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Carbon Biodiversity People

Earthly Project Assessment

Delivering impact on climate, biodiversity and people

Executive summary

Businesses increasingly understand the financial benefits of operating with the highest levels of environmental approaches but need evidence to justify investing.

The voluntary carbon market (VCM) is experiencing rapid growth but has historically lacked transparency and sufficient detail about what projects can achieve.

An effective, transparent scoring system must analyse issues such as risk, additionality, and permanence of project solutions.

Earthly is a trusted provider of Nature-based Solutions and voluntary decarbonization projects that bring wider biodiversity and community benefits.

Our innovative Project Assessment aims to address the lack of transparency in the VCM by providing a detailed indication of a project's potential to deliver an impact on three vital pillars: climate, biodiversity and people.

The Earthly Project Score analyses carefully chosen weighted criteria, applying both a confidence and maturity score. Only projects exceeding a minimum standard pass the screening process.

Project details can be easily communicated so stakeholders can report on and share the project achievements, and specific categories of benefit can be shown, such as health or education.

Earthly's robust approach, backed by our board of independent scientific advisors, means we can confidently present nature-based solutions fit for the next phase of sustainable action, to meet our ambitious goal of helping businesses remove at least one gigatonne of carbon (one billion tonnes) by 2030 with additional, measurable benefits for people and nature.

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Introduction

There is a growing consensus that successful nature-based solutions take an inclusive and holistic approach through all stages of development to include the impact on people and nature. A truly rigorous assessment, which is effective in analysing each project's benefits and chances of success, does not focus on one aspect alone. It must consider each metric in detail and part of an interconnected whole.

Earthly has developed an assessment process and scoring system that allows projects to be evaluated effectively to show their potential to deliver on climate, biodiversity and social impact goals, as well as to analyse the detail of benefits in sectors such as health or education.

The context

The **27th United Nations Climate Change Conference** (COP27) in 2022 concludes a year that has experienced an increased frequency of extreme weather events, from floods to drought and wildfires around the globe. Public awareness of climate change has never been higher, and the scientific consensus is that action is required immediately. This is a time for widespread and rapid implementation.

Key themes for COP 27, hosted by Egypt, include the requirement for a **just transition.** Africa as a continent is responsible for just 4% of global emissions yet is the most affected by climate change, with nearly all regions impacted. Climate-friendly solutions are needed in developing countries, but doing so in an equitable manner that brings wider community benefits will be vital in creating a fair transition.

A report by the global Energy Transition Commission [1] details that there are three main ways to achieve decarbonization:

1. Reduce demand for carbon-intensive products and services.
2. Improve energy efficiency.
3. Deploy decarbonization technology across all sectors, for example using hydrogen or carbon capture.

However, the commission states that current technologies can only go so far and that 30% of emissions are categorized as **"harder-to-abate".** It is also true that decarbonization and upscaling new technology require time. With this knowledge, the role of **carbon offsetting** becomes vital.

Climate finance is a critical part of the decarbonization process. However, the energy crisis and squeeze on the cost of living means that **value for money** and proven solutions to decarbonizing become ever more pertinent. There is no space for greenwash.

As detailed ahead of COP27, "The importance of adequacy and predictability of climate finance is key to achieving the goals of the Paris Agreement, to this end, there is a need for enhanced transparency of financial flows and facilitated access to meet the needs of developing countries." [2] Various funding will be required to successfully decarbonize, not only from governments but also increasingly from **the private sector.** The voluntary carbon market (VCM) will support this, particularly for harder-to-abate sectors.

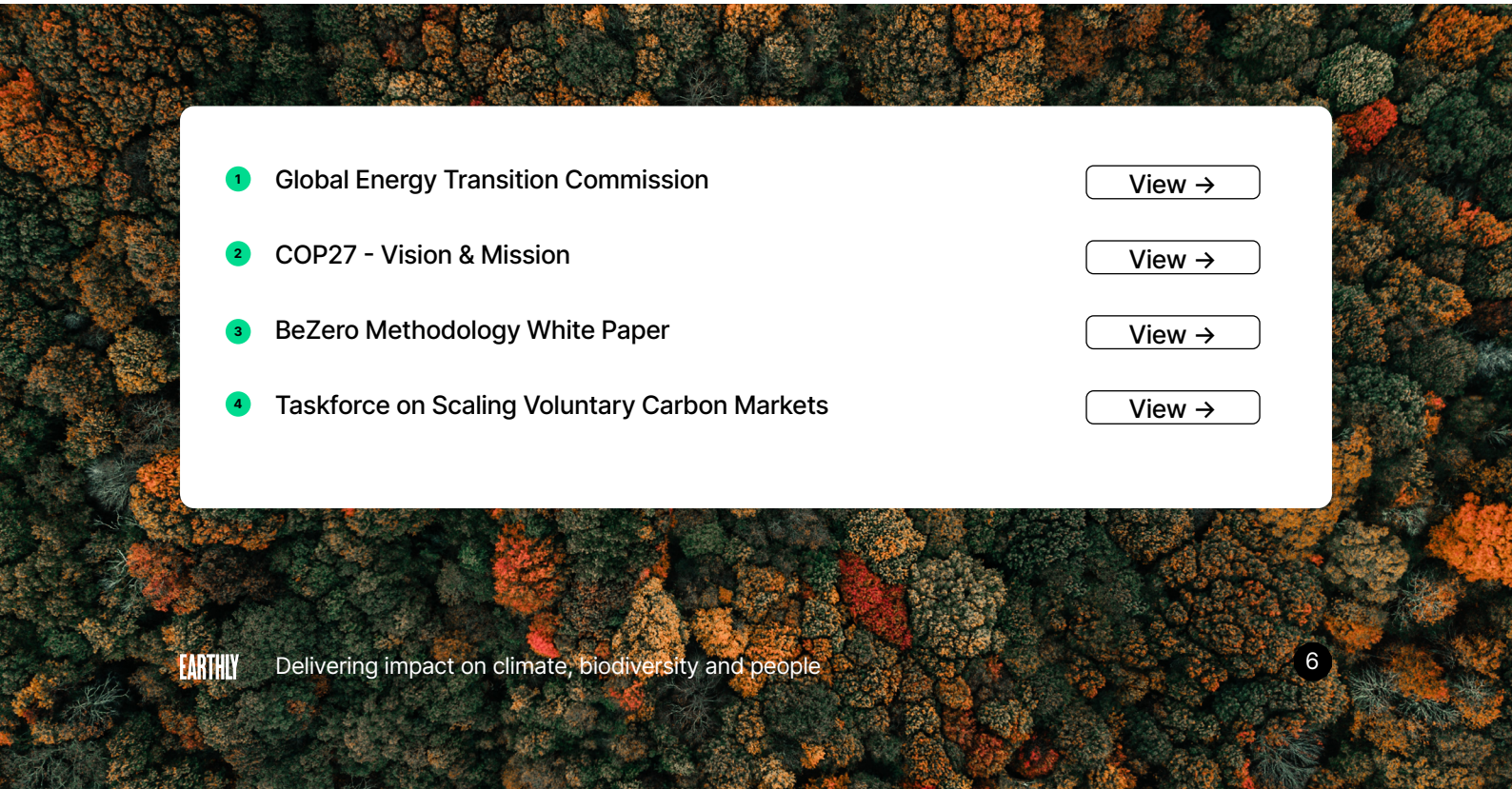
The role of the VCM

The VCM is an exciting and vital part of this change. The rise in popularity of environmental, social and governance (ESG) and increased consumer demand for corporate social responsibility is driving an **increase in VCM approaches.** Transactions are set to rise from current levels of $2bn to $100bn by 2030. [3]

The Taskforce on Scaling Voluntary Carbon Markets estimates that the sector must increase by more than 15-fold by 2030 to support the investment required by the Paris Agreement's 1.5-degree pathway. This will involve a significant step up in corporate commitments, which are sized at 0.2 Gigatonne in 2030 based on evidence today. [4] This rapid scaling must be delivered **without sacrificing integrity** or the underlying project's impact on local communities. With growing demand, there is a high risk of low-quality offsets being sold, thus reducing the mitigation potential of the VCM.

Climate change and biodiversity loss can significantly disrupt economic activity. As a result, businesses seek to **embed regenerative, sustainability practices** into their business model - which also brings additional PR benefits and enables them to stay ahead of the regulatory curve.

The flexibility of the VCM also offers the potential to **support mitigation in places that need it most,** like the tropics and developing countries. It can be used for a **greater positive impact on climate,** avoiding tipping points from logging in the Amazon and protecting peatlands from palm oil in Indonesia, for example. Or even **for additional global challenges,** such as regenerating degraded soil to support continued food production in Sub-Saharan Africa, India and Europe, adapting to climate change and reversing biodiversity loss everywhere.



1 Global Energy Transition Commission — View →

2 COP27 - Vision & Mission — View →

3 BeZero Methodology White Paper — View →

4 Taskforce on Scaling Voluntary Carbon Markets — View →

The challenges

The voluntary carbon market has historically lacked full transparency. Whilst the compliance market operates carbon allowances with regulatory standards set by national or international authorities, the VCM does not have a governing body. Hence there are **no universal standards.** This makes it challenging for customers to verify the status of project claims and carbon credits.

The issue of **additionality** is also pertinent. It is vital to show the extent to which carbon and climate impacts would not have occurred in the absence of the intervention created by carbon finance and the likely permanence of benefits. Of course, life rarely deals with certainties, so any approach must factor in a **risk-based analysis,** looking at the likelihood and confidence of outcomes rather than making assumptions about guarantees.

Beyond carbon, the additional benefits of a project, such as community or nature-based, may often be **hard to measure,** quantify or compare between projects making the sector hard to navigate for market participants. Several initiatives have been taken to regulate this growing market and assess certain quality criteria. However, too many offsets are currently being sold, overestimating their carbon benefits (for instance, by setting outdated baselines and using unreliable data sources), and/or **fail to deliver real and lasting benefits for people and nature.**

In a challenging financial climate, organisations simply must know that their investments in the VCM and nature-based solutions to climate change represent value for money. They require quantifiable, **evidence-based insights** that can be easily understood and communicated, bringing impact and integrity.

Going beyond carbon:
The three pillars

Corporate social responsibility leads businesses to ask wider questions beyond emissions. Poorly designed offset schemes can negatively impact people and nature – something we believe must be avoided at all costs. The Taskforce on Nature-related Financial Disclosures was established in 2021 in response to a growing awareness that nature must be factored into business and financial decisions. We expect this will be extended to include social and human capital.

The new Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services [5] report states that the accelerating global biodiversity crisis, with one million species of plants and animals facing extinction, is threatening the enormous benefits people derive from wild species. Globally, one-in-five people rely on wild species for food and income, while humans use 50,000 wild species to meet their daily needs. Any financial decisions that do not factor in biodiversity protection are not truly sustainable. Indeed, biodiversity is one of the core determinants for the success of a NbS, as projects that do not address diversity will be at greater risk of environmental problems such as drought, fire, floods, pests and disease.

People must be at the centre of NbS, and their local knowledge, expertise and leadership will determine the success and longevity of the intervention. Historically, projects that protect and regenerate nature may also have excluded the very people needed to make them a success.

[5] Intergovernmental Science-Policy Platform (IPBES) View →

The Earthly solution

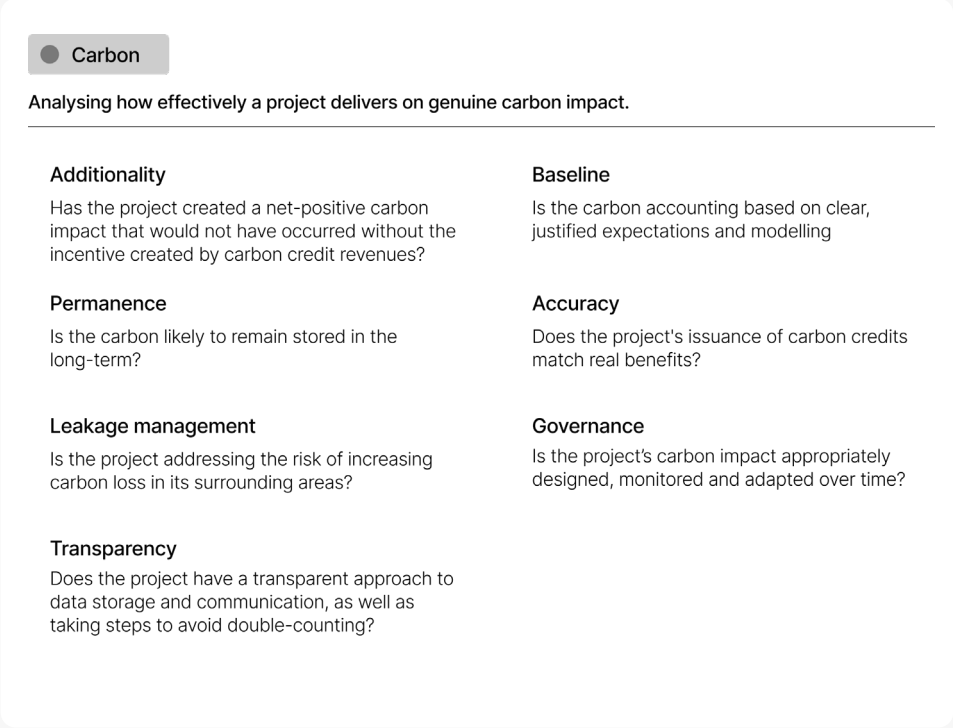
Earthly is expert in providing trusted nature-based solutions that go beyond typical offset schemes by looking holistically at the interconnected three pillars of carbon, nature and people.

To address the challenges seen in the VCM and go further, we have developed a rigorous assessment process underpinned by **our Project Assessment.** It indicates a project's potential to deliver not just on climate targets through carbon offsetting, but also positively impact biodiversity and people. An ability to show wider benefits are a vital part of contributing to **a just transition** that is equitable and sustainable for developing countries.

Each project is scored on three essential pillars, **carbon, biodiversity and people.**

For the carbon aspect, Earthly has partnered with BeZero Carbon, a global carbon rating agency which provides an independent assessment of the efficacy of a carbon credit. Earthly will use the BeZero Carbon Rating to inform its selection of high-quality carbon credit projects.

This methodology provides an **analytical framework** involving a detailed assessment of six critical risk factors affecting the quality of credits issued by the project.



Criteria for **biodiversity and people** have been developed by Earthly's research team, as summarised below (further detail is available in the methodology section):

Biodiversity

Considering the nature-based benefits of the project, including whether it actively enhances nature conservation and addresses biodiversity loss.

Baseline

Does the project demonstrate an understanding of the environmental context in which it operates?

Suitability

Is the intervention suitable for the ecosystem context?

Nature conservation

Does the project understand and address the direct threats and systemic drivers of environmental degradation and biodiversity loss?

Net gain

Does the project play an active role in improving biodiversity?

Ecosystem benefits

Does the project play an active role in improving ecosystem services?

Governance

Is the project's biodiversity impact appropriately designed, monitored and adapted over time?

Transparency

Does the project have a transparent approach to data storage and communication?

People

Analysing the community and stakeholder impact of projects.

Context awareness

Does the project demonstrate an understanding of the social context in which it operates?

Human rights

Is the project taking action to respect, protect and enhance rights?

Stakeholder engagement

Are local and indigenous stakeholders included in project planning, management, and monitoring

Equity

Has the project demonstrated improved equity through its benefit-sharing and decision-making processes?

Livelihoods

Has the project demonstrated improved livelihoods through both direct investment and ecosystem services?

Education

Has the project demonstrated improved education and training opportunities?

Health

Has the project demonstrated improved health and resilience to disasters, including direct investment and ecosystem benefits?

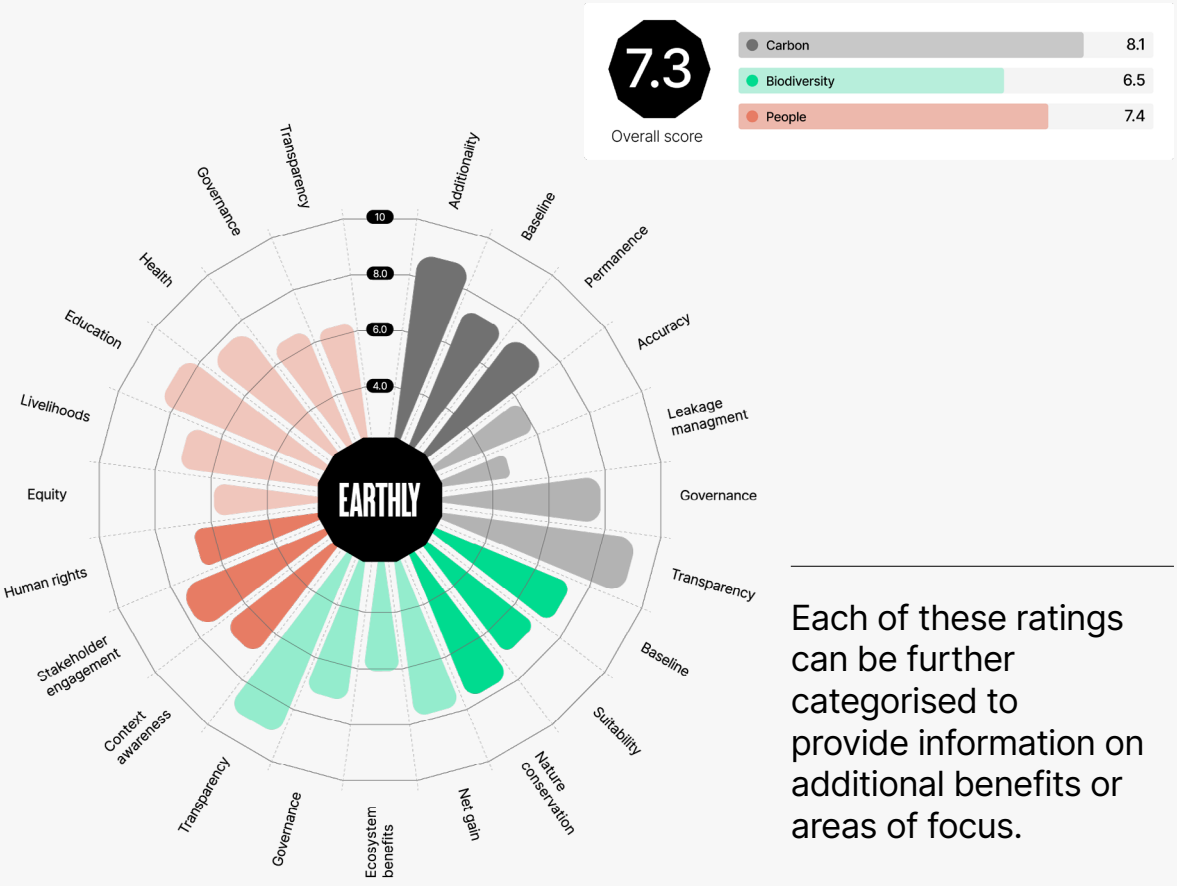
Governance

Is the project's social impact appropriately designed, monitored and adapted over time?

Transparency

Does the project have a transparent approach to data storage and communication?

Each of these questions is scored through a complex and in-depth process. It results in every project achieving an **overall score**, as well as individual scores for carbon, biodiversity and people targets. The resulting score is **accessible, sharable and easily communicated.**



Each of these ratings can be further categorised to provide information on additional benefits or areas of focus.

Summary of our project assessment

Critically, our project assessment is:

- Fully transparent: scores for all aspects are visible and the methodology is shared.
- All-encompassing and holistic across the three vital, interconnected pillars of carbon, biodiversity and people.
- Quantifiable: an overall score makes projects easy to compare.
- Supported by qualitative information, helping clients understand and share the project stories.
- Continuously monitored, for up-to-date ratings.
- Additionality-focused, proving the carbon reduction would not have occurred without the financial incentive of the project.
- Analyses permanence, assessing the long-term viability and sustainability of the project.
- Delivers a risk-based score, based on the confidence level in the project delivering its targets.
- Verified by our independent Scientific Board and by satellite imagery.

Earthly Scientific Board

Our interdisciplinary, independent Scientific Board supports our decision-making and provides oversight and advice on project selection and verification.

Dr David Ganz, PhD

UN-REDD PROGRAMME

Dr Sarobidy Rakotonarivo, PhD

Prifysgol Bangor University

Prof. J. Boone Kauffman

the Blue Carbon Initiative

Rosie Dunscombe, FCA

Natural Capital Coalition

Dr PJ Stephenson, Phd

IUCN

Dr Hannah Reid, PhD

UNFCCC

Dr Cornelia Rumpel, PhD

cnrs

Chris Zganjar

The Nature Conservancy

How can our project assessment help you?

Businesses that want to **robustly offset their emissions in the short and mid-terms need to navigate the voluntary carbon market.** This involves understanding national and international standards, various ever-evolving carbon accounting methodologies and diverse projects following different rules.

Earthly's assessment and scoring process provides **clarity**, looking across certified and non-certified projects to highlight maturity, and the best type of investment to support the project.

With our scores, you can trust that you are:

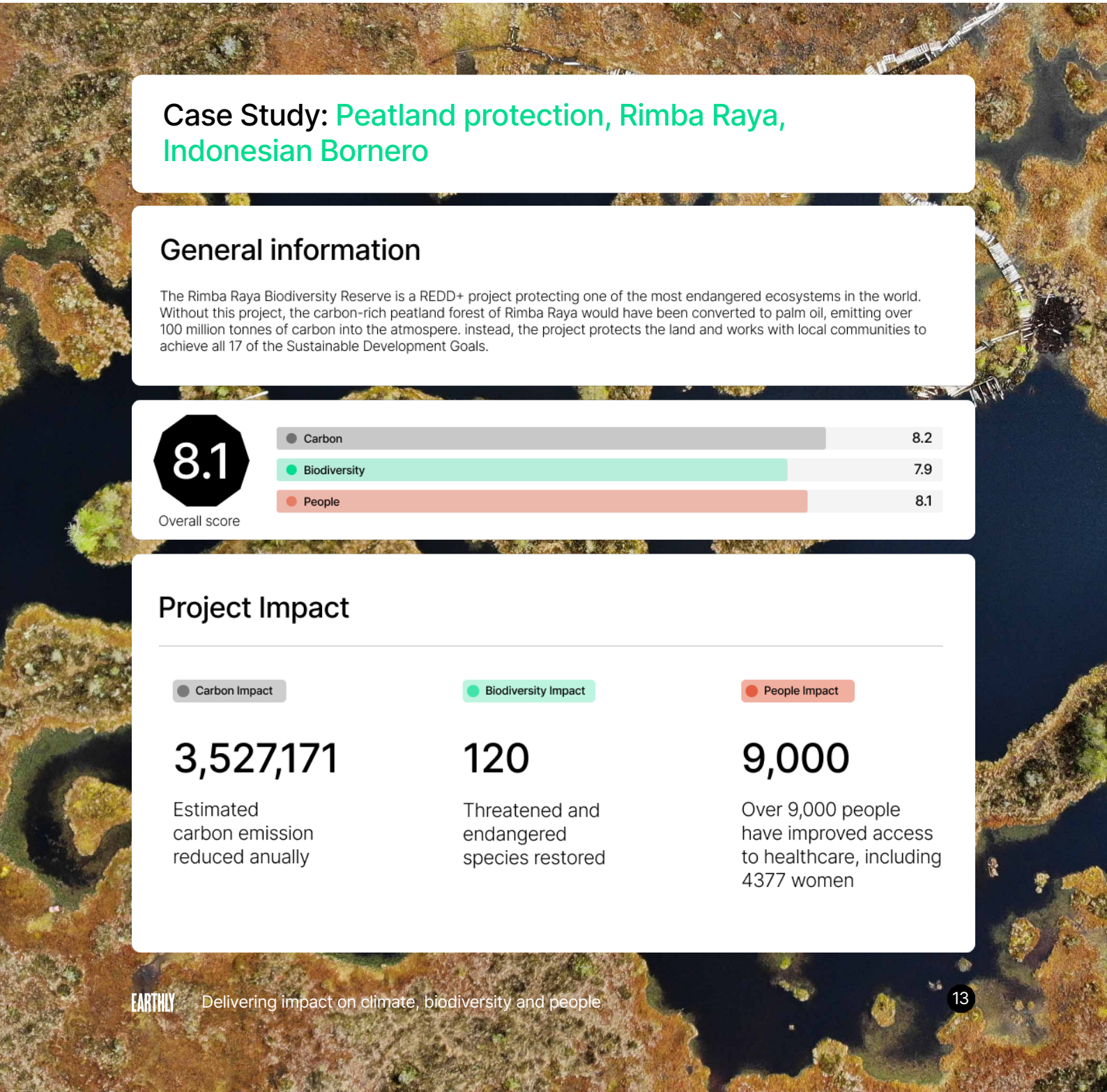
- Carbon offsetting with high-quality projects that will survive and thrive into the future.
- Making the right investments to support your claims towards Net Zero.
- Aligning investments with values.
- Aligning wider impact on people and nature.

Our assessment integrates the best qualitative and quantitative knowledge from independent verifiers, as well as our own analysis. We will continue to integrate more evidence for project impact to keep the assessment accurate and keep you updated on the impact of your investments.

What if a project doesn't meet our minimum carbon standard?

In the fight against climate change, NbS delivering on their carbon removal promises is key. At Earthly, we place a high minimum standard on our projects' carbon sequestration potential and overall carbon impact. Correspondingly, if a project fails to meet our standard, we won't use this project for offsetting.

Despite this, carbon removal is one of many benefits a project might offer. For this reason, we may still choose to list a project which delivers strong people or biodiversity benefits on our platform, and encourage businesses to support them without making carbon claims so they can continue to deliver on these benefits.



Case Study: Peatland protection, Rimba Raya, Indonesian Bornero

General information

The Rimba Raya Biodiversity Reserve is a REDD+ project protecting one of the most endangered ecosystems in the world. Without this project, the carbon-rich peatland forest of Rimba Raya would have been converted to palm oil, emitting over 100 million tonnes of carbon into the atmospere. instead, the project protects the land and works with local communities to achieve all 17 of the Sustainable Development Goals.

8.1
Overall score

Carbon	8.2
Biodiversity	7.9
People	8.1

Project Impact

Carbon Impact

3,527,171

Estimated carbon emission reduced anually

Biodiversity Impact

120

Threatened and endangered species restored

People Impact

9,000

Over 9,000 people have improved access to healthcare, including 4377 women

The methodology

Confidence	Below Minimum Target		Can be listed on Earthly Platform		
3 Beyond reasonable doubt	0	5	7	9	10
2 Likely	0	4	6.5	8.5	9.5
1 State	0	3	6	8	9
0 No explicit mention	1	2	5.5	7.5	8.5
Maturity	0 Not addressed	1 Dissatisfactory	2 Good	3 Excellent	4 Best practice

Weights

To each indicator, we assign a weight which reflects their relative importance in the assessment.

5 High weight
3 Medium weight

Here is how Earthly's **Project Assessment** works.

All Earthly projects are hand-picked and assessed through our multi-layer framework. Critically, this process is approved by our independent Scientific Board of advisors and verified by satellite imaging.

The final score is based on the confidence and maturity scores, adjusted for each criteria's weighting.

The confidence score

This addresses the risk-perception aspect of the project based on the quality and quantity of evidence provided.

0: (no direct evidence) No explicit mention in the project documents, no mention by third parties.

1: (Low - narrative) Mentioned in project documents, but no evidence provided, no mention by third parties validation/verification.

2: (medium - evidenced) Likely. Addressed and additional evidence available but either not easy to verify or not trusted verifiers.

3: (high - verified) Beyond reasonable doubt. Discussed in project documents and appropriate and clear evidence provided. Validated/verified by trusted third-party/Earthly research team.

The maturity score

The full process involves each project category being given a maturity score from 0-4 to detail the extent to which it is developed enough to meet the targets and to reflect the likelihood of its delivery.

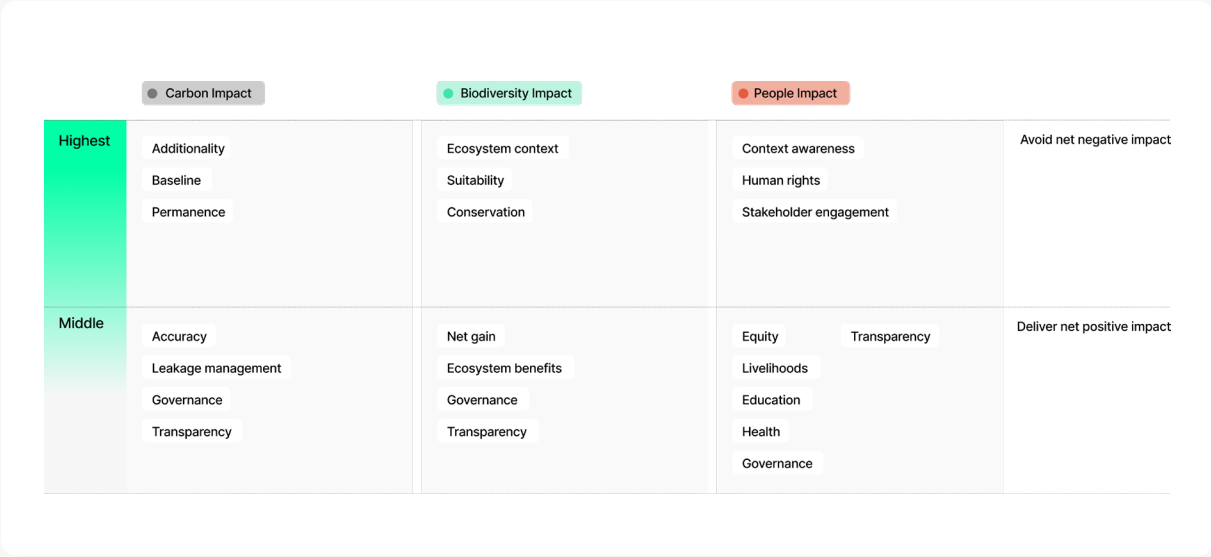
For example in terms of carbon, part of analysing the baseline figures, to establish if the 'without-project' carbon estimates are appropriate, would involve the project being scored 0-4 as follows:

The weighting

All impact pillars of carbon, biodiversity, and people contribute equally to the total project score, as all strongly influence the long-term positive impact of investments in nature-based solutions. However, within each impact pillar, the criteria are weighted differently.

All high-quality nature-based solutions must have core practices in place that ensure negative impacts are avoided, whether this is in calculating carbon credits, planting trees in the right places and limiting threats to biodiversity, or following a rights-based approach with indigenous peoples' local communities. This builds the foundation for delivering a positive impact.

Positive impact, weighted slightly lower, assesses the true delivery of benefits from the project alongside how robustly and transparently this is governed. Impacts take time to be delivered, and are likely to improve over time as a project matures and applies best practices.



The full scoring criteria

The final score is calculated via a combination of the **maturity** awarded to each quality indicator (e.g. has the project carried out free and prior informed consent) and our **confidence** in this maturity, given our information. The maturity and confidence for each indicator are added to generate a score for each criterion (e.g. rights).

Each criterion is also assigned a **weight** which reflects its relative importance in determining a project's positive impact. It ensures that projects excelling in the areas most indicative of high-quality nature-based solutions and are most aligned with our values, receive the highest scores in our assessment.

The assessor gives each impact pillar (carbon, biodiversity, people) a score as a result of the above process combining maturity, confidence and weighting. This score is then normalised to give a 1-10 scale value.

To get the final score for the project, we take the average across all three impact pillars of carbon, biodiversity and people, which all contribute equally to the score. This provides an indication of project quality at a glance, going beyond just carbon.

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Contact us

Earthly connects businesses to high-quality nature-based solutions, helping remove carbon, restore nature and improve livelihoods. Supporting organisations that wish to voluntarily decarbonise and benefit biodiversity and communities around the globe, Earthly accelerates investment towards nature and helps companies go beyond Net Zero to become regenerative, giving back to our planet more than they take.

We'd love to hear from you.
Do get in touch at: **hello@earthly.org**