

# **Terms of reference, procedures and work plan for revision of CCB Standards including modifications that support smallholder- and community-led projects**

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## 1. Introduction

The Climate, Community & Biodiversity Alliance (CCBA) is a unique partnership of leading international Non Governmental Organization's<sup>1</sup> that was created in 2003 with a mission to stimulate and promote land-based carbon activities that credibly mitigate global climate change, improve the wellbeing and reduce the poverty of local communities, and conserve biodiversity. The CCBA brings together diverse stakeholders through a transparent and inclusive participatory process to develop standards that stimulate, identify and promote high quality multiple-benefit land-based carbon activities. The CCB Standards were created to foster the development and marketing of projects that deliver credible and significant climate, community and biodiversity benefits in an integrated, sustainable manner. They enable identification of land-based carbon projects that are designed and implemented using best practices to deliver robust and credible greenhouse gas reductions while also delivering net positive benefits to local communities and biodiversity.

The Climate, Community & Biodiversity (CCB) Standards were launched in 2005 and are used for evaluating the multiple benefits of any land-based carbon project (including activities that reduce emissions from deforestation and forest degradation (REDD) and contribute to conservation, sustainable management of forests and enhancement of forest carbon stocks (REDD+) , agricultural land management and avoided degradation of non-forest ecosystems) from early stages of development and throughout implementation.

At the validation stage, CCB Standards serve as a project design standard, and are useful as a design tool to guide project development to ensure robust multiple-benefits will be delivered. At this stage the standards serve multiple purposes: to provide guidance on integrating social and environmental dimensions in design ,to raise awareness about key issues of quality and multiple benefits, to attract investors interested in co-benefits, to attract co funding from governments, foundations and to screen out projects with reputational risk. Project design standards are especially valuable for forestry projects which often require significant upfront investment before carbon credits are generated and a carbon verification standard can be used. At the verification stage, CCB Standards serve as a multiple benefit standard and help to ensure quality assurance on positive biodiversity and community impacts and best practices and also help projects get market access, premiums and more stable prices for the carbon credits that they generate. CCB Standards are commonly combined with other carbon accounting standards (e.g. CDM, VCS, etc), that provide assurances on quantified emissions reductions and removals.

Since 2009, in collaboration with CARE, CCBA has facilitated the development and use of REDD+ Social & Environmental Standards ((REDD+ SES), which aim to build support for government-led REDD+ programs that make a significant contribution to human rights, poverty alleviation and biodiversity conservation. Both the CCB Standards and the REDD + SES focus not just on addressing 'no harm' but also aim to enhance multiple benefits.

## 2. Justification for the CCB standards and for the revision of the CCB Standards

The Intergovernmental Panel on Climate Change's fourth assessment report documents impacts of human-induced climate change that are already occurring and will worsen in coming decades causing dramatic changes to ecosystems, to productivity and to the global economy. The effects will be particularly devastating for poorer people who rely on natural resources and have minimal reserves and capacity to cope with the expected changes. To add to the problems, climate change will accelerate the ongoing loss of biological diversity that is the basis of healthy ecosystems on which all life depends. Well designed land-based activities are an essential component of strategies to mitigate climate change cost-effectively, by expanding effective greenhouse gas emissions reductions and removals and also have exceptional potential to deliver other benefits.

The CCB Standards were developed and tested from 2003 and the First and Second Editions were published in 2005 and 2008 respectively. Since their release in May 2005, the use of the CCB Standards has grown rapidly with 88 projects having initiated the validation process and 49 projects having achieved validation as of August 2012. A total of more than 130 projects are using or planning to use the standards, representing over 11 million ha of conservation and over 480,000 ha of restoration of native forests with total estimated annual emissions reductions of over 30 million tons annually.

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<sup>1</sup> The CCBA members are Conservation International, CARE, Rainforest Alliance, The Nature Conservancy and Wildlife Conservation Society. The website is: <http://www.climate-standards.org/>

There has been broad uptake across geographic areas (Africa (28%), Asia (16%), Latin America (43%), USA and Canada(8%)) and project types (Afforestation, Reforestation, Revegetation (ARR) (52%), Improved forest management (IFM) (13%), Reduced Emissions from Deforestation or Degradation (REDD) (34%), etc) which is a testament to the utility of the CCB Standards. The preponderance of projects in tropical developing country regions (89%), and particularly in Africa (28%), where there have been relatively few projects registered under the Clean Development Mechanism suggests that the CCB Standards are playing a role to stimulate project and market development to channel carbon market investments to areas where funding is most greatly needed for sustainable development, improved livelihoods and biodiversity conservation. Several investors have declared their intention to give a preference to, give a premium to, or exclusively purchase land-based carbon offsets derived from CCB projects, because of the importance they give to use of good social and environmental practices and the delivery of multiple benefits. Several investors also demand CCB standards as the basic minimum standard in order to invest in projects. Given CCB Standard's significant growth and place in the market, there has been substantial feedback from current users and others about the use of the standards. It has been five years since the previous revision and incorporation of feedback from the users, handled through a fresh revision process, will help the CCB Standards to remain robust, practical and continue to meet the demands of the users.

Further, land-based carbon projects have grown rapidly in voluntary markets, fostered in part through the emergence of trusted standards, particularly the Verified Carbon Standard (VCS) for carbon accounting combined with the Climate, Community & Biodiversity (CCB) Standards for assurances that projects are delivering benefits to local people and biodiversity. The State of the Forest Carbon Markets Report 2012 mentions that the "largest growth in volumes in terms of transacted credits was seen among project areas featuring collective or customary land rights."<sup>2</sup> There has also been significant growth of smallholder- and community-led projects (many of which are on lands with customary and collective tenure). Smallholder- and community-led projects are those on lands owned individually by smallholders, or owned collectively by communities, or where smallholders and/or communities have recognized management rights, and where they are actively involved in design and implementation of project activities. Such projects have significant potential to provide multiple climate and development benefits, but face a series of challenges. CCB Standards is in a unique position to develop this market and simultaneously to build confidence in the market by defining the key issues such projects should address and by raising awareness of the benefits of smallholder- and community-led projects. This can be accommodated through a revision process of the CCB Standards that includes the modifications to help showcase the special qualities and multiple benefits of smallholder- and community led-projects.

A revision is therefore planned in 2013 to strengthen and streamline the standards and will also include modifications to the standards to enhance its framework to identify and promote high quality smallholder- and community-led projects.

### **3. Revision of CCB Standards in 2013**

The revision will involve:

- (a) Revision of the CCB Standards
- (b) Development of modifications to the CCB Standards to identify and promote smallholder- and community led-projects
- (c) Revision of the rules for the use of the CCB Standards.

In addition to these revisions, the CCBA will develop guidance materials to assist with the quality and consistency of use of the standards and also to assist smallholder- and community-led projects.

#### ***Goals and objectives***

The goal of the CCB Standards is to stimulate major flow of funds into land-based activities that credibly mitigate global climate change, improve the wellbeing and reduce the poverty of local communities, and conserve biodiversity, from a robust, global carbon market for multiple benefits land-based carbon credits.

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<sup>2</sup> Ecosystem Marketplace, "The State of the Forest Carbon Markets Report 2012", Nov 2012, Page 26

The goal of the revision of the CCB Standards is to incorporate substantial feedback received from current users and others to ensure that the CCB Standards remain robust, practical and continue to meet the demands of the users and also to facilitate the access of small-holder and community-led projects to carbon finance.

The **objectives of the revision** of the CCB Standards are as follows:

1. To strengthen and streamline the CCB Standards criteria and rules for the use of the standards to identify projects that deliver significant climate, community and biodiversity benefits based on feedback from users of the standards and other stakeholders.
2. To foster market interest and confidence in carbon credits from smallholder- and community-led projects and develop the market by helping to define what the key qualities of smallholder and community led projects should be.

#### **4. History of development of CCB Standards**

**CCB Standards First Edition (May 2005)** were created through a rigorous two year development process based on input from community and environmental groups, companies, academics, project developers and others with expert knowledge or affected by the standards. The Standards were then tested on projects in Asia, Africa, Europe and the Americas and peer reviewed by the world's leading tropical forestry institutes: the Center for International Forestry Research (CIFOR) in Indonesia, the Tropical Agricultural Research and Higher Education Center (CATIE) in Costa Rica and the World Agroforestry Centre (ICRAF) in Kenya. Some of the key points of the 1<sup>st</sup> edition of CCB standards are as follows.

Climate change mitigation impacts must be measured using methodologies of the Intergovernmental Panel on Climate Change's Good Practice Guidance (IPCC GPG) for Land Use, Land Use Change and Forestry (LULUCF) or any methodology approved by the CDM Executive Board to estimate the net change in carbon stocks and non CO<sub>2</sub> GHG emissions due to project activities.

Local stakeholders, referred to in the CCB Standards as 'communities', including individuals, definable groups, organizations or governments that have a stake in, or may be impacted by proposed project activities must be identified and engaged early on in project design. The impacts of project activities on the social and economic wellbeing of local stakeholders, covering onsite and offsite impacts, must be defined and monitored in order to demonstrate the positive community benefits required for conformance with CCB Standards.

Similarly, the impacts of project activities on biodiversity, the variety of species, within species and ecosystems and the processes on which they depend, must also be evaluated and monitored demonstrating a net positive benefit and no increased threat to endangered species for conformance with CCB Standards.

Best practices for project design include requirements that the project design be based on good socio-economic, cultural and environmental knowledge of the site and on a solid legal framework ensuring no significant land tenure disputes and must be developed and implemented in a transparent manner to enable effective collaboration with stakeholders. All climate, community and biodiversity benefits being claimed by the project must be 'additional', not be likely to occur without the project, and must, therefore, be compared against a baseline or reference scenario associated with the most likely land-use scenario in the absence of the project. Any offsite impacts that could result from 'leakage' or shifting of impacts to other sites as a result of the project must be taken into account. All project benefits must be evaluated for the entire project life-time or project accounting period with convincing justification for the 'permanence' of benefits.

The **CCB Standards Second Edition(December 2008)**, the version that is currently in use, made changes in order to respond to the evolving context for land-based carbon, including the opportunities of REDD+, potential use alongside new carbon accounting standards and new methodological and technological approaches for evaluation of multiple benefits. Another objective of the revision in 2008 was to improve the standards to cover the full range of potential project types and circumstances, a process which was greatly informed by feedback from the wide range of current users of the CCB Standards, including project developers, local and other stakeholders, investors, offset buyers, NGOs and government agencies. Version 1.0 of the Second Edition was posted for public comment on [www.climate-standards.org](http://www.climate-standards.org) for 60 days from June 14 to August 11, 2008. Version 2.0 was prepared based on the comments received and posted for public comments for 30 days from October 10 to November 8, 2008 after which the Second Edition was finalized and published on December 6th 2008.

The criteria were strengthened and clarified in the Second Edition and some of the key changes included requiring proponents to:

- Describe the social, economic and cultural diversity within communities (wealth, gender, age, ethnicity, etc) including specific groups such as Indigenous people;
- Demonstrate that free, prior and informed consent has been obtained from all those whose rights are affected by projects;
- Demonstrate equitable distribution of costs and benefits of the project among community members and constituent groups;
- Demonstrate legal ownership of the carbon rights or that the project is undertaken on behalf of and with the full consent of the carbon owners;
- Ensure no land tenure disputes before the start of the project;
- Identify, maintain and enhance high conservation values including areas supporting threatened and endemic species, areas providing critical ecosystem services, and areas essential for the basic needs and traditional cultural identity of local communities;
- Demonstrate that invasive species will not increase as a result of the project;
- For REDD Projects, include an analysis of the relevant drivers and rates of deforestation and/or degradation and a description and justification of the approaches, assumptions and data used

The 'Gold level' was adapted to apply only to projects that generated exceptional benefits by:

- Targeting benefits to globally poorer communities and the poorer, more vulnerable households and individuals within them; or
- Conserving biodiversity at sites of global significance for biodiversity conservation; or
- Providing significant support to assist communities and/or biodiversity in adapting to the impacts of climate change

## **5. Procedures for the revision process**

- CCBA will prepare terms of reference for the CCB Standards and their revision defining the scope, justification, objectives, continued need for the standard and the need for revision.
- CCBA will publish the terms of reference for the revision, the procedures for revision and the work program providing a contact name and address and giving interested parties the opportunity to comment on them.
- CCBA will define the interested parties, those with expertise relevant to the subject matter of the standard and/or materially affected by the standard, ensuring that participation in the revision process reflects a balance of interests.
- A public consultation phase will include at least two rounds of comment submissions by interested parties, where necessary. Each round should last for 60 days but the second round may be shortened to 30 days where justified by a policy of CCBA.
- CCBA will compile all comments received according to issues raised and a written synopsis will be prepared and made publicly available of how each material issue has been addressed in the CCB Standards revision.
- CCBA will ensure a permanent mechanism to document comments and requests for clarifications on existing standards so they can be considered in a future revision process.
- CCBA will strive for consensus among a balance of interested parties with respect to the revision. This will be done by creating a CCB Standards committee for development of the revised standard.
- CCBA will define a decision-making procedure in the absence of consensus among the committee members
- The revised standard will be published on the CCBA website with an approved timeline for transition to use of the new version.

## **6. Complaints resolution mechanism for revision of CCB Standards**

If there are any expenses internal or external, incurred by CCBA in handling the complaint, this shall be borne by the entity filing the complaint or appeal. In all such cases, the entity will be informed about any expenses that need to be incurred prior to initiation of complaint resolution process.

**Complaints Definition:** A complaint refers to procedural complaints and is an objection related to the way in which the standard revision takes place (i.e.) complaints about the process for deciding on the content but not about the content of the standard itself.

### ***Complaints Procedure***

1) The complaint shall include the following information:

- a) Name of the complainant.
- b) Name of organization, if relevant.
- c) Contact information for the complainant.
- d) Details of the complaint.

2) The complaint shall be addressed to the CCB Standards Advisor and emailed to [pparasimhan@climate-standards.org](mailto:pparasimhan@climate-standards.org). CCBA will acknowledge the receipt of the complaint.

3) The CCBA Secretariat will investigate the complaint internally and determine the appropriate action that needs to be taken.

4) The CCBA Secretariat will provide a written response to the complainant within 20 working days of receiving the complaint. The CCBA Members Council will be updated about the complaint and the response will be approved by the Council.

5) All information submitted by the complainant with respect to the complaint shall be kept confidential by the CCBA.

When the complaint is not resolved to the satisfaction of the complainant, the complainant may choose to follow the appeals procedure.

### ***Appeals Procedure:***

1) The appeal shall include the following information:

- a) Name of the appellant.
- b) Name of the organization, if relevant.
- c) Contact information for the appellant.
- d) Details of the appeal, including reference to the original complaint.

2) The appeal shall be addressed to the CCBA member's council. The CCBA member's council shall acknowledge receipt of the appeal.

3) The CCBA Members Council shall organize an investigation, involving external experts (if required).

4) The CCBA Members Council shall prepare a written response and provide this to the appellant; The CCBA Members Council's decision is final and binding.

5) All information submitted by the appellant with respect to the appeal shall be kept confidential by CCBA.

## **7. Decision-making procedures for revision of CCB Standards**

A CCB Standards Committee (SC) will be formed by the CCBA Member's Council (composed of a representative from each of the CCBA Members), composed of various stakeholders and ensuring a balance of interested parties. This will be informed by a stakeholder mapping exercise undertaken by the CCBA Secretariat identifying various interest sectors/parties. The first draft of the revision to the CCB Standards as well as the Rules for the use of the CCB Standards will be prepared by the CCBA Secretariat to be reviewed and approved by the SC and subsequently by the CCBA Members Council. The draft will then be put up for public comments and a 60 day public comment period will be launched.

The CCBA Secretariat will work with the Standards Committee to address and respond to comments received and to prepare a second draft which will be reviewed and approved by the SC and then by the CCBA Members Council. The Members Council will also determine the length of the second public comment period depending on the level of agreement among comments. The CCBA Secretariat will work with the Standards Committee to address and respond to comments received and to prepare a final draft. The final version of the revised standards will be approved by the CCBA Members Council.

### **Alternative decision making procedures and decision making thresholds**

While the revision process will work towards consensus, it is recognized that given the range and diversity of the interested parties, there may be certain issues on which consensus may not be reached among the CCB Standards Committee members.

In the case of consensus not being reached on a particular issue, Standards Committee members who are not in agreement may provide alternate solutions and if these alternate solutions are not accepted by the majority or a compromise is not reached, the alternative decision making procedures shall come into effect.

The alternative decision making process shall be a vote by majority rule – (i.e.) alternatives that have more than half the votes will be selected. Another necessary condition that also needs to be fulfilled in order to avoid domination of any single interest group is that three out of the five interest groups should be in agreement on the alternative that receives the majority vote. The five interest groups are:

- a. End Users: project proponents, indigenous peoples organizations, community associations
- b. End Users: offset buyers/Investors (portfolio investors/originators, carbon brokers/retailers, corporations); donors ( public sector, foundations)
- c. Experts : forestry research institutes
- d. Quality Assurers : national governments, social NGO’s, environmental NGO’s, auditors, other standards
- e. Implementing Agency: CCBA members

This shall constitute the decision making threshold in case unanimous consensus/compromise is not reached.

### **8. Roles and attributions of entities involved in the revision process**

*The CCBA Secretariat* (composed of the CCBA Director and CCB Standards Advisor) is responsible for drafting all documents, circulation of information for review or approval as defined in the revision procedure, the receipt of comments, compilation of a synopsis and responses on how issues raised have been addressed in the revision and publishing of approved documents on the website.

*The CCBA Member’s Council* (composed of a representative from each of CCBA Members) is the final decision making body of the CCBA. In the context of revision of the CCB Standards, the CCBA Members’ Council will approve the terms of reference, the revision procedure, the work program, the creation of a CCB Standards Committee and the final version of the Standards.

*The CCB Standards Committee (SC)* will be created by the CCBA Members’ Council defining composition, role, attributions and decision-making processes to reflect a balance of interested parties including CCBA members and others as appropriate. The CCB Standards Committee is responsible for assisting the CCBA Secretariat with drafting new versions of the Standards and responses to comments and approval of these drafts prior to submission for public comment or to CCBA Members’ Council for adoption

### **9. Work Plan**

<b>Step</b>	<b>Task</b>	<b>Entity Responsible</b>	<b>Proposed Timing</b>
1.	Draft TOR, Revision procedure, Stakeholder mapping and list of stakeholders contacted, Complaint resolution procedure, Decision-making thresholds and Work plan and circulate to CCBA Member’s Council (MC)	Secretariat (Sec)	31 <sup>st</sup> Oct 2012
2.	Review and approve TOR, Procedure, Work plan, Complaint resolution procedure and decision-making thresholds. Provide comments and suggestions on composition of CCB Standards committee (SC) members.	MC	9 <sup>th</sup> Nov 2012

3.	Publish on Website: TOR, Public Summary, Procedures ,List of stakeholders contacted and potential stakeholders in the SC, Complaint resolution process, Work plan, Decision making thresholds	Sec	20 <sup>th</sup> Nov 2012
4.	Facilitate process for nominations of SC members	Sec	Nov 2012
5.	Creation of SC	MC	Dec 2012
6.	Propose amendments to Standards, in consultation with users of CCB Standards and other stakeholders	Sec, SC, MC	Jan 2012
7.	Prepare synopsis of proposed amendments to CCB Standards	Sec	Jan 2012
8.	Produce first draft of revision to CCB Standards	Sec, SC	Jan and Feb 2013
9.	Review and approve first draft of revision to CCB Standards	SC	March 2013
10.	Approve first draft of revision to CCB Standards	MC	March 2013
11.	Launch first public comment period (60 days) of revision to CCB Standards	Sec	15 <sup>th</sup> March 2013
12.	Produce first draft of revision to Rules for the use of CCB Standards	Sec, SC	March, April 2013
13.	Review and approve first draft of revision to Rules for the use of CCB Standards	SC	May 2013
14.	Approve first draft of revision to Rules for the use of CCB Standards	MC	May 2013
15.	Launch first public comment period (60 days) of revision to Rules for the use of CCB Standards	Sec	15 <sup>th</sup> May 2013
16.	Compile comments, prepare a response and prepare second draft of revision to CCB Standards	Sec, SC	May, June 2013
17.	Review and approve second draft of revision to CCB Standards	SC	June 2013
18.	Review and approve second draft of revision to CCB Standards and decide on length of comment period depending on the level of agreement among comments	MC	June 2013
19.	Launch second public comment period of revision to CCB standards (30-60 days to be decided)	Sec	July 2013
20.	Compile comments, prepare a response and prepare second draft of revision to Rules for the use of CCB Standards	Sec, SC	July, August 2013
21.	Review and approve second draft of revision to Rules for the use of CCB Standards	SC	
22.	Review and approve second draft of revision to Rules for the use of CCB Standards	MC	August 2013
23.	Compile comments and responses and prepare final version of revised standards with a timeline for their use	Sec, SC	August 2013
24.	Launch second public comment period of revision to Rules for the use of CCB Standards	Sec	September 2013
25.	Review and approve final version of revised standards	SC	September 2013
26.	Approval of final version of revised standards and timeline for transition to the new edition	CCBA Members' Council	September 2013
27.	Compile comments and responses and prepare final version of revised Rules for the use of CCB Standards	Sec, SC	October 2013
28.	Revised version of the CCB Standards and timeline are posted to the website for free download and disseminated by email to stakeholders. Translations organized into other languages, starting with Spanish, French and Portuguese.	Sec	October 2013
29.	Review and approve final version of revised Rules for the use of CCB Standards	SC	November 2013
30.	Approval of final version of revised Rules for the use of CCB Standards	MC	November 2013

The development of guidance materials will also be undertaken by the CCBA Secretariat during 2013.