

Gap analysis on the environmental and social standards of certification programmes in the voluntary carbon market

Updated Version 2024



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Note regarding the results of this study

The gap analysis examined whether the certification programmes' standards comply with KfW's sustainability guidelines. This review is based on the Performance Standards of the International Finance Corporation (IFC). For this purpose, documents of the certification programmes published by the deadline of 01.02.2024 were evaluated.

Programme	Version analysed in the study	Version valid on the reporting date 07.10.2024	Notes
Climate Action Reserve	version 9.1	version 9.2	new version from 15.04.2024
Global Tree C-Sink	version 0.9	version 1.0	Version 0.9, analysed in the study, is a pilot version of the Global Tree C-Sink standard. The version valid from 15 March 2024 includes additional requirements that are not considered in the results.
Plan Vivo	project requirements v5.1	project requirements v5.1	New documents, such as the handouts 'Environmental and Social Risk Management in Plan Vivo Projects' and 'Conducting the Environmental and Social Assessment for Plan Vivo Projects', available from August 2024, may contain additional requirements that are not included in the results.
PuroEarth	general rules v4.0	general rules v4.0	A new version of the Stakeholder Engagement Requirements (v1.1) published in May 2024 is not included in the results.
Social Carbon Standard	version 6.1	version 6.2	new version from 30.05.2024
Verified Carbon Standard	version 4.5	version 4.7	new version from 16.04.2024

The results presented in this study may no longer apply to the certification programmes listed in the table. Newer versions of the respective standards may perform significantly better than the version tested here.

The Development and Climate Alliance Foundation plans to update this conformity assessment on a regular basis. The study is planned to be updated at intervals of around three years.

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List of abbreviations

ACR	American Carbon Registry
AFOLU	Agriculture, Forestry and Other Land Uses
ART TREES	ART Architecture for REDD+ Transactions
CAR	Climate Action Reserve
CCBS	Climate, Community and Biodiversity Standards
CDM	Clean Development Mechanism
E&S	Environment & Social
FCS	Fairtrade Climate Standard
FPIC	Free, Prior and Informed Consent
GCC	Global Carbon Council
GS4GG	Gold Standard for the Global Goals
IFC	International Finance Corporation
ILO	International Labour Organization
KfW	Kreditanstalt für Wiederaufbau
PS	Performance Standard
SCS	Social Carbon Standard
SD VISta	Sustainable Development Verified Impact Standard
VCM	Voluntary Carbon Market
VCS	Verified Carbon Standard

Summary

Binding environmental and social standards (E&S standards) are an essential tool for ensuring that projects on the voluntary carbon market are designed in a socially responsible way and do not have adverse effects on the local environment. By specifying requirements for project design and implementation and the structure of reporting obligations, risks can be identified in advance in line with the precautionary principle, assessed, and minimised through appropriate project adjustments. By specifying processes for project implementation, it can also be ensured that any remaining risks are managed effectively, considering local stakeholders' interests.

E&S standards come from a long tradition of development cooperation and have been continuously updated based on experience in their application. Today, the Performance Standards of the International Finance Cooperation (IFC) are considered the guiding framework for robust E&S standards, which are also used as a basis for the sustainability guidelines of the KfW Development Bank (KfW Sustainability Guidelines).

Voluntary carbon market projects often have a similar implementation structure to officially funded international development cooperation projects and take place in comparable local contexts. In addition, a positive contribution to sustainable development is often a central part of their objective. Therefore, it is important that these projects also meet strong E&S standards. The responsibility for setting such E&S standards lies with the certification programmes, which define the overarching rules that project implementers must follow.

This study analysed the extent to which the E&S standards of the certification programmes are comparable with regulations classified internationally as exemplary reference standards. For this purpose, these standards were checked for compliance with the IFC Performance Standards and the KfW Sustainability Guideline. This study is an update to an analysis already carried out in 2020. This results from the amendment of the KfW Sustainability Guideline in 2023 and new regulations for individual certification programmes about their E&S standards. At the same time, other certification programmes that were not the subject of the 2020 study were included.

The analysis results show that the E&S standards of many certification programmes, in some cases, fall well short of the requirements of the IFC Performance Standards and, therefore,

also of the KfW Sustainability Guideline. Overall, the certification programmes are set up very differently. With the Gold Standard for the Global Goals (GS4GG), only one certification programme achieves high conformity overall. This results in risks for buyers, as potentially negative effects on the local environment and a socially responsible design of the projects are not sufficiently considered. However, individual projects can effectively manage risks despite insufficient U&S standards of the certification programme if appropriate measures are voluntarily implemented that go beyond the requirements. If projects are certified under a programme with low compliance, it is therefore advisable to closely examine the respective projects to assess the corresponding risks better.

The results of this study can provide an initial orientation. It should be noted that only a rough categorization of compliance is made here. Behind this are numerous individual aspects specified in the respective IFC Performance Standards. This applies to Performance Standard 1, which covers many aspects of environmental and social management. With a medium level of compliance with Performance Standard 1, many aspects that may be of great importance to certain buyers, such as a ban on human rights violations, may still not be sufficiently considered.

Furthermore, buyers should always check whether projects carry out regular impact monitoring and whether compliance with the rules is independently verified. This is the only way to ensure that a good project design can lead to the intended positive effects on sustainable development goals.

On a positive note, some certification programmes have updated their guidance on E&S standards since 2020, closing some gaps identified in the previous study version. This is probably also due to the extensive efforts of the voluntary carbon market to improve the quality of carbon credits. In addition to the emergence of rating agencies as service providers for the quality assessment of individual projects, the Integrity Council for the Voluntary Carbon Market (IC-VCM), which has defined a set of Core Carbon Principles for good quality, should also be emphasised. The results of the study show that this path should be consistently pursued. The certification programmes have a key role to play here. They must further strengthen their regulations and thus create a framework for project developers to minimise and better manage risks in line with the precautionary principle.

1. Background

Significant climate protection measures must be implemented quickly on a global scale to reach the Paris climate targets. Voluntary carbon credits can promote climate protection and sustainable development in countries of the Global South and are in increasing demand globally. To achieve these positive climate protection and development effects, projects must fulfil high quality requirements. This is essential to minimise the risk that projects in the voluntary carbon market (VCM) may have unintended negative environmental and social impacts but instead actually contribute to the implementation of sustainability goals. Demanding parties (such as companies) want to avoid reputational risks when they support offsetting projects in countries of the Global South. Promoting and ensuring the integrity of the VCM is therefore essential.

To ensure high quality and reduce reputational risks, certification programmes in the VCM set requirements for project developers and ensure that projects are implemented in an environmentally friendly and socially responsible manner. These framework conditions can ensure, for example, that individuals do not have to leave their homes due to land use projects, that the local population is adequately consulted before project implementation, and that grievance mechanisms are established. Environmental and social standards (E&S standards) have been established to ensure that the risks of development projects are handled responsibly in

terms of due diligence, which places extensive requirements on project development and implementation.

The Foundation Development and Climate Alliance (“Foundation”) promotes sustainable development and climate protection through voluntary commitment. To achieve this goal, the Foundation brings together enquirers (e.g. companies, associations and authorities) who, in addition to emission reduction measures, also promote climate protection projects in the Global South as part of their comprehensive climate protection strategy with partners (e.g. providers and developers of carbon offsetting projects in developing and newly industrialising countries). These projects should meet the highest quality standards in terms of climate effectiveness and environmental and social aspects.

This study examines the extent to which the requirements of certification programmes in the VCM comply with the requirements of selected E&S standards. The study is an update of the gap analysis conducted by the Foundation in 2020 (Vogelsberger et al. 2020). Considering revisions, the eight previously examined certification programmes are again checked for conformity with selected E&S standards. In addition, the analysis is extended to six further certification programmes. Furthermore, potential E&S risks with projects of the respective certification programmes are evaluated.

2. Method

This gap analysis evaluates the extent to which 14 certification programmes meet the requirements of established E&S standards. It also identifies potential environmental and social risks that projects certified under these certification programmes may imply.

The first step is to create an analysis grid that systematically compares the certification programme documents with the selected E&S standards. For this purpose, the core requirements of the E&S standards used are identified and defined in corresponding indicators that must be met to fulfil these core requirements.

The second step applies the analysis grid to the certification programs being examined. The indicators developed in the first step are used to check which minimum requirements of the E&S standards are covered by the requirements of the certification programmes. There are two groups of certification programmes:

- Group 1 includes eight certification programmes that were previously analysed in the 2020 gap analysis,
- Group 2 contains six additional certification programmes being analysed for the first time in this study.

Since there is already an assessment available for the certification programmes in Group 1, a check is carried out for these programmes to determine whether the evaluations determined in the gap analysis from 2020 are still accurate in 2024 or whether changes have occurred since then that make a reassessment necessary. Both revisions of the E&S standards and revisions of the requirements of the certification programs are considered. In contrast, the entire analysis grid is applied to Group 2 certification schemes. First, core documents of the certification schemes that define requirements for E&S impacts are identified and analysed. Then, it is checked whether and which of the developed indicators in the analysis grid are fulfilled by the E&S requirements of the certification programs and which gaps exist in comparison to the applicable E&S standards.

In the third step, the results from applying the analysis grid are processed and organised. All certification programs are analysed in terms of the set of indicators and reviewed to determine the extent to which the requirements of the certification programmes meet the requirements of established E&S standards.

2.1 Applicable environmental and social standards

The gap analysis is based on the following E&S standards, which are used to check the requirements of the certification programmes:

- KfW Development Bank's new sustainability guideline (June 2023), including
 - Compliance with the KfW Development Bank's exclusion lists
 - All eight IFC Performance Standards (PS) (2012):
 - IFC PS 1 Assessment and Management of Environmental and Social Risks and Impacts
 - IFC PS 2 Labour and Working Conditions
 - IFC PS 3 Resource Efficiency and Pollution Prevention
 - IFC PS 4 Community Health, Safety, and Security
 - IFC PS 5 Land Acquisition and Involuntary Resettlement
 - IFC PS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
 - IFC PS 7 Indigenous Peoples
 - IFC PS 8 Cultural Heritage
 - World Bank Group General Environmental and Health and Safety Guidelines (2007) und der Industry Specific Guidelines
 - Guidelines on Incorporating Human Rights Standards and Principles, Including Gender, in Programme Proposals for Bilateral German Technical and Financial Cooperation (2013).
- International Labour Organization (ILO) Core Labour Conventions
- UN Basic Principles and Guidelines on Development-based Evictions and Displacement (2007), especially §§ 42, 49, 52, 54 and 60) and the IFC Handbook for Preparing a Resettlement Action Plan (2002) und das World Bank Involuntary Resettlement Sourcebook (2004).

2.2 Evaluated certification programmes

As part of the gap analysis, 14 certification programmes were evaluated (Table 1). Eight of these certification programmes have been evaluated in the preliminary study from 2020 for their gaps in established E&S standards (Vogelsberger et al. 2020). For these certification programmes, it is checked whether revisions have been carried out since 2020 concerning E&S requirements. For this purpose, the valid version numbers of the underlying documents from 2020 and 2023 are compared. The result shows that only CDM, CCBS and SD VISTa have not made any updates. Six certification programmes were not considered in the preliminary study and are evaluated for the first time in this analysis. The following table gives an overview of the certification programmes considered and the respective main document that was considered for the analysis. In cases where these main documents refer to other regulations and documents, such as guidelines for conducting consultations with local stakeholders or templates for project progress monitoring, these were also reviewed for analysis and considered in the evaluation.

Globally, CDM, VCS and GS4GG are the three largest providers of carbon credits. Around 89% of all carbon credits were certified

under these three programmes. The 14 certification programmes examined differ significantly in terms of their origins, the number of certified carbon credits and the number of permitted project types. In addition, the certification programmes can be divided into 11 core programmes, i.e. certification programmes that issue carbon credits independently, and three complementary programmes, i.e. additional certifications that can only be carried out in combination with core programmes.

The following data and information on the certification programmes are analysed as of December 2023. An exception is made for data from the GCC Register, which reflects the status as of January 2024 due to a lack of information on the issue date. The ACR, CAR, VCS and GS4GG data is based on the Berkeley Public Policy Database Version 10¹. Data for the CDM comes from the UNFCCC database², while data for Plan Vivo is taken from the S&P Global and IHS Markit Register³. The data for ART⁴, GCC⁵, Puro. Eath⁶, SCS⁷, CCBS⁸ and SD VISTa⁹ are based on their respective registers.

¹ <https://gspp.berkeley.edu/research-and-impact/centers/cepp/projects/berkeley-carbon-trading-project/offsets-database>

² <https://cdm.unfccc.int/Projects/projsearch.html>

³ https://mer.markit.com/br-reg/public/index.jsp?entity=issuance&srp=false&sort=account_name&dir=ASC&start=0&entity_domain=Markit&additionalCertificationId=&acronym=PV&standardId=100000000000004&categoryId=100000000000001&unitClass=

⁴ <https://art.apx.com/myModule/rpt/myrpt.asp?r=212>

⁵ <https://mer.markit.com/br-reg/public/public-view/#/issuance>

⁶ <https://registry.puro.earth/carbon-sequestration/retirements>

⁷ https://wilder.earth/social_carbon

⁸ <https://registry.verra.org/app/search/CCB>

⁹ <https://registry.verra.org/app/search/SDVISTA>

Certification programme and analysed main document	Considered in preliminary study?	Updates made to the E&S requirements?
American Carbon Registry (ACR) <i>ACR standard v.8</i>		
Climate Action Reserve (CAR) <i>CAR program manual v.9.1</i>		
Clean Development Mechanism (CDM) <i>CDM standard for project activities v.3 and programmes of activities v.3.1</i>		
Climate, Community and Biodiversity Standards (CCBS) <i>CCBS standard v.3.1</i>		
Fairtrade Climate Standard (FCS) <i>FCS standard v.1</i>		
Global Carbon Council (GCC) <i>GCC standard v.3.1</i>		
Gold Standard for the Global Goals (GS4GG) <i>GS4GG safeguarding principles and requirements v.2.1</i>		
Plan Vivo <i>Plan Vivo project requirements v.5.1</i>		
Puro.earth <i>Puro.earth general rules v.4</i>		
Social Carbon Standard (SCS) <i>SCS standard v.6.1</i>		
Sustainable Development and Verified Impact Standard (SD VISTa) <i>SD VISTa standard v.1.0</i>		
TREE C-Sink <i>TREE C-Sink standard v.0.9</i>		
TREES – The REDD+ Environmental Excellence Standard von Architecture for REDD+ Transactions (ART TREES) <i>TREES standard v.2.0</i>		
Verified Carbon Standard (VCS) <i>VCS standard v.4.5</i>		

Table 1: Status of the certification programmes under consideration

2.2.1 Core programmes

ACR was founded in 1996 by Winrock International as a voluntary greenhouse gas register¹⁰. In 2009, ACR published its first standard for the certification of carbon credits. ACR certifies projects of the following types: agriculture, carbon capture and storage, chemical processes, forestry and land use, industrial and commercial processes, renewable energy, transport, and waste management. The volume of carbon credits issued amounts to just over 240 million.

ART TREES is a certification programme founded in 2018¹¹ that specialises in carbon credits for projects at an administrative and national level. ART TREES only certifies carbon credits from projects to reduce emissions from deforestation and forest degradation (REDD+). Around 33 million carbon credits have already been issued globally. Due to the certification at the administrative level, a comparison with the E&S standards considered in this report can not be made in the same way, as these specifically aim at implementing the standards at the project level. The E&S standards of ART TREES are based on the Cancun Safeguards for REDD+ adopted under the Framework Convention on Climate Change. A different methodological approach is required to assess their resilience.

CAR is a certification programme founded in 2008 to certify projects in North America.¹² It certifies projects of the following types: agriculture, chemical processes, forestry and land use, industrial and commercial processes, and waste management. The emission credits issued globally total more than 180 million.

The **CDM** certification programme has the highest carbon credits issued globally (2.4 billion). The CDM is part of the Kyoto Protocol adopted in 1997 and, therefore, was the world's first international system for climate financing through the trading of emission reductions (Kainou 2022). The CDM was designed to promote sustainable technologies in non-Annex 1 countries¹³ and, at the same time, contribute to the achievement of ambitious emission reduction targets in Annex 1 countries. Registering projects under the CDM was possible starting in 2006,¹⁴ and eligible project types included chemical processes, household and community, industrial and commercial processes, renewable energy, transport and waste management¹⁵. However, there was already a slump in demand and a large drop in the price of carbon credits in 2012

(Kainou 2022). In 2015, a replacement instrument was created under Article 6.2 of the Paris Climate Agreement, the rules of which are still being finalised. The CDM will, therefore, no longer be continued. After being reviewed, some projects will be transferred to the new market mechanism under Article 6, provided that the host country agrees and the new rules under Article 6 of the Paris Agreement are complied with.

The **GCC** was founded in 2016¹⁶ as an initiative of the Gulf Organisation for Research and Development (GORD) and mainly certifies projects in the Middle East and North Africa (GCC 2020). The GCC received particular attention during the Men's Football World Cup in Qatar in 2022, as GCC-certified projects compensated for the resulting emissions.¹⁷ By 2023, the GCC had certified just over 3 million carbon credits, mainly from renewable energy projects.¹⁸

GS4GG was initially developed in 2003 by the WWF and other environmental organisations as a complementary standard to the CDM and focuses on projects' social and environmental aspects. GS4GG is now an independent certification programme in the VCM (SAEK 2023). GS4GG certifies projects of the following types: agriculture, household and community, forestry and land use, industrial and commercial processes, renewable energy, transport and waste management. About 300 million emission credits with GS4GG certification have been issued so far.

Plan Vivo was founded in 1994 by the Edinburgh Centre for Carbon Management (ECCM), the University of Edinburgh and El Colegio de la Frontera Sur and local partners to promote forest projects in Mexico through carbon credits. The first certification standard was developed in 2001/2002 and has been regularly updated. Since 2009, the Plan Vivo Foundation has managed the certification programme.¹⁹ Plan Vivo only certifies forestry and land use projects (including agriculture) in various countries worldwide. The emission credits issued globally amount to nearly 13 million.

TREE C-Sink is a certification programme founded by Carbon Standards International AG, which is developing a certification standard. A first draft of the standard, developed by the Ithaka Institute for Carbon Strategies, was published in 2023. The publication

¹⁰ <https://acrcarbon.org/about-us/>

¹¹ <https://www.artredd.org/about-us/>

¹² <https://www.offsetguide.org/understanding-carbon-offsets/carbon-offset-programs/voluntary-offset-programs/climate-action-reserve/>

¹³ The United Nations Framework Convention on Climate Change (UNFCCC) of 1992 divides member states into different groups. A distinction is made between Annex 1 countries (mainly industrialised countries) and non-Annex 1 countries (mainly developing countries). <https://unfccc.int/parties-observers>

¹⁴ <https://unfccc.int/process-and-meetings/the-kyoto-protocol/mechanisms-under-the-kyoto-protocol/the-clean-development-mechanism>

¹⁵ Projects under CDM were assigned to the project types of the Berkeley database.

¹⁶ <https://www.globalcarboncouncil.com/>

¹⁷ <https://carboncredits.com/qatars-world-cup-carbon-program-expands-to-issue-up-to-50m-carbon-credits/>

¹⁸ Projects under GCC were assigned to the project types of the Berkeley database.

¹⁹ <https://www.planvivo.org/history>

of version 1.0 of the standard is expected in 2024. TREE C-Sink is characterised by the fact that it only certifies projects that promote nature-based CO₂-sinks, such as forests. Unlike technological carbon sinks, this type of project does not guarantee permanent carbon storage, so TREE C-Sink-certified projects cannot be used to offset emissions fully. Instead, certified projects can be used as a 'global cooling service', i.e., only the emission savings' corresponding 'global warming effect' can be offset over a specific time horizon (Carbon Standards International; Ithaka Institute 2023).

VCS is the world's second-largest certification programme after the CDM, with over 1.2 billion carbon credits issued. It was founded in 2005 by the Climate Group, International Emissions Trading Association (IETA), and the World Economic Forum (Wolters et al. 2018) and is managed by Verra²⁰. VCS certifies projects in agriculture, carbon capture and storage, chemical processes, forestry and land use, household and community, industrial and commercial processes, renewable energy, transport, and waste management.

2.2.2 Complementary programmes

CCBS is a complementary programme founded in 2012/13 by the Climate, Community and Biodiversity Alliance and has been managed by Verra since 2014 (Wolters et al. 2018).²⁸ CCBS is used to identify projects in the land use sector that have a positive impact on climate, society and biodiversity.²⁹ CCBS does not certify carbon credits but is combined with other certification programmes (often VCS). Almost 370 million VCS projects with additional CCBS certification have been issued globally for agriculture, forestry and land use project types.³⁰

SD VISTa was established by Verra in 2019 as an additional programme to certify projects' positive interactions with the Sustainable Development Goals. SD VISTa can be combined with certification programmes such as the VCS. The almost 31 million carbon credits issued, complementing the VCS, include forestry and land use projects, household and community, and transport.³¹

Puro.earth is a certification program founded in 2018²¹ that focuses specifically on the certification of technical approaches to CO₂ removal (engineered carbon removals). The first Puro standard was published in 2019.²² Since then, Puro.earth has issued a total of 0.2 million carbon credits for the following project types: agriculture, industrial and commercial processes, waste management and wooden construction elements.²³

SCS was founded in 2000 by the Brazilian NGO Ecológica Institute as a complementary standard (Wolters et al. 2018).²⁴ SCS did not initially certify any emission credits; instead, it was combined with other certification programmes, such as the VCS or CDM, to highlight positive impacts on sustainable development²⁵. Since 2022, SCS has been a separate certification programme limited to nature-based project types such as forestry and land use.²⁶ Therefore, as of 2023, no emission credits have yet been certified under SCS.²⁷

FCS is a complementary programme developed by Fairtrade International and the Gold Standard to promote the positive impact of projects on sustainable development (Fairtrade International 2015). The FCS was created in 2015 and came into force in 2016. A unique feature of this complementary standard is that carbon credits are produced by producer organisations, often consisting of smallholder farmers or rural communities. The carbon credits are also linked to a stable minimum price to promote the sustainable financing of projects (Fairtrade International 2015).³² In addition, a bonus is paid to producer organisations when Fairtrade-certified traders sell the credits to provide further financing for climate adaptation projects (Fairtrade International 2015).³³ FCS can be combined with the GS4GG and offers projects for industrial and commercial processes, household and community, and renewable energy.³⁴

²⁰ <https://www.offsetguide.org/understanding-carbon-offsets/carbon-offset-programs/voluntary-offset-programs/verified-carbon-standard/>

²¹ <https://puro.earth/about>

²² <https://puro.earth/puro-standard-carbon-removal-credits>

²³ The emission credits listed are so-called decommissioning credits. Projects under Puro.earth were assigned to the project types of the Berkeley database

²⁴ <https://www.socialcarbon.org/>

²⁵ <https://www.offsetguide.org/understanding-carbon-offsets/carbon-offset-programs/add-on-standards/socialcarbon-standard/>

²⁶ <https://www.socialcarbon.org/>; <https://www.socialcarbon.org/our-focus>

²⁷ https://wilder.earth/social_carbon

²⁸ <https://www.climate-standards.org/ccb-standards/>

²⁹ <https://verra.org/programs/ccbs/>

³⁰ <https://registry.verra.org/app/search/CCB>; Projects under CCBS were assigned to the project types of the Berkeley database

³¹ <https://registry.verra.org/app/search/SDVISTA>; Projects under SD VISTa were assigned to the project types of the Berkeley database.

³² <https://www.fairtrade-deutschland.de/was-ist-fairtrade/fairtrade-standards/fairtrade-klima-standard/mehrwert-fuer-fairtrade-produzenten>

³³ The bonus can also be invested in economic, social or environmental development purposes, if this has been prioritised through democratic processes.

³⁴ <https://www.fairtrade-deutschland.de/was-ist-fairtrade/fairtrade-standards/fairtrade-klima-standard/projekttypen>; projects under FCS have been assigned to the project types of the Berkeley database.

3. Evaluation

3.1 Summarising assessment

The table below provides an overview of how well the certification programmes comply with the E&S standards. The table is structured according to the IFC Performance Standards as in the preliminary study. It is important to consider that PS 1 includes many fundamental requirements for risk mitigation, while other PSs are much more narrowly focused (e.g. PS 8 on the protection of cultural heritage). The comparison of other E&S standards mentioned earlier (see section 2.1) was also considered within the respective thematic areas of the IFC PS (e.g. ILO core labour standards under IFC PS 2 Labour and Working Conditions). All project types implemented under the certification programmes are compatible with KfW's exclusion lists. The following evaluations are not specific to project types but are based on the general requirements of the certification programmes.

In individual cases, the quantification methods for specific project types may contain additional requirements. However, these

were not considered here. None of the certification programmes examined fully meet the E&S standards (Table 2). In general, the certification programmes are set up very differently. The GS4GG performs best overall, and Plan Vivo improved significantly compared to the preliminary study. As in the preliminary study, there are still smaller or more significant gaps in compliance with the E&S standards used as a reference value, depending on the programme. Even when the core programmes are combined with complementary programmes, there are still some significant gaps in the coverage of E&S standards.

Compared to the preliminary study, the compliance of the programmes with the E&S standards has changed because the programmes have revised their requirements since 2020 and/or because the re-examination of the rules has resulted in a reassessment.

3.2 Detailed evaluation per certification programme

The results of the updated gap analysis for each of the analysed programmes are presented below. Each programme is assessed in the categories 'overall assessment', 'environmental standards' and 'social standards'. The overall assessment describes how the programme performs across the board (e.g. with an overall (very) low to high compliance) - whereby the results per IFC PS from the

table are classified qualitatively, as e.g. moderate compliance with an IFC PS in the table above can cover a spectrum. The overall assessment category also includes the extent to which general risk mitigation requirements (IFC PS 1 in particular) are covered. Under the environmental and social standards categories, compliance is described with PS 3 and 6 and PS 2, 5, 7 and 8.

3.2.1 ACR

Overall assessment

ACR shows moderate compliance with the evaluated E&S standards, which are characterised by a reasonable consideration of environmental risks and a low to moderate consideration of social risks. Overall, ACR defines clear environmental and social risks that project developers must identify and reduce, and these results must be regularly recorded and published. However, there are no requirements for managing these risks. It is also worth noting that ACR prescribes the identification of local stakeholders and has a project-related grievance mechanism at the programme level. However, local consultations must only be carried out if the projects are 'community-based'. In this case, consultations must be culturally appropriate but do not have to consider gender-sensitive circumstances. Furthermore, there are requirements to ensure the possibility of an ongoing exchange with stakeholders about the course of the project. There is also a lack of comprehensive guidelines that rule out human rights violations.

Environmental standards

ACR demonstrates a high level of compliance with environmental standards. It requires the prevention of air and water pollution, the protection of land and soil, the handling of waste, and the protection of biodiversity (including restrictions regarding the introduction of invasive species). ACR also sets out requirements for the efficient and sustainable use of natural resources. There are no requirements only regarding the protection and preservation of ecosystem services.

Social standards

ACR's requirements on social standards are very different in terms of their compliance with the requirements of the E&S standards analysed. While there are requirements for the protection of cultural heritage, there are insufficient requirements for the protection of workers. In addition, there are no specific requirements to protect the health and safety of the local population. Furthermore,

		IFC PS1	IFC PS2	IFC PS3	IFC PS4	IFC PS5	IFC PS6	IFC PS7	IFC PS8
core certification programmes	ACR	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow
	CAR	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow
	CDM	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	GCC	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	GS4GG	Green	Green	Yellow	Green	Green	Green	Green	Green
	Plan Vivo	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow
	TREE C-Sink	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	VCS	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	Puro.earth	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow
	SCS	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow
complementary certification programmes	CCBS	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow
	SD VISTa	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
	FCS	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow

Table 2: Compliance of certification programmes with E&S standards

Note: green = high compliance, yellow = moderate compliance.

IFC PS 1 = Assessment and Management of Environmental and Social Risks and Impacts, PS 2 = Labour and Working Conditions, PS 3 = Resource Efficiency and Pollution Prevention, PS 4 = Community Health, Safety, and Security, PS 5 = Land Acquisition and Involuntary Resettlement, PS 6 = Biodiversity Conservation and Sustainable Management of Living Natural Resources, PS 7 = Indigenous Peoples, PS 8 = Cultural Heritage. The other E&S standards mentioned in section 3.1 were also considered within the respective thematic areas of the IFC PS.

there are insufficient requirements to prevent the physical and/or economic displacement of the local population or to protect and compensate them adequately in such cases.³⁵ The consent ('free, prior and informed consent', FPIC) of directly or indirectly affected Indigenous or traditional population groups is not mandatory for ACR but only applicable in the circumstances not defined in more detail.

sustainable use of resources and the protection of cultural heritage. The poorer compliance with PS 1 compared to the previous version is explained by a stronger emphasis on the fact that the programme does not explicitly prohibit human rights violations. PS 5 is also rated lower as the rules on the physical and economic displacement of the local population are not in line with IFC requirements.

Evaluation results compared to the preliminary study

The adjustments made by ACR to the programme regulations result in greater compliance with IFC PS 2, 3 and 8. The programme now has more far-reaching requirements for ensuring the

³⁵ Resettlement is only explicitly prohibited in the case of community-based projects. In general, the wording on displacement is rather vague.

3.2.2 CAR

Overall assessment

CAR shows moderate compliance with the evaluated E&S standards, characterised by good consideration of environmental risks and low to moderate consideration of social risks. Overall, CAR defines clear environmental and social risks that project developers must identify and mitigate, and these results must be regularly recorded and published. However, there is a lack of adequate guidelines for managing these risks. On the plus side, CAR requires the identification of local stakeholders and their involvement in project-related consultations while considering cultural circumstances. Furthermore, CAR has a project-related complaints mechanism for local stakeholders at the programme level. However, there are only requirements for an ongoing dialogue with local stakeholders throughout the project for specific project types. In addition, a lack of comprehensive guidelines makes it mandatory for project developers to rule out human rights violations.

Environmental standards

CAR is highly compliant with environmental standards. Its requirements include preventing air and water pollution, protecting land

and soil, handling waste, and protecting biodiversity. CAR also sets out requirements for the efficient and sustainable use of natural resources. However, there are no sufficiently specific requirements for protecting and preserving ecosystem services or introducing invasive species.

Social standards

CAR's specifications on social standards are very different in terms of their compliance with E&S standards. While there are requirements for the protection of cultural heritage, there are insufficient requirements for the protection of workers. In addition, there are no specific requirements to protect the health and safety of the local population. On the positive side, some requirements limit the local population's physical and/or economic displacement. However, there is a lack of guidelines that adequately protect and compensate affected population groups in these cases. Nevertheless, there are requirements for obtaining the consent (FPIC) of directly or indirectly affected indigenous or traditional population groups.

3.2.3 CDM

Overall assessment

The CDM shows deficient overall compliance with the E&S standards analysed. The application of the analysis framework shows significant gaps in all IFC PS. The CDM does not stipulate that both negative environmental and social impacts in projects must be recorded, reduced, and their evaluation published. This differs depending on the project type. For AFOLU³⁶ projects, both environmental and social impacts should be considered. However, comprehensive environmental and social impact assessments (ESIAs) are only to be carried out if 'significant' negative impacts are expected and are required in the host country of the implemented project. The requirements regarding the identification and involvement of local stakeholders are positive. These must be involved in consultations in a culturally appropriate manner. However, there is no explicit mechanism for submitting project-related complaints at the programme level. There is also a lack of guidelines considering gender-sensitive circumstances in consultations with stakeholders or limiting human rights violations.

Environmental standards

The CDM has a poor score in terms of reducing environmental risks. There are no specific requirements for the efficient and sustainable use of natural resources, biodiversity protection (including restrictions on introducing invasive species), waste management, soil and land protection and pollution prevention. Furthermore, there are no requirements for the protection of ecosystem services.

Social standards

The CDM also has significant gaps in terms of social standards. As mentioned above, project developers are not required to identify and minimise negative social impacts for non-AFOLU project types. There are no specific requirements for the protection of employees or working conditions. There are also no requirements to minimise the impact of projects on the health and safety of the local population. Although local stakeholders with land use rights are identified for AFOLU projects, there are no requirements to avoid physical and/or economic displacement of the local popu-

³⁶ AFOLU stands for 'Agriculture, Forestry and Other Land Uses' and refers to projects in the areas of agriculture, forestry and other forms of land use.

lation or FPIC of indigenous or traditional population groups if they are directly or indirectly affected by the project. Furthermore, there is a lack of guidelines that protect cultural heritage in the project area.

Evaluation results compared to the previous study

The CDM has not updated its E&S requirements since the year of the previous study. The programme's compliance with IFC PS 1, 3 and 6, rated as lower than in the last study, is explained by a grea-

ter focus on the fact that the programme rules do not sufficiently implement essential requirements of the IFC PS. This is particularly relevant for PS 1, as recording environmental and social risks is only optionally required, and the operational requirements do not include more than what is legally required in the country where the project is implemented. Furthermore, there are no specific requirements for the efficient and sustainable use of resources (PS 3) and biodiversity conservation (PS 6).

3.2.4 GCC

Overall assessment

GCC shows a deficient level of compliance with the analysed E&S standards. The application of the analysis framework shows significant gaps concerning all IFC PS. Like the CDM, assessing and mitigating adverse environmental and social impacts is not mandatory. Although project developers can voluntarily carry out additional certification to prove that they meet specific E&S standards, very few requirements need to be met if this is not done. A positive aspect is that the GCC requires consultations with local stakeholders. However, there are no guidelines on the cultural appropriateness of these consultations or the ongoing dialogue. There is also no explicit mechanism for submitting project-related complaints. There are also no requirements for the general identification and reduction of environmental and social risks or the publication of such an evaluation of risks. In addition, there are no requirements to consider gender-sensitive circumstances in consultations with stakeholders or to avoid human rights violations.

Environmental standards

GCC scores very poorly in terms of reducing environmental risks. For projects without additional certification, there are no requirements for efficient and sustainable use of natural resources, biodiversity protection (including restrictions on introducing invasive species), waste management, soil and land protection and pollution prevention. Furthermore, there are no requirements for the protection of ecosystem services.

Social standards

GCC also shows huge gaps in social standards for projects without additional certification. There are no requirements regarding the protection of workers or the impact of projects on the health and safety of the local population that go beyond the minimum legal requirements. Furthermore, there are no requirements to limit physical and/or economic displacement. Moreover, no consent (FPIC) from indigenous or traditional population groups is required if they are directly or indirectly affected by the project. In addition, there are no requirements to protect cultural heritage in the project area.

3.2.5 GS4GG

Overall assessment

GS4GG shows a very high level of compliance with the evaluated E&S standards, which are characterised by reasonable consideration of environmental risks and excellent consideration of social risks. Overall, GS4GG defines clear environmental and social risks that project developers must identify and minimise and requires that these results are regularly recorded and published. However, there is a partial lack of adequate guidelines for managing these risks. On a positive note, GS4GG requires the identification of local stakeholders and their ongoing involvement in consultations, considering cultural and gender-sensitive circumstances. GS4GG also has a project-related grievance mechanism for local stakeholders at the project and programme levels. Furthermore, some guidelines prohibit the violation of human rights.

Environmental standards

GS4GG has only minor gaps concerning environmental standards. There are requirements for the prevention of air and water pollution, the protection of land and soil, the handling of waste and the protection of biodiversity (including restrictions on introducing invasive species). In addition, the sustainable use of natural resources is to be promoted, although these regulations do not specify the efficient utilisation of resources required by IFC PS 3. There are also requirements for the protection and preservation of ecosystem services.

Social standards

GS4GG's social standards requirements show a high level of compliance with E&S standards. Requirements exist for the protection of workers and the health and safety of the local population. Guidelines are provided to prevent the physical and/or economic displacement of the local population or to protect and compensate them in such cases adequately. In addition, the consent (FPIC) of directly affected indigenous or traditional population groups must be obtained. There are also requirements for the protection of cultural heritage.

Evaluation results compared to the preliminary study

The changes made to the programme guidelines by the GS4GG since 2020 have resulted in a higher overall level of compliance. Apart from IFC PS 3, high to very high compliance is reached with all IFC PS. Gaps identified in PS 1, 2, 4, and 6 in 2020 were almost completely closed by additional specifications. Compared to the preliminary study, compliance with PS 3 is lower, as there are no specific regulations on the efficient use of natural resources.

3.2.6 *Plan Vivo*

Overall assessment

Plan Vivo has a moderate to high level of compliance with both environmental and social standards. Overall, Plan Vivo defines clear environmental and social risks that project developers must identify and minimise and it requires that these results are regularly monitored and published. There are also comprehensive requirements for managing these risks and protecting human rights. Another positive aspect is that Plan Vivo requires the identification of local stakeholders and their involvement in consultations, considering cultural and gender-sensitive circumstances. Plan Vivo also has a project-related grievance mechanism at the project and programme level for these stakeholders. However, there is a lack of sufficient guidelines for an ongoing dialogue throughout the project.

Environmental standards

Plan Vivo has a high level of compliance with environmental standards. There are requirements for the prevention of air and water pollution, the protection of land and soil, the handling of waste and the protection of biodiversity (including the restriction of the introduction of invasive species). Plan Vivo also sets out requirements for the efficient and sustainable use of natural resources. The programme has no guidelines regarding the protection and preservation of ecosystem services.

Social standards

Plan Vivo's requirements for avoiding social risks show moderate compliance with the analysed E&S standards. Requirements for protecting employees, the health of the local population, and cultural heritage are extensive. There are also requirements for obtaining consent (FPIC) from directly or indirectly affected Indigenous or traditional population groups. However, there is a lack of sufficient regulations to prevent the local population's physical and/or economic displacement or to protect and compensate them adequately in such cases.

Assessment results compared to the preliminary study

Following the recent amendment of the Plan Vivo standard to version 5, compliance with the IFC PS has increased significantly. Except for PS 1 and PS 5, some of the gaps identified in 2020 have been closed. High to very high compliance is now achieved for PS 3 and PS 4 requirements, while medium compliance is achieved for PS 1, 2, 6 and 7.

3.2.7 *TREE C-Sink*

Overall assessment

Overall, TREE C-Sink shows very low compliance with the analysed E&S standards. The application of the analysis grid shows large gaps in six out of eight IFC PS. There are no clear requirements for the general identification and reduction of environmental and social risks or the publication of such an evaluation of risks. In addition, there is no obligation to conduct formal consultations with local stakeholders or a mechanism for submitting project-related complaints. There are also no requirements to prohibit violations of human rights. However, TREE C-Sink has a strict requirement that no physical or economic displacement of local populations may take place in registered projects.

Environmental standards

TREE C-Sink performs poorly in terms of reducing environmental risks. The requirements regarding environmental protection and the efficient use of resources are inadequate. However, there are requirements for the protection of biodiversity (including restrictions on the use of invasive species) and the protection of ecosystem services.

Social standards

TREE C-Sink also has major gaps when it comes to social standards. There are inadequate requirements for the protection of employees. In addition, there are no explicit guidelines for the impact of projects on the health and safety of the local population. Furthermore, there is a lack of sufficient requirements for consent (FPIC) on the part of indigenous or traditional population groups if they are directly or indirectly affected by the project. In addition, there are no regulations that protect cultural heritage in the project area. However, TREE C-Sink has strict requirements about the physical or economic displacement of affected population groups: Project activities must not lead to the resettlement of population groups or their agricultural activities.

3.2.8 VCS

Overall assessment

VCS shows moderate compliance with the evaluated E&S standards, characterised by a moderate consideration of environmental risks and a mixed consideration of social risks. Overall, the VCS defines clear environmental and social risks that project developers must identify and reduce, and regular recording and publishing of these results are required. However, there is a lack of adequate guidelines for managing these risks. On the positive side, it should also be emphasised that the VCS requires the identification of local stakeholders and their ongoing involvement in consultations, taking cultural circumstances into account. The VCS also has a project-related grievance mechanism for local stakeholders at the project and programme levels. Some guidelines prohibit the violation of human rights. However, there are gaps in the involvement of local stakeholders in considering gender-sensitive issues.

Environmental standards

VCS shows moderate compliance with environmental standards. There are requirements for preventing air and water pollution, protecting land and soil, handling waste, and protecting biodiversity (including restrictions on the introduction of invasive species). However, there are no requirements for the efficient and sustainable use of natural resources and the protection and preservation of ecosystem services.

Social standards

The VCS specifications on social standards cover the E&S standards analysed to different degrees. While requirements for the protection of workers are very broad, there is a lack of explicit requirements for the health and safety of the local population. Furthermore, there are insufficient requirements to prevent the local population's physical and/or economic displacement or to protect and provide compensation in such cases adequately. In contrast, however, there are requirements for obtaining the consent (FPIC) of directly affected indigenous or traditional population groups. There are also requirements for the protection of cultural heritage.

Evaluation results compared to the preliminary study

Since the preliminary study, the VCS has updated its programme documents. Compared to the preliminary study, the VCS now sets out requirements for protecting workers (IFC PS 2) and cultural heritage (PS 8). The compliance of the programme regulations with PS 4 and PS 5 must be reassessed compared to the preliminary study, as the review has shown that they do not adequately cover the E&S standards on the health of the local population and displacement/resettlement.

3.2.9 Puro.earth

Overall assessment

Puro.earth shows moderate compliance with the E&S standards analysed. While compliance with environmental standards is generally moderate, social standards are met to different degrees. Puro.earth defines environmental and social risks project developers must identify and mitigate. However, there is no requirement for these results to be regularly recorded and published. There is also a lack of guidelines for managing these risks. A positive aspect is that Puro.earth prohibits violations of human rights. Puro.earth also requires the identification of local stakeholders and their ongoing involvement in consultations throughout the project, considering cultural and gender-sensitive circumstances. However, there is no project-related grievance mechanism at the programme level.

Environmental standards

Puro.earth shows moderate compliance with environmental standards. There are requirements for the prevention of air and water pollution, the protection of land and soil, the handling of waste and the protection of biodiversity. Puro.earth also sets requirements for the sustainable use of natural resources. However, there are no requirements for the efficient use of resources, the protection and preservation of ecosystem services or the introduction of invasive species.

Social standards

Puro.earth's specifications on social risks show different levels of compliance with the analysed E&S standards. There is a lack of sufficient requirements for the protection of workers and the prevention of physical and/or economic displacement of local population groups or their protection and compensation in such cases. However, there are requirements regarding the health and protection of the local population and for obtaining the consent (FPIC) of directly or indirectly affected indigenous or traditional population groups. There are also requirements for the protection of cultural heritage.

3.2.10 SCS

Overall assessment

SCS shows moderate compliance with the analysed E&S standards. While many environmental standards are being considered, social standards are only slightly to moderately addressed. Overall, SCS clearly defines environmental and social risks that project developers must identify and mitigate and requires that these results are regularly documented and published. However, there are no requirements for managing these risks. While SCS requires local consultations and an ongoing dialogue with local stakeholders, there are no requirements to consider cultural and gender-sensitive circumstances within these processes. Furthermore, there is no adequately designed project-related grievance mechanism at the project and programme level. A positive aspect is that the SCS prohibits the violation of human rights.

Environmental standards

SCS has a relatively high level of compliance with environmental standards. There are requirements for the prevention of air and water pollution, the protection of land and soil, the handling of waste and the protection of biodiversity (including restrictions on introducing invasive species). There are also requirements for the sustainable use of resources and the protection and preservation of ecosystem services. There is only a lack of guidelines on the efficient use of natural resources.

Social standards

SCS's social risk requirements show low to moderate compliance with the social standards analysed. While there are requirements for the protection of workers and the health of the local population, there is a lack of requirements regarding the local population's safety. There are still requirements to prevent the physical displacement of local population groups and provide protection and compensation in such cases. However, there is a lack of such requirements for economic displacement. In addition, there are only limited requirements for obtaining the consent (FPIC) of directly or indirectly affected indigenous or traditional population groups. Furthermore, only 'significant' cultural heritage is protected by SCS requirements without defining in more detail when cultural heritage can be considered significant.

Evaluation results compared to the preliminary study

The SCS programme documents have been updated since 2020, resulting in better requirements for protecting the health of the local population and covering environmental standards compared to the preliminary study. SCS, therefore, performs better overall than in the preliminary study.

3.2.11 CCBS

Overall assessment

CCBS shows moderate compliance with the evaluated E&S standards, with a lack of consideration of environmental risks and mixed consideration of social risks. Overall, CCBS clearly defines the environmental and social impacts project developers must identify and reduce and requires these results to be regularly documented and published. Still, there is a lack of sufficient guidelines for managing these risks. A positive aspect is that CCBS also requires the identification of local stakeholders and their ongoing involvement in consultations, considering cultural and gender-sensitive circumstances. CCBS also has a project-related grievance mechanism for local stakeholders at the project and programme level. However, a prohibition of human rights violations is not demanded explicitly enough.

Environmental standards

CCBS shows some gaps in terms of important environmental standards and aspects. While there is a prohibition on introducing invasive species and a requirement to protect biodiversity and ecosystem services, there are insufficient requirements for the efficient and sustainable use of natural resources, waste management, soil and land protection and the prevention of water and air pollution.

Social standards

The CCBS requirements on social standards concerning the analysed E&S standards could be more extensive. Requirements for the protection of workers are in place but could be expanded. There are requirements for obtaining the consent (FPIC) of directly and indirectly affected indigenous and traditional population groups, as well as for the protection of cultural heritage and the health and safety of the local population. However, there is a lack of sufficient requirements to prevent the physical and economic displacement of the local population or to provide them with adequate protection and compensation in such cases.

Assessment results compared to the preliminary study

The compliance of the CCBS requirements must be reassessed compared to the previous study, as the review showed that environmental standards are not sufficiently addressed. The lower level of compliance with IFC PS 5 and 7 compared to the previous version can be explained by a stronger weighting of the social standards on physical/economic displacement and FPIC, which are particularly important for land use projects.

3.2.12 SD VISTa

Overall assessment

SD VISTa shows low compliance with the evaluated E&S standards, characterised by a lack of consideration of environmental risks and a low to moderate consideration of social risks. Although SD VISTa requires environmental and social risks to be identified and minimised and demands that these results be regularly documented and published, the risks to be considered are not detailed. There are also no requirements for managing these risks. However, a positive aspect is that SD VISTa requires the identification of local stakeholders and their ongoing involvement in consultations, considering cultural and gender-sensitive circumstances. Furthermore, SD VISTa has a project-related grievance mechanism for local stakeholders at the project and programme level. There is a lack of regulations that prohibit the violation of human rights.

Environmental standards

SD VISTa has major gaps concerning environmental standards. There are inadequate requirements for minimising various environmental impacts, including the sustainable and efficient use of resources. There are only requirements for the protection of ecosystem services.

Social standards

SD VISTa's social risk requirements show low to moderate compliance with the E&S standards analysed. There are requirements for the protection of workers, but they could be more far-reaching. There is a lack of requirements regarding the health and safety of the local population and the protection of cultural heritage. There are requirements to prevent the local population's physical and/or economic displacement or to protect and compensate them adequately in such cases. However, the requirements for physical resettlement only relate to enforced displacement. SD VISTa also sets out requirements for obtaining the consent (FPIC) of directly affected indigenous or traditional population groups.

Assessment results compared to the preliminary study

The compliance of the SD VISTa with environmental standards must be reassessed after the evaluation compared to the preliminary study, as these are less in line with the requirements of IFC PS 6. The review of the SD VISTa's requirements for protecting the health and safety of the local population resulted in lower compliance with the requirements of PS 4 compared to the preliminary study. The compliance with PS 7 and 8 is also lower than in the preliminary study, as the requirements for FPIC and displacement/resettlement are not extensive enough.

3.2.13 FCS

Overall assessment

FCS shows moderate compliance with the evaluated E&S standards, due to low consideration of environmental risks and mixed consideration of social risks. Although FCS defines specific environmental and social risks that must be identified and mitigated, it does not require these results to be regularly documented³⁷ and published. Furthermore, there are no requirements for the management of these risks apart from the allocation of responsibilities. There are also no requirements for identifying local stakeholders or for consulting them. A positive aspect is that FCS has a project-related grievance mechanism for local stakeholders at the programme level. There are no guidelines that prohibit the violation of human rights.

Environmental standards

FCS shows major gaps in environmental standards. There are insufficient guidelines on environmental protection aspects: For example, there are no guidelines on air pollution or the protection of ecosystem services. However, there are requirements for the sustainable and efficient use of resources, e.g., water consumption for irrigation.

Social standards

The FCS requirements on social risks show low to moderate compliance with the analysed social standards, except requirements on the protection of workers. These are very extensive. There are no requirements regarding protecting the health and safety of the local population. Although FCS sets out requirements for preventing the physical displacement of local population groups, there are no requirements for protecting and compensating these population groups should such cases occur. Furthermore, there are no guidelines about economic displacement and insufficient guidelines on cultural heritage, as this must be respected but not protected. Before the project development phase, there are requirements for obtaining the consent (FPIC) of directly affected indigenous or traditional population groups.

3.3 Classification of E&S standards in the context of VCM

The evaluation of the certification programmes shows a mixed overall result and makes it clear that the rules of many programmes still have gaps in the list of requirements. Programmes still show gaps in the list of requirements of the KfW Sustainability Guideline and the IFC PS.

When classifying the evaluation in the previous section, it is important to remember that good programme requirements do not automatically guarantee good implementation/compliance with the rules on the ground in individual projects. Substantial certification programme requirements should, therefore, also include mechanisms or regulations on how implementation on the ground is monitored - for example, through external review/verification of the predicted environmental and social impacts at the start of the project and monitoring the impact and compliance with E&S standards during the project. Requirements for verifying environmental and social risks, usually typical in the VCM, are not part of the E&S standards used and are, therefore, not part of the evaluation in section 3.2. However, verification requirements are essential for a good quality of projects or carbon certificates in the VCM.

The E&S standards used for comparison in this analysis, such as the IFC PS, were not specifically designed for the VCM. They

often originate from development cooperation and are motivated to ensure public funds support socially responsible activities or promote local environmental protection efforts. While VCM projects are frequently financed from private funds, their implementation is usually structured similarly to intergovernmental development cooperation projects. VCM projects operate in the same environments and countries as development cooperation projects.

Therefore, the same requirements for minimising environmental and social risks should be applied. The requirements of the certification programmes are sometimes lower than the rules for a development project of the World Bank or the Green Climate Fund. For example, not all programmes require project developers to carry out a systematic analysis of whether the planned activities could have a negative impact on local environmental resources. This creates an uneven situation. It is, therefore, even more important for buyers of carbon certificates to pay attention to the solid rules of certification programmes.

The VCM has developed significantly in recent years, and the demand for carbon credits has risen significantly. In addition, there is a greater demand for nature-based reductions, often implemented in sensitive ecosystems and cultural landscapes.

³⁷ There are exceptions for positive effects of the project on women and for pest control. These aspects must be monitored during the of the project.

Furthermore, in recent years, an increasing number of initiatives have emerged that establish requirements/criteria for the quality and integrity of carbon credits (Carbon Credit Quality Initiative (CCQI), Integrity Council for the Voluntary Carbon Market (IC-VCM), etc.) and are therefore specifically directed at projects in the VCM. Not all requirements of the E&S standards used here are transferable/applicable to VCM projects or certification programmes. Therefore, a statement about a certification programme's compliance with the E&S standards is limited. The previously mentioned initiatives that specialise in the VCM can provide a further classification of the certification programmes.

In addition, the E&S standard documents used are at least ten years old, especially the IFC PS (Section 2.1), which is relevant for the analysis. During this period, the VCM has developed signifi-

cantly and the demands on projects, especially in the Global South, have also changed, as explained above for the example of development aid. In this context, it should also be mentioned that the legal framework for business activities has changed fundamentally as a result of the German and European Due Diligence Act. This requires companies to analyse and prioritise all their human rights and environmental risks along their supply chains and act wherever necessary. The focus should then be on the risks relevant to the specific sector. The due diligence obligations imposed by the laws go beyond many existing standards to the extent that it is no longer possible to claim that individual aspects are not required in the respective criteria. Therefore, parts of the requirements in the E&S standards could be intensified.

4. Conclusion

Since the first version of this study was completed in May 2020, extensive efforts have been made by the VCM to improve the quality of carbon credits. In addition to the rise of rating agencies as service providers for the quality assessment of individual projects, the Integrity Council for the Voluntary Carbon Market (IC-VCM), which has defined a set of Core Carbon Principles for good quality, should also be pointed out. In response to these developments, numerous certification programmes have updated their regulations and made improvements. This often also concerns the requirements for project developers to take E&S standards into account, which are intended to ensure that projects on the voluntary carbon market are designed in a socially responsible way and do not undermine national efforts for environmental protection.

At the same time, some of the reference documents for comparing E&S standards have also been adjusted. For example, a new version of the KfW Sustainability Guideline was published in 2023.

The general conclusion of the previous version of this study remains valid in 2024: Overall, the certification programmes are set up very differently. Depending on the programme, minor or significant gaps in compliance with the E&S standards used for reference remain. However, some certification programmes have succeeded in closing some of the gaps identified in the previous version by revising their regulations. This applies in particular to the GS4GG, which now has a high to very high level of compliance with almost all IFC Performance Standards, and the Plan Vivo Standard, which has achieved significantly improved compliance compared to 2020 despite remaining gaps. Although efforts are being made to

strengthen their regulations, many of the certification programmes' requirements fall well short of the IFC Performance Standards and, therefore, also the KfW Sustainability Guideline. The programmes have a key role to play in the efforts to ensure higher quality on the carbon market for emission credits. They must further improve their regulations and create a framework for project developers to minimise and better manage risks in line with the precautionary principle. In the meantime, offset providers and buyers should proactively seek information on the robustness of the certification programmes' regulations that certify the respective carbon credits. This will enable them to make their own assessment of where risks may arise, the likelihood of which can be verified through further due diligence of the respective project documentation.

The results of this study can give an idea of how to do so. It should be considered that only a rough categorisation concerning compliance is made here. Numerous aspects are behind this, specified in the IFC Performance Standards. This is particularly relevant for PS 1, which covers many environmental and social management aspects. In the case of medium compliance with PS 1, many aspects that may be of high importance to certain buyers, such as a prohibition of human rights violations, may still not be sufficiently considered.

Buyers should always check whether projects regularly monitor their impacts and whether compliance with the rules is independently verified. This is the only way to ensure that a good project design can actually lead to the intended positive effects on sustainable development goals.

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