Key Requirements Related to Stakeholder Engagement and Safeguards in the VCS Program

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Photo by Lisa Murray. Bale Mountains Eco-Region REDD+ Project, Ethiopia (Verra Project 1340).

About Verra

Verra sets the world's leading standards for climate action and sustainable development.

We:

- **Build standards** for activities such as reducing deforestation, improving agricultural practices, addressing plastic waste, and achieving gender equality.

- **Manage programs** to certify that these activities achieve measurable high-integrity outcomes.

- **Work with governments, businesses, and civil society** to advance the use of these standards, including through the development of markets.

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Photo courtesy of Katingan Mentaya. Katingan Peatland Restoration and Conservation Project, Indonesia (Verra Project 1477).

Verra's Verified Carbon Standard (VCS) Program

Verified Carbon Standard

Projects certified under the VCS Program are eligible to issue carbon credits, which provide long-term project finance. **The crediting period for nature-based projects is from 20 to 100 years.**

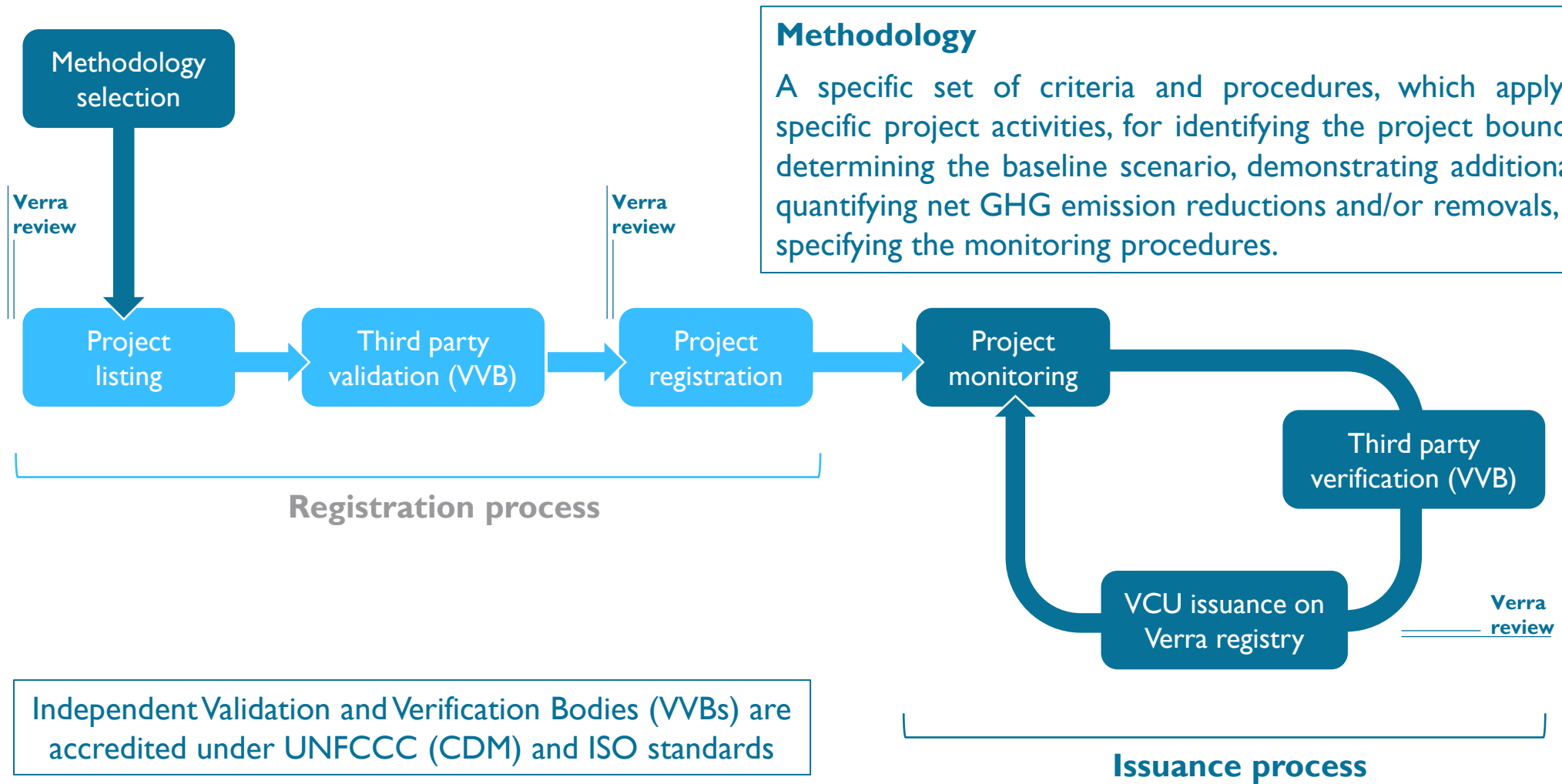**> 2,400** projects registered

95 Countries using VCS for projects

> 1.3 billion carbon credits issued

Environmental Finance
Voluntary Carbon Market Rankings 2023 Winner
VCS: Best GHG Crediting Programme
2012, 2013, 2014, 2015, 2016, 2018, 2019, 2020, 2021, 2022, 2023

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See https://registry.verra.org/app/search/VCS/All%20Projects

How to Develop a Verified Carbon Standard (VCS) Project

Methodology selection

Verra review

Verra review

Methodology

A specific set of criteria and procedures, which apply to specific project activities, for identifying the project boundary, determining the baseline scenario, demonstrating additionality, quantifying net GHG emission reductions and/or removals, and specifying the monitoring procedures.

Project listing → **Third party validation (VVB)** → **Project registration** → **Project monitoring**

Registration process

Third party verification (VVB)

VCU issuance on Verra registry

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Independent Validation and Verification Bodies (VVBs) are accredited under UNFCCC (CDM) and ISO standards

Issuance process

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See https://verra.org/programs/verified-carbon-standard/develop-a-vcs-project/ and https://verra.org/wp-content/uploads/2024/10/Registration-and-Issuance-Process-v4.6-1.pdf

KEY REQUIREMENTS IN THE VCS PROGRAM

Project Ownership

Project and jurisdictional proponents must demonstrate that they have the **legal right to control and operate** project or program activities.

Evidence must be provided establishing one or more of the following rights of use:

Arising or granted under statute, regulation, or decree by a competent authority

Arising under law

Arising by virtue of a statutory, property or contractual right in:
- the plant, equipment, or process that generates reductions or removals, or
- the land, vegetation, or conservational or management process that generates reductions or removals

An enforceable or irrevocable agreement with the holder of the statutory, property or contractual right in:
- the plant, equipment, or process that generates reductions or removals, or
- the land, vegetation, or conservational or management process that generates reductions or removals

From the implementation or enforcement of laws, statutes, or regulatory frameworks that require activities be undertaken or incentivize activities that generate reductions and removals

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See Section 3.7 of *VCS Standard, v4.7*

Update proposals for VCS Version 5 on project ownership

Verra is consulting on taking a holistic approach to project ownership and reductions and removals rights requirements to enable more effective, sustainable, and systemic solutions to identified challenges. This approach:

- focuses on the process to assess rights in the project area, including potentially conflicting claims to lands, use, and resources

- prioritizes stakeholder engagement, consultation, and FPIC processes

- explores updating terms and definitions that might exacerbate conflicts or misunderstandings

- clarifies the links between project ownership, property rights, and rights to reductions and removals requirements in the VCS

See detailed proposals in the active VCS Version 5 consultation document from June 2025 (section 1.6)

Stakeholder Engagement

Project proponents must engage with stakeholders during project design and implementation.

Design | Implementation

1a. Stakeholder consultation

1b. Ongoing communication with stakeholders

2. All stakeholder input received must be taken into consideration and addressed

3. Grievance redress procedure

4. Mechanisms for ongoing communication

See Section 3.18 of *VCS Standard, v4.7*

Stakeholder Consultation Before Implementation

The project proponent must **conduct a stakeholder consultation before the implementation of project activities**.

Such consultations must be inclusive, culturally appropriate, and respectful of local knowledge, and must include:

A **representative from each stakeholder group**.

A **discussion of the project design and implementation**, including agreement and consent from stakeholder groups to participate in the consultation.

The **risks, costs, and benefits** the project may bring to stakeholders.

All relevant **laws and regulations covering workers' rights** in the host country.

Information on **impact to property rights** as part of the free, prior, and informed consent (FPIC) process.

Discussion of **benefit sharing** where relevant.

Information about the **validation and verification processes,** and the validation/verification body's site visit.

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Free, Prior, Informed Consent (FPIC)

Project proponents must **respect stakeholders' rights to participate in and consent to consultation** as part of project design and implementation.

FPIC and reaching a transparent agreement that includes provisions for just and fair compensation is required only where property rights are affected by the project.

Prior to establishing such an agreement, the project proponent must disclose key information, such as the duration and location of the project, as well as a preliminary assessment of the likely economic, social, cultural, and environmental impact.

> Existing legal frameworks regarding FPIC processes or minimum thresholds can help projects implement VCS Program requirements
> *(e.g., who are legitimate representatives of certain Indigenous groups, what percentage of consent is required to be considered adequate)*

See Section 3.18.7 to 3.18.8 of *VCS Standard, v4.7*

Update proposals for VCS Version 5 on stakeholder engagement

Verra is consulting on proposed updates to strengthen stakeholder engagement requirements and provide projects with guidance to support their implementation, including:

- Categorize stakeholders at validation, and provide a stakeholder engagement plan

- Clarify requirements for engaging IPs, LCs, and customary rights holders in decision-making, where they are in the project area

- Require FPIC where IPs and LCs are present in the project area, and specify how and when FPIC should be conducted

- Require a redress mechanism with traditional resolution methods to report, handle, and resolve community feedback and complaints

- Add requirements to publicly disclose and report decision-making conducted within the stakeholder engagement process

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See detailed proposals in VCS Version 5 consultation documents:
- September–November 2024: consultation and input (Section 2.1)
- June 2025 (active): consultation (section 1.7)

Photo by Lisa Murray. Bale Mountains Eco-Region REDD+ Project, Ethiopia (Verra Project 1340).

Safeguards

Project activities must not negatively impact the natural environment or communities. Project proponents must identify and address any negative environmental and socio-economic impacts of project activities.

Requirements sub-sections

1. **Risks to stakeholders and the environment**
2. **Respect for human rights and equity**
3. **Property rights**
4. **Ecosystem health**

Photo courtesy of InfiniteEARTH. Rimba Raya Biodiversity Reserve Project, Indonesia (Verra project ID 674)

VCS projects must demonstrate contributions to at least three SDGs,* one of which can be SDG 13.

Optionally, projects may be certified under other Verra programs to demonstrate social and environmental benefits beyond reductions or removals.

Climate, Community & Biodiversity Standards

Sustainable Development Verified Impact Standard

* SDGs = United Nations' Sustainable Development Goals
See Section 3.19 of *VCS Standard, v4.7*

1. Risks to stakeholders and the environment

Project proponents must:

- Identify (i.e., assess) and disclose **risks of potential negative socio-economic and environmental impacts** resulting from project activities

- Where the assessment identifies risks, design and **implement commensurate measures to mitigate their impacts**.

- Report risks, impacts, and mitigation measures in the applicable project document at validation and each verification.

- Demonstrate expertise in and prior experience from their management team on stakeholder engagement and safeguards requirements.

Projects assess:

- Impacts on stakeholders' well-being, or risks arising from their participation in the project
  (e.g., trade-offs with food security, land loss, loss of yields, negative impacts on livelihoods, and climate change adaptation)

- Risks related to the safety and health of working conditions

- Risks to children, minorities, and marginalized groups

- Impacts caused by pollutants

2. Respect for Human Rights and Equity

The project proponent must:

1. **Ensure that no discrimination or sexual harassment** occurs in the project

2. **Respect human rights** in accordance with the International Bill of Human Rights and universal instruments relating to human rights

3. **Provide gender equal opportunities** for employment and participation

4. **Prohibit the use of forced labor, child labor, and victims of human trafficking**, and protect staff and contracted workers

5. **Identify IPs, LCs, and customary rights holders, and recognize, respect, and promote the protection of their rights** in line with the United Nations Declaration on the Rights of Indigenous People and ILO Convention 169 on Indigenous and Tribal Peoples.

3. Property Rights (Including Benefit Sharing)

- The project proponent must:

    o **recognize, respect, and support IPs', LCs', and customary rights holders' property rights and where feasible, take measures to help secure rights.**

    o **not encroach on private, stakeholder, or government property or relocate people off their lands without prior consent and appropriate compensation.**

    o **not lead to forced physical or economic displacement.**

- Projects impacting property rights, usage, or resources must include **a benefit-sharing agreement between affected stakeholder groups and the project proponent**. The agreement must be:

    o appropriate to the local context,

    o consistent with national and international rules,

    o consistent with customary rights, to the maximum extent feasible,

    o agreed upon by IPs, LCs, and legitimate customary rights holders, and

    o shared in a culturally appropriate manner.

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See Section 3.19.22 to 3.19.24 of *VCS Standard, v4.7*

4. Ecosystem Health (1/2)

- Projects that include planting or introducing species must:

  - **not introduce invasive species or allow an invasive species to thrive** as part of project activities. Project proponents must identify invasive species using local, regional, or global invasive species registries, or, where they don't exist, a locally applicable information source.

  - **not use any species in the project activities that threaten the existence of endangered species**.

- Projects that restore degraded ecosystems through ARR* or WRC* activities must demonstrate that the project activity **restores a native ecosystem type represented in the same ecoregion as the project**.

Photo by Nick Hall, Avoiding Planned Deforestation and Degradation in the Valdivian Coastal Reserve, Chile (Verra Project ID 1175)

*ARR = afforestation, reforestation, or revegetation; WRC = wetland restoration and conservation
See Section 3.19.27 of VCS Standard, v4.7

4. Ecosystem Health (2/2)

Activities that convert an ecosystem must only be implemented where **ecosystems have been degraded for 10 or more years prior to the project start date**, unless the project proponent demonstrates that:

- **degradation within 10 years did not occur due to the project activity** (e.g., it happened in the pre-project land use due to natural disasters such as hurricanes or floods), or

- **the dominant land cover is an invasive species** that is threatening ecosystem health.

Photo courtesy of Delta Blue Carbon Project, Pakistan (Verra Project ID 2250)

Update proposals for VCS Version 5 on safeguards

Verra is consulting on improvements for specific, enhanced, and process-oriented requirements with accompanying guidance, criteria for acceptable evidence, and definitions to support project proponents in proactively assessing their project's risks, establishing commensurate mitigation measures, and monitoring them throughout the project lifetime.

The high-level updates include:

- Implement a new structural framework to categorize safeguards, and a risk-based approach to design and implement safeguards that are applicable to each project.

- Enhance stakeholder engagement and safeguards requirements.

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See detailed proposals in VCS Version 5 consultation documents:
- September–November 2024: consultation and input (Section 2.2)
- June 2025 (active): consultation (section 1.7)

CLOSING

How Can Verra Help

We encourage and invite any government to connect with Verra for support on:

1. **Exchange of Information** – Verra offers support to governments seeking to understand the VCS Program, including its stakeholder engagement and safeguards requirements through technical dialogues and information sharing.

2. **Framework or Policy Consultation** – Verra is available to consult with governments on the development or refinement of national legal frameworks or policies that would support the implementation of VCS safeguard requirements by projects in their country.

3. **Capacity Building** – Verra provides targeted capacity-building opportunities for governments, through workshops and technical training, and offers sessions on:

   ➢ **Climate, Community & Biodiversity Standards (CCBS)**: Used to certify projects that deliver verified benefits for people, biodiversity, and the climate.

   ➢ **Sustainable Development Verified Impact Standard (SD VISta):** A standard to certify sustainable development outcomes, from health and education to conservation and gender equity, aligned with the UN Sustainable Development Goals (SDGs).

THANK YOU

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