

Application of the Oeko-Institut/WWF-US/ EDF methodology for assessing the quality of carbon credits

This document presents results from the application of version 3.0 of a methodology, developed by Oeko-Institut, World Wildlife Fund (WWF-US) and Environmental Defense Fund (EDF), for assessing the quality of carbon credits. The methodology is applied by Oeko-Institut with support by Carbon Limits, Greenhouse Gas Management Institute (GHGMI), INFRAS, Stockholm Environment Institute, and individual carbon market experts. This document evaluates one specific criterion or sub-criterion with respect to a specific carbon crediting program, project type, quantification methodology and/or host country, as specified in the below table. Please note that the CCQI website [Site terms and Privacy Policy](https://www.carboncreditquality.org) apply with respect to any use of the information provided in this document. Further information on the project and the methodology can be found here:

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|---------------------------|--|
| Criterion: | 7.1 Host country commitment to the global temperature goal |
| Host country: | Nepal |
| Date of final assessment: | 20 May 2022 |
| Score: | 3.33 |

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Assessment

The methodology assesses whether the host country has communicated a LEDS and whether it has an explicit commitment in the form of a net zero emissions target, including: the timeframe of the target, differentiating between LDCs/SIDS and other economies; the coverage of greenhouse gases and sectors; whether the target is a domestic target or whether it includes the use of international carbon credits; and the legal status of the target.

Indicator 7.1.1

Relevant scoring methodology provisions

“The country has communicated a LEDS.”

Information sources considered

1. UNFCCC – Communication of long-term strategies (<https://unfccc.int/process/the-paris-agreement/long-term-strategies>)
2. Nepal’s first LEDS communicated to the UNFCCC secretariat on 31 October 2021 (<https://unfccc.int/sites/default/files/resource/NepalLTLEDS.pdf>)

Assessment outcome

Yes (3 points).

Justification of assessment

Nepal has communicated a LEDS on 31 October 2021 (Sources 1 and 2).

Indicator 7.1.2

Relevant scoring methodology provisions

“The country is an LDC and has adopted a net zero emissions target for

a. 2050 or earlier;

OR

b. 2051 to 2069;

OR

c. 2070 or later.

OR

The country is not an LDC and has adopted a net zero emissions target for

d. 2040 or earlier;

OR

e. 2041 to 2059;

OR

f. 2060 or later.”

Information sources considered

1. Nepal's second NDC which has been communicated to the UNFCCC secretariat on 8 December 2020
([https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Nepal%20Second/Second%20Nationally%20Determined%20Contribution%20\(NDC\)%20-%202020.pdf](https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Nepal%20Second/Second%20Nationally%20Determined%20Contribution%20(NDC)%20-%202020.pdf))
2. Nepal's first LEDES communicated to the UNFCCC secretariat on 31 October 2021
(<https://unfccc.int/sites/default/files/resource/NepalLTLEDS.pdf>)

Assessment outcome

Sub-paragraph a is applicable (5 points).

Justification of assessment

Nepal is an LDC. In its second NDC communicated in 2020, Nepal refers to a long-term strategy to achieve net-zero greenhouse gas emission by 2050 (Source 1). In its LEDES communicated in 2021, this goal has been further specified “to achieve net zero emissions from 2020-2030 and after a period of very low emissions to full net zero by 2045” (Source 2).

Indicator 7.1.3

Relevant scoring methodology provisions

“The adopted net zero emissions targets covers

- a. all sectors of the economy, including international aviation and shipping, and all main greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃);

OR

- b. at least 90% of the country's GHG emissions;

OR

- c. less than 90% of the country's GHG emissions.”

OR

- d. No information is available or it is insufficiently clear.

Information sources considered

1. Nepal's first LEDS communicated to the UNFCCC secretariat on 31 October 2021 (<https://unfccc.int/sites/default/files/resource/NepalLTLEDS.pdf>)

Assessment outcome

Sub-paragraph c is applicable (1 point).

Justification of assessment

The coverage of the net zero emissions target is not entirely clear. The LEDS mentions strategies for all sectors; however, the scenarios provided only include CO₂ emissions (Source 1). It is therefore here assumed that only less than 90% of the GHG emissions are covered by the target.

Indicator 7.1.4

Relevant scoring methodology provisions

“The adopted net zero emissions target is

- a. a domestic target (i.e., without the purchase of international carbon credits but possibly with linking of emissions trading systems);

OR

- b. a target to be achieved with the purchase of international carbon credits, or no information is available.”

Information sources considered

1. Nepal's first LEDS communicated to the UNFCCC secretariat on 31 October 2021 (<https://unfccc.int/sites/default/files/resource/NepalLTLEDS.pdf>)

Assessment outcome

Sub-paragraph b is applicable (0 points).

Justification of assessment

In its LEDS, Nepal states that it would also like to gain recognition for its mitigation contributions beyond its border through clean energy trade. It is unclear whether this entails recognition in the form of carbon credits. As not sufficient information is available, sub-paragraph b applies.

Indicator 7.1.5

Relevant scoring methodology provisions

“The adopted net zero emissions target

- a. has been communicated to the UNFCCC in the country's NDC and/or LEDS, *and* has been enshrined in domestic law;

OR

- b. has been communicated to the UNFCCC in the country's NDC and/or LEDS, *or* has been enshrined in domestic law;

OR

- c. has only been announced or adopted by government or relevant legislative bodies but neither been communicated to the UNFCCC in the country's NDC and/or LEDS nor been enshrined in domestic law."

Information sources considered

1. Nepal's first LEDS communicated to the UNFCCC secretariat on 31 October 2021 (<https://unfccc.int/sites/default/files/resource/NepalLTLEDS.pdf>)

Assessment outcome

Sub-paragraph b is applicable (1 point).

Justification of assessment

Nepal has communicated a net zero target in its LEDS (Source 1), but to the knowledge of the authors has not yet enshrined this in domestic law.

Scoring results

According to the above assessment, the country receives 10 out of 15 achievable points. Applying the scoring approach of the methodology, this results in a score of 3.33.