each activity may have either positive or negative impact towards the particular SDG. IPP(s) shall provide appropriate justification in the sections of DPD, using reports, scholarly articles, or any other reputable source of information.
- 2.2.5 IPP(s) shall use Table 1 for identification and categorisation of impact on or contribution to SDG

Table 1: Identification and Categorisation of impact on or contribution to SDG

<b>Goal</b>	<b>Sustainable Development Goal</b>	<b>Activity impacting the SDG</b>	<b>Impact on SDG target</b>	<b>Category of Impact on SDG (Qualitative or Quantitative)</b>	<b>Type of Impact on SDG (Positive or Negative)</b>	<b>Net Impact on SDG (Positive or Negative)</b>
<b>1</b>	No Poverty					
<b>2</b>	Zero Hunger					
<b>3</b>	Good Health and Well Being					

<b>4</b>	Quality Education					
<b>5</b>	Gender Equality					
<b>6</b>	Clean Water and Sanitation					
<b>7</b>	Affordable Energy and Clean Energy					
<b>8</b>	Decent Work and Economic Growth					
<b>9</b>	Industry, Innovation and Infrastructure					
<b>10</b>	Reduced Inequalities					
<b>11</b>	Sustainable Cities and Communities					
<b>12</b>	Responsible Consumption and Production					
<b>13</b>	Climate Action					
<b>14</b>	Life Below Water					
<b>15</b>	Life on Land					
<b>16</b>	Peace, Justice and Strong Institutions					
<b>17</b>	Partnership for Goal					

### 2.3 STEP 2: Assessment and Monitoring of Impacts/Contributions

## General

- 2.3.1 IPP(s) shall justify the approach selected and applied for quantitative and/or qualitative assessment of net SD contribution of activities of project towards the SDGs.
- 2.3.2 IPP(s) shall provide appropriate reasoning for selecting quantitative and/or qualitative approach based on technical, financial, methodological feasibility or any other relevant variable.
- 2.3.3 IPP(s) shall justify and may use same quantification and/or qualitative approach to determine SD contribution made by more than one activity.
- 2.3.4 IPP(s) shall adequately elaborate roles and responsibilities of the organisations, stakeholders and individuals involved in implementation of activities contributing to SD and tasks associated with the assessment and monitoring.

## Monitoring and Quantitative and Qualitative Assessment

- 2.3.5 IPP(s) shall design, describe and establish monitoring approach for the selected quantitative or qualitative assessment of SD benefits. Monitoring approach selected at the time of developing the DPD shall be consistently applied in the monitoring report for all monitoring periods.
- 2.3.6 IPP(s) may opt to update the monitoring approach which shall be as per the rules, requirements and procedures for Permanent Design Changes established in the Carbon Standard and Validation and Verification Standard.
- 2.3.7 IPP(s) shall develop monitoring approach based on existing literature, reports, or adopt from any other reputable source of information, or may develop a monitoring approach exclusively for the project activity. In certain cases, IPP(s) may refer to and use monitoring approaches from already registered projects with the registry.
- 2.3.8 IPP(s) shall describe in detail the following components of the monitoring approach:
  - i) Quantitative and/or Qualitative Analysis Methodology
  - ii) Data and Parameters
  - iii) Monitoring Strategy
- 2.3.9 IPP(s) shall indicate and define the indicators to measure the contribution to the SDG target(s) and all the relevant parameters, coefficients, factors, variables or any other form of data selected and/or fixed *w.r.t.* to every SDG selected for assessment of SD benefits.

- 2.3.10 IPP(s) shall define and describe the monitoring strategy which shall include but not limited to, data collection, collation, storage and analysis procedures, delineating organisational and management structure along with roles and responsibilities.
- 2.3.11 IPP(s) shall provide ex-ante estimation of the SD benefits from the project during submission of DPD for validation of the project.
- 2.3.12 During submission of monitoring of contribution towards SD, IPP(s) shall provide information on all the relevant and applicable data, indicators, parameters and variables selected during design and development phase of the project.
- 2.3.13 In a scenario where IPP(s) uses sampling approach for determination of value of any parameter and/or variable *i.e.* collection of data, IPP(s) shall describe the sampling plan and adhere to rules, requirements and procedures prescribed in the current version of CDM ‘Standard: Sampling and Surveys for CDM Project Activities and Programme of Activities’.
- 2.3.14 IPP(s) shall provide ex-post calculation of SD contribution in an appropriate section of the monitoring report for every monitoring period.

## **2.4 STEP 3: Linkage with National, Sub-national, Regional, Local and Corporate Goals and Commitment**

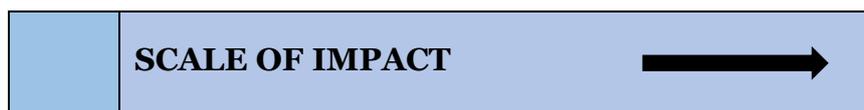
- 2.4.1 IPP(s) shall demonstrate linkages with the national, regional and/or local SDG, relevant targets, indicators and/or parameters selected by the respective government (or its representative agency) at different levels of governance.
- 2.4.2 IPP(s) should link the SD contribution to different policies at national, state level and/or local level, such as policies relating but not limited to poverty alleviation, energy security, water security, agriculture, increased income, health, education and capacity building.
- 2.4.3 IPP may also link the SD contribution, to corporate economic, social and environmental targets and/or policies in cases where the corporate entity is a participant in the project activity.

## **2.5 STEP 4: Impact Factor Generation**

- 2.5.1 IPP shall calculate impact factor of the project on SDGs on the rules, requirements and procedures as mentioned in this Sub-section of the tool.
- 2.5.2 To measure the net contribution of a project towards SD which have impact on, or contribution to different SDGs and their targets, it is important to have a common score-based method.

- 2.5.3 IPP(s) shall assess the SD contribution by evaluating the four most positively impacted SDGs (reference Sub-section 2.1.2) by the project. The impact score of the SDG shall be based on both the scale and intensity of the impact on social, economic and environmental components associated with the project.
- 2.5.4 IPP(s) shall allocate scores ranging from 1-5 for the scale of impact/contribution and intensity of impact of the project on SDGs with increasing score representing higher contribution to SDG as evident in Figure 2. The maximum possible score for SDG shall be 25 (5\*5). IPP shall provide appropriate justification for selecting the score by using reference data, reports, scholarly articles and any other reputable source of information.
- 2.5.5 IPP(s) shall give appropriate scores to each SDG being impacted positively or negatively by the project. However only top four SDGs shall be taken into consideration for calculation of impact factor. For SDG not being impacted by the activities of the project, IPP(s) shall neither provide any score nor provide any justification.
- 2.5.6 For example, an A/R project implemented on a small patch of land may relatively have a low score on the scale of contribution to SDGs. However, the project has immense impact on the lives of the community who are directly dependent on that patch of land and thus, the project commands relatively higher score on intensity of impact.
- 2.5.7 IPP(s) shall use Figure 2 for allocating score on scale and intensity of the impact of project on SD and Table 2 for determining the impact score with respect to the SDGs.

<b>↑</b> <b>INTENSITY OF IMPACT</b>	<b>5 (HIGH)</b>	5	10	15	20	25
	<b>4</b>	4	8	12	16	20
	<b>3</b>	3	6	9	12	15
	<b>2</b>	2	4	6	8	10
	<b>1 (LOW)</b>	1	2	3	4	5
	<b>Score</b>	<b>1 (LOW)</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 (HIGH)</b>



	High Impact
	Medium Impact
	Low Impact

Figure 2: Scoring Table for Impact on SDGs

Table 2: Template to determine the Impact Score

S No	SDG	Scale of Impact (SI)	Intensity of Impact (II)	Impact Score (SI*II)
1.	SDG	A1	B1	A1B1
2	SDG	A2	B2	A2B2
3	SDG	A3	B3	A3B3
4	SDG	A4	B4	A4B4
<b>Cumulative SDG Impact Score: A1B1 + A2B2 + A3B3 + A4B4</b>				

### Impact Factor Generation

2.5.8 Impact factor of the project shall be calculated as the ratio of cumulative SDG Impact Score to the maximum possible impact score for SDGs which is expressed in the following equation:

$$\text{Impact Factor} = \frac{\text{Cumulative SDG Impact Score}}{\text{Maximum Possible Impact Score}}$$

The maximum possible impact score shall be 100, since maximum score attainable for each of the four selected SDGs shall be 25 (5\*5)

2.5.9 Higher the impact factor, higher shall be the contribution of project towards SDGs and thus, higher the contribution towards sustainable development. The maximum impact factor possible shall be 1 only under exceptional conditions and subject to acceptance by NCCF GC.

## 3. Validation and Verification

### General

- 3.1 Validation and Verification Bodies (VVB) empanelled with the registry shall perform Validation and Verification of Contribution Project towards Sustainable Development as per the rules, requirements and procedures established in the tool CS, VVS and any other regulatory document as applicable.
- 3.2 VVB shall adhere to Standard Principles of Auditing as defined in Section 7 of VVS. VVB shall also adhere to materiality thresholds for different scale of projects as established in the VVS
- 3.3 VVB shall ascertain appropriateness and adequacy and report the evaluation of contribution towards SD by the project in appropriate sections of Validation Report (VaR) and Verification Report (VeR), as applicable. VVB shall completely adhere to the document preparation instructions as provided in VaR template and VeR template.

### Validation

- 3.4 VVB shall evaluate whether the activities of the proposed project are identified against appropriate SDGs and national targets and subsequently ascertain whether the impact defined and described is suitable as per the project scenario.
- 3.5 VVB shall ascertain whether the impacts on, and contributions to the SDGs by the activities of the project have been correctly defined and the justification, citations and references are appropriate and adequate.
- 3.6 VVB shall also evaluate based on the justification provided by the IPP(s) and as per actuality, whether the impact of the activity is appropriately determined as positive or negative and subsequently determine net impact on the SDG is being positive or negative, as applicable. VVB shall report in the appropriate section of the VaR the appropriateness and adequacy of net impact of activities of the project on any SDG and, therefore, the eligibility of the project for registration with the registry.
- 3.7 VVB shall ascertain if the IPP has appropriately categorised and justified the impacts as quantitative and/or qualitative and suitably assessed the categorisation.
- 3.8 VVB shall determine if IPP has provided complete information in Table 1 for identification and categorisation of impact on, and contribution to the SDG.

- 3.9 VVB shall ascertain the suitability of the quantitative and qualitative approach and assessment methodologies adopted by the IPP(s) to determine the benefits of the project based on the rules, requirements and procedures established in the Sub-section 2.3 of this tool.
- 3.10 VVB shall evaluate if the IPP has appropriately defined the roles and responsibilities of the organisations, stakeholders and individuals in monitoring and quantitative and/or qualitative assessment of benefits of the project towards SD .
- 3.11 VVB shall ascertain the appropriateness and adequacy of the data and parameters, monitoring strategy and overall monitoring approach for SD contribution as per requirements and procedures established in the tool.
- 3.12 VVB shall ascertain if IPP(s) has appropriately linked the sustainable development benefits with the national, regional and/or local goals, commitments, policies, etc of the geographical location in which the project is being proposed and implemented.
- 3.13 VVB shall ascertain the appropriateness of the scores given by the IPP and subsequently the impact factor generated as per the rules, requirements and procedures in Sub-section 2.5 of the tool.
- 3.14 VVB shall provide conclusion of determination of contribution to SD and impact factor in the appropriate section of VaR.

### **Verification**

- 3.15 The verification of the contribution to SD by the project shall coincide with the verification of the Monitoring Report and other supporting documents and, as established in the DPD.
- 3.16 The VVB shall determine if IPP(s) has appropriately followed the monitoring approach for quantitative and/or qualitative analysis of SD benefits as established in the registered DPD.
- 3.17 The VVB shall ascertain the appropriateness and adequacy of the ex-post estimation of SD by the IPP(s) as per the data and parameters, monitoring strategy and analytical methodology validated in the DPD.
- 3.18 VVB shall ascertain the appropriateness and adequacy of linkage established by the IPP(s) among contribution of the project to revised (if any) national, regional and/or local goals, commitments and policies, and also assess if the contributions have been appropriately mapped and depicted at every verification stage.

3.19 If applicable, VVB shall ascertain the appropriateness and adequacy of linkage established between the contribution of project to SD and corporate economic, social and economic goals and targets.

3.20 At every stage of verification, VVB shall not evaluate the need to reassess the impact factor based on the impacts for that monitoring period.

3.21 VVB shall provide the conclusion of assessment and monitoring of SD contribution by project in the appropriate section of the VeR.

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## Document History

Version	Date	Description
Draft 1.0	02.06.2020	Changes made as per feedback and comments received during stakeholder consultations, deliberations at Technical Working Group Meetings and comprehensive internal review.
Draft 0.1	10.01.2020	Changes made after comprehensive internal reviews and feedback by Dr Jagdish Kishwan, Chairman and Chief Coordinator, Carbon Registry-India
Draft 0.0	25.10.2019	CR-I tool for Determination of Contribution of Projects to Sustainable Development provides rules, requirements and procedures for quantitative and qualitative assessment of sustainable development benefits from the project and their subsequent validation and verification.

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