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SUSTAINABLE DEVELOPMENT UNDER ARTICLE 6

AN ASSESSMENT OF SUSTAINABLE DEVELOPMENT PROVISIONS IN ARTICLE 6 PILOT ACTIVITIES

This paper is dedicated to Sven Braden, a founding partner of the Sustainable Development Initiative who sadly passed away in the summer of 2021. Sven's commitment to the inclusion of sustainable development within Article 6 was, and remains, an inspiration to us all.

1 - Introduction

The adoption of the Paris Agreement in 2015, and the subsequent adoption of underpinning Article 6 guidance in 2021, has ushered in a new era for market-based action to address climate change. Both the Paris Agreement itself and the Article 6 guidance create an expectation that activities will not only reduce emissions; they will also promote sustainable development. Parties will, for instance, be required to report regularly on how their cooperative approaches are contributing to sustainable development, in line with national objectives.

The implementation of Article 6 is just beginning, and therefore it is still to be seen how its principles and guidance will be made operational in practice, including in relation to sustainable development. The guidance for Article 6.2, which enables bilateral cooperation between Parties to the Paris Agreement, is deliberately high-level, and therefore there is a broad spectrum of approaches that could be taken, for better or for worse.

To assess and inform the early development of activities under Article 6, the Sustainable Development Initiative (SDI) is undertaking an assessment of the incorporation of sustainable development provisions and considerations within a selection of pilot activities intended to generate mitigation outcomes under Article 6 of the Paris Agreement.

The purpose of the assessment is three-fold:

1. To assess, following a structured methodology, whether project proponents are adequately incorporating sustainable development considerations into the design of Article 6 activities.
2. To identify lessons and recommendations to enable other project proponents to build sustainable development considerations into future Article 6 activities.
3. To test the utility of available tools and guidance related to sustainable development, in particular the SDI Good Practice Guidance for the Preliminary Assessment of Sustainable Development in Article 6 Actions.

The SDI identified two Article 6 pilots to assess. These are:

Energy Efficient Stoves Program for Rural Ethiopia (EESPRE)

Project implementers: World Vision Australia, World Vision Ethiopia

Project description: The program involves the distribution of energy-efficient

cookstoves to rural households in the Federal Democratic Republic of Ethiopia. The program will distribute cost-effective, high-efficiency, culturally acceptable and locally manufactured stoves that use considerably less wood than conventional three-stone open fires.

KjuonGo – A Digital Revolution for Sustainable Fuelwood in Cambodia

Project implementers: Khmer Green Charcoal, GERS, with UNEP CCC as Grantee

Project description: The KjuonGo project intends to reverse deforestation due to growing demand for fuelwood in Cambodia, by replacing illegal logging with controlled and organised production of sustainable fuel wood in community forests. In collaboration with local communities and existing charcoal producers, the project will produce and sell sustainable charcoal in Phnom Penh, displacing the unsustainable supply – and doing so at competitive prices.

These activities were selected based on several considerations, including:

- Availability of sufficient project documentation
- An interest in assessing activities from different project types, and based in different geographies
- Willingness of the project proponents to engage and collaborate with the SDI, and for resulting products to be published

The following sections outline the assessment approach, key observations and overall conclusions. A full assessment of the activities is then provided in Annex A.

2 - Overview of assessment approach

This short study looks to appraise the sustainable development aspects in one sustainable charcoal project (KjuonGo) and one cookstove activity (EESPRE), to understand their consistency with the delivery of sustainable development as required by Article 6.

The two projects included as case studies are both still under development, at different stages. The documentation related to EESPRE is complete, subject to some modest additions to finalise the Mitigation Action Design Document (MADD). The KjuonGo project in Cambodia has been subject to quality background feasibility research but is not yet designed. Considering the different stages of development and differences in project documentation available for both projects at the time of assessment, the conclusions drawn for each project should not be considered fully comparable.

The primary basis for the assessment of the activities is the [*SDI Good Practice Guidance for the Preliminary Assessment of sustainable development in Article 6 Actions*](#) (hereafter the “SDI Good Practice Guidance”), published by the SDI in December 2020. This guidance was intended to enable Parties to conduct a preliminary assessment of potential Article 6 activities before they begin operation. It is therefore well-suited for this form of assessment.

The SDI Good Practice Guidance entails an assessment of activities in five areas:

1. Activity governance If relevant/feasible, is the activity aligned with national priorities and endorsed by the appropriate authorities? Are sustainable development approaches in line with national and international good practice guidance?

2. Safeguarding principles and do no harm Are key risks of negative impacts and disbenefits identified? Have mitigation approaches been considered and has appropriate monitoring been put in place?

3. Stakeholder inclusivity / consultation Are local and affected stakeholders engaged during design and implementation, and does their feedback materially affect the approach envisaged? Has an ongoing feedback and grievance mechanism been put in place? Are consultations gender-sensitive?

4. Sustainable development impacts in the context of the SDGs Are potential sustainable development impacts identified, and are appropriate qualitative, quantification and monitoring approaches in place?

5. Transparency Are results shared publicly, and is an assessment approach considered?

3 - Key observations

The main observations drawn through the assessment process are described below:

COMBINED OBSERVATIONS

- The difference in detail between the documentation available for the two projects illustrates the importance of well-developed MADDs, or Project Design Documents (PDDs), to fully understand the expected impact and the design of an activity. Although both sets of documentation identify sustainable development contributions by listing potential SDG impacts, the level of detail included in the MADD prepared for EESPRE enables better understanding.
- Both provide institutional structure details for implementation. Key institutions have been identified, although, appointments have not yet been confirmed for either project at these early stages. Both also have linkages to relevant government institutions in host country.
- Both projects align with host country policies and NDCs. Neither explicitly includes the sustainable development requirements of the host country's Designated National Authority but both include other national policies and strategies that incorporate sustainable development requirements.
- Both projects will rely on field studies and monitoring to calculate efficiencies ex-post and hence biomass and carbon reductions.

EESPRE, ETHIOPIA

- The activity includes, within the reporting section of its MADD, a list of indicators ascribed to each of the three prioritised SDG impacts. A monitoring plan is developed that covers the selected SDGs.
- The activity includes a well-considered and detailed safeguard assessment for the allocation, manufacture, and use of stoves. However, monitoring and mitigation measures (which may not be required) for the safeguards are not yet developed.
- The activity covers all five of the requirements included in the SDI Good Practice Guidance. It can therefore be considered complete from this perspective, with some minor additions. In particular, project documentation should include a monitoring plan for the safeguards and proposed safeguard mitigation measures and/or an explanation for why they are not required.
- The activity estimates 28,620 tCO₂e emissions reductions per Component Mitigation Activity (CMA) per year. Five CMAs are to be designed and implemented under a first phase.

- The activity is expected to have potential positive impacts for SDG 1: No Poverty, SDG 3: Good Health and Well-being, SDG 4: Quality Education, SDG5: Gender Equality, SDG 7: Affordable and Clean Energy (primary), SDG 8: Decent Work and Economic Growth, SDG 12: Responsible Consumption & Production, SDG 13: Climate Action, SDG 15: Life on Land.
- The project has prioritised SDG 7, 8 and 13 for detailed monitoring, with other sustainable development co-benefits moved to the safeguard section of the MADD. There is no detail on how the safeguards will be monitored and, if required, the mitigation action that will be taken.
- The ex-ante estimates of GHG reductions for EESPRE are well developed, using a standardised baseline methodology for cookstoves.

KYUONGO, CAMBODIA

Due to its earlier stage of development, the KyuonGo project has not yet presented sustainable development criteria, indicators, baselines and activity scenarios in a way that can be independently and comprehensively assessed to approximate these impacts. Other components of a full sustainable development assessment, including inclusivity and transparency, are addressed but not yet in sufficient detail. The governance arrangements are described in some detail but are not synthesised into a concise framework.

A full review will therefore only be possible once the MADD is drafted. That said, the main observations are summarised below:

- The KyuonGo project has significant underpinning research, planning and documentation.
- The documentation developed to date includes an SDG assessment, though this is qualitative and excludes indicators and a monitoring plan.
- The documentation includes information on aspects of governance and inclusivity but provides limited information on safeguards (though some risks are elaborated) and transparency.
- The project estimates GHG mitigation 50 MtCO₂e/year by 2030.
- The project intends to positively impact the following SDGs - SDG1: No Poverty, SDG 7: Affordable and Clean Energy (primary), SDG 8: Decent Work and Economic Growth, SDG 12: Responsible Consumption & Production, SDG 13: Climate Action, SDG 15: Life on Land.

4 - Conclusions

The key rationale for appraising these activities is to initiate dialogue on how sustainable development is addressed under Article 6, in the absence of prescriptive UNFCCC guidance. As described above, the purpose of this assessment is not only to review whether sustainable development is being appropriately reflected in the documentation of early Article 6 activities, but also whether the guidelines and frameworks for undertaking such an assessment are appropriate for this task.

One overarching conclusion from this work is the importance of a well-prepared MADD and that design documents should include explicit requirements for a detailed description of intended sustainable development outcomes, possible negative impacts, and monitoring plans for both. Through this assessment exercise, it became clear that both project proponents place importance on the incorporation of robust provisions to deliver and monitor positive sustainable development contributions, and to safeguards against negative impacts. This could be independently assessed for the EESPRE project, due to its fully developed MADD. However, this was not yet fully possible for the KyuonGo project, due to its early stage in development.

A second conclusion is that clear and robust sustainable development appraisal guidelines and guidance are required to assist early movers in developing Article 6 activities. The sustainable development modalities and procedures will need to include how to assess qualitatively and quantitatively each of the sustainable development contributions. To date such procedures have only been required for the carbon contributions and this presents a significant challenge for methodology development. The assessment of the contributions will need to be robust but also readily applicable.

These methodologies have not been required under the previous Kyoto Protocol compliance regime (other than at national level through DNA guidance and then mostly qualitatively). However, there are examples and lessons to be learned in the carbon markets where it has been undertaken, such as two decades of experience under the Gold Standard. Gold Standard has published and applies sustainable development criteria and indicators for use in the design and implementation of carbon projects and programmes. The criteria and indicators have evolved in multiple versions of the Standard, the latest being under the Gold Standard for Global Goals (GS4GG). Retaining the robustness yet relatively light processes is a balancing act – Article 6 will require additional detail in its application of Sustainable Development requirements.

ANNEX A

CASE STUDY ASSESSMENT REPORTS

1. Energy Efficient Stoves Program for Rural Ethiopia (EESPRE)

1.1. Introduction

The activity was designed by World Vision Australia (WVA) and World Vision Ethiopia (WVE), using a Mitigation Activity Design Document (MADD) template for the purpose of defining a mitigation activity for bilateral cooperation between Ethiopia and Sweden. The activity applies CDM baseline and monitoring methodology AMS-II.G “Energy efficiency measures in thermal applications of non-renewable biomass” Version 11.1 to develop the Programme of Activities.

The intention of the project is to introduce energy efficient cook stoves to households in Rural Ethiopia, in two phases. The core idea is that many rural beneficiaries will receive subsidised improved cook stoves manufactured by trained artisans hired by the contracted Implementing Entity/ies to build the stoves. The stoves are to be supplied to existing households. The project is estimated to reduce emissions by 28,620 tCO₂e per Component Mitigation Action (CMA) per year, this will require detailed monitoring to confirm. The first phase includes 5 CMAs.

The Swedish Energy Agency (SEA) is supporting the mitigation activity design. The grant from the SEA and co-financing will be conditional upon its efficient allocation. So at the heart of the activity is a dedicated concessional funding facility for the allocation of loans for the manufacture and distribution of the cook stoves. The project relies on signing of an ERPA with SEA (or other buyer/s) for that entity to purchase ITMOs over the 10-year project duration. These climate-finance funds were to be used to support achievement of SDG outcomes with particular focus on women’s economic empowerment. The ITMOs would be transferred to the buyer once the annual audits were approved and with Ethiopian Government consent.

The project is consistent with National Energy and Environmental policies in Ethiopia, and it aligns with its Nationally Determined Contribution (NDC). For instance the MADD refers to the following two national policies:

- **Energy Supply (Household Energy Policy):** Government’s household energy policy is to achieve a balance between the supply and demand for household fuels and it aims to stabilise household fuel prices by increasing the supply of alternative fuels and relieving the pressure on wood resources.

- **Energy Conservation and Efficiency (Household Energy Policy):** Government's household energy policy is to increase energy efficiency in the household sector by instituting conservation and energy-saving measures.

The MADD itself is comprehensive and well described, though there are some minor omissions, as described in section 1.2 below, if compared with the SDI guidance.

1.2. Overview of assessment approach

The assessment was guided by use of the [*SDI Good Practice Guidance for the Preliminary Assessment of sustainable development in Article 6 Actions*](#) (hereafter the "SDI Good Practice Guidance"). This Guidance was developed to support the preliminary assessment of documentation prepared for Article 6 activities prior to their implementation, so is well-suited to this assessment.

The SDI Good Practice Guidance is structured around five areas, with specific indicators provided for each of these. The five areas, all of which were considered in this assessment process, are:

1. Governance
2. Safeguards
3. Inclusivity
4. SDGs Assessment
5. Transparency

The findings of the assessment are described in the following section. All full assessments require a comparison between a sustainable development baseline and a projection of the sustainable development impacts that will be achieved. A baseline narrative is a good starting point that can result in identifying what should be measured. This is dealt with in the SDG and safeguards sections below.

1.3. Overview of case study

Governance The MADD includes a description proposing how the activity might be structured, executed and monitored. What is apparent is that the funds will be routed through the WVE, with a ministry playing a lead role in the governance of the activity. The Ministry of Water, Irrigation and Energy, which is responsible for mitigation activities, has provided a letter of support for the activity and is likely to be the lead Government institution overseeing the activity. It is proposed that the Environment and Climate Change Commission (ECCC) under the Ministry of Environment,

Forest and Climate Change is responsible for mitigation activities and will play an oversight role in the monitoring of quantities of woody biomass used in households.

The Governance section could benefit from an organogram showing institutions, their roles and the flows of information (including policy, strategies, regulations, monitoring etc.) and resources (including finance, biomass, stoves, etc.) between the institutions to summarise and clarify the arrangements proposed.

The activity does not yet have the institutional structure finalised, but preferred roles are outlined in the documentation. WVA will be the Coordination and Management Entity (CME), in partnership with WVE. CCES will play a technical role providing support and guidance on the monitoring, reporting and verification (MRV). WVE is the main implementer of the first 5 CMEs and will undertake the monitoring thereof. WVE will also commission local manufacturers to fabricate standardised efficient cook stoves.

Safeguards Safeguards are described, assessed, and evaluated in the MADD. Mitigating actions were not considered necessary for any of them, though monitoring of marginal safeguards may be required during implementation. Bearing in mind that safeguard impacts can change during implementation, a rationale for not monitoring should be provided.

SDG Assessments An assessment of sustainable development impacts associated with the activity is provided in the MADD. The project could foreseeably have positive and/or negative impacts on the following SDGs:

1. **SDG 1** No Poverty
2. **SDG 3** Good Health and Well-being
3. **SDG 4** Quality Education
4. **SDG 5** Gender Equality
5. **SDG 7** Affordable and Clean Energy (primary)
6. **SDG 8** Decent Work and Economic Growth
7. **SDG 12** Responsible Consumption & Production
8. **SDG 13** Climate Action (primary)
9. **SDG 15** Life on Land

A generic cook stove programme could list indicators for all eight SDGs in the reporting section. As shown in Table 1 below, these are mostly proportions and not absolute numbers for quantitative assessments, with the exception of emission reductions. A list of all eight SDGs, their goals and indicators are reproduced below for consideration in their alignment with Ethiopia's NDC and national energy and development policies.

The MADD developer has highlighted SDG 7, 8 and 13 as SDGs in which the activity is expected to have a larger impact. It has developed a monitoring approach for these SDGs including targets, indicators, monitoring parameters and methodologies and, baseline and activity outcomes. The selection aligns with the national development priorities of Ethiopia, which is to *“Give priority to building a climate-resilient green economy”*¹.

The indicators for the three selected SDGs are estimated ex-ante within the MADD. The expected outcomes include:

SDG	GOAL	INDICATORS
	— End poverty in all its forms every-where	— Numer of poor people benefitting from clean cooking technology
	— Ensure healthy lives and promote well-being for all at all ages	— Proportion of households considering cough occurs less often or not at all — Proportion of households considering respiratory diseases occur less often or not at all — Proportion of households considering burns occur less often or not at all — Proportion of households considering backaches occur less often or not at all
	— Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	— Proportion of children having more time to do their class homework — Proportion of children having more time to attend school — Proportion of people having received capacity-building on the benefits and adequate use of the ICS — Proportion of beneficiaries who participated in ICS construction

.../...

SDG	GOAL	INDICATORS
	— Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> — Amount of time saved by women through cooking — Amount of time saved by women through wood collection — Proportion of women who dedicate the time saved thanks to the ICS to household chores — Proportion of women who dedicate the time saved thanks to the ICS to agriculture — Proportion of women who dedicate the time saved thanks to the ICS to livestock farming — Proportion of women who dedicate the time saved thanks to the ICS in income generating activities — Proportion of women who dedicate the time saved thanks to the ICS spending time with family
	— Ensure access to affordable, reliable, sustainable and modern energy for all	<ul style="list-style-type: none"> — Number of clean cooking technologies implemented and used by the project population
	— Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<ul style="list-style-type: none"> — Number of permanent job positions created thanks to the implementation of the project employing local people with a minimum participation rate in the ICS project of 50%. — Equal pay for work of equal value for both women and men
	— Take urgent action to combat climate change and its impacts*	<ul style="list-style-type: none"> — Number of tCO2e reduced by the project
	— Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> — Number of tons of wood saved by the project

Table 1 – Ethiopian Cook Stove sustainable development assessment

- 76,935 people receiving stoves per CMA (for SDG 7)
- 3 full time jobs per Component Mitigation Action (for SDG 8)
- 28,620 tCO₂e emissions reductions per CMA per year (SDG 13).

Many of the other indicators are assessed under the MADD's safeguards section.

Additional impact categories could be translated into indicators that could encompass the following:

- Non-renewable biomass fraction of the cook stove fuels reduced by afforestation/ reforestation
- Reduction of smoke/particulates with ICS/morbidity and mortality from respiratory diseases
- The number of cook stove artisans trained and employed in the activity
- Beneficiary communities informed of the activity benefits
- The number of women and children affected by the activity

Inclusivity Inclusivity is addressed through high-level stakeholder participatory events, an ongoing grievance process and stakeholder consultations for two of the first 5 CMAs. Community saving groups² and gender sensitivity is recognised in stakeholder consultations.

Transparency Transparency is discussed, but Government inclusion in the governance may make that obligatory, particularly if the end-buyer of the resulting ITMOs insists on such transparency. It is stated in the MADD that data will be provided in various media.

1.4. Summary of key observations and findings

The sustainable development appraisal of the activity is well elaborated within the MADD and can be expected to provide meaningful observations relevant to the activity, other project developers and/or policymakers.

¹ [Ethiopia's Climate-Resilient Green Economy](#)

² It is an emerging movement, where members of savings groups save together, lend their savings to each other with interest, and share the profits.

It provides information across the five areas included in the SDI Good Practice Guidance and can be considered complete with a few exceptions. The MADD could therefore be informative as a model for other stakeholders, including existing and future project developers and policy makers, to support the development of other mitigation activities, as well as government-led requirements and provisions for sustainable development within Article 6.

There are only a small number of areas where the assessors found that improvements could be made, applying the SDI Good Practice Guidance:

- **Governance:** A description of how good practices will be transparently and appropriately governed and subject to peer review, and the adoption of a register of key risks with a process for its regular update.
- **Safeguards:** Mitigation measures to effectively resolve negative issues, and monitoring plans to ensure safeguards are effective.
- **Inclusivity:** Mechanisms for ongoing stakeholder feedback, in addition to grievance procedures.
- **Sustainable development impacts:** Space for host Parties to decide on criteria/standards/priorities for sustainable development.
- **Transparency:** Apply synergies at the national level in data collection for reporting under the Enhanced Transparency Framework, as well as for SDGs and other instruments.

2. KjuonGo – A Digital Revolution for Sustainable Fuelwood in Cambodia

2.1. Introduction

The full title for the second project assessed is: *KjuonGo – A Digital Revolution for Sustainable Fuelwood in Cambodia Reducing GHG emissions through increasing biomass and sustainable charcoal production*. The project is implemented by Khmer Green Charcoal, with UNEP Copenhagen Climate Centre as Grantee, and Geres.

The project, based on 20 years of fieldwork, has two main pillars - Sustainable Forestry and Sustainable Charcoal production and supply chains. Both of these components provide emissions reductions and SDG benefits which require monitoring. There is also consideration of the extensive adaptation benefits, related to resilience, reducing erosion and forest cover, amongst others.

The IT-based monitoring and reporting component of the project builds on a UNDP programme initiated from 2018. The IT component is designed to keep track of wood supplies throughout the sustainable charcoal value chain.

The KjuonGo project intends to reverse deforestation due to growing demand for fuelwood in Cambodia by replacing illegal logging with controlled and organised production of sustainable fuel wood from community forests. In collaboration with Community Forestry and existing Charcoal Producers, the project will produce and sell sustainable charcoal in Phnom Penh, displacing some of the unsustainable supply – and doing so at competitive prices. The charcoal will be supplied to restaurants, wholesalers, retailers, street vendors and households.

The total harvesting capacity at the end of the pilot project has the potential to support the production of at least 102 tons of sustainable charcoal per year with opportunities to further scale-up. It is still a small proportion of the 300,000 tons of charcoal consumed annually in the greater Phnom Penh area. The pilot/first phase is considered a proof of concept. There are current investment plans of up to USD \$5 million to enable the charring process to expand. Expansion of sustainable sourcing of fuel wood is being planned in collaboration with the national Forest Administration.

This ambitious and complex project takes on a sub-sector, charcoal, that has been notoriously difficult to regulate and achieve compliance in many developing countries. It mobilises Community Forestry and Charcoal Producers, of which a total of 14 have joined the project during the pilot phase. A number of lessons learnt from the pilot phase will be incorporated in the proposed Article 6 activity and the supporting MADD. That includes intervention modalities in community

forests according to the level of degradation of the land. This is reflected in plantation models that have been developed during the pilot phase with a view to optimising recovery of land, fuel wood production and quality as well as adaptation properties.

2.2. Overview of assessment approach

The assessment was guided by use of the [*SDI Good Practice Guidance for the Preliminary Assessment of sustainable development in Article 6 Actions*](#) (hereafter the “SDI Good Practice Guidance”). This Guidance was developed to support the preliminary assessment of documentation prepared for Article 6 activities prior to their implementation, so is well-suited to this assessment.

The SDI Good Practice Guidance is structured around five areas, with specific indicators provided for each of these. The five areas, all of which were considered in this assessment process, are:

1. Governance
2. Safeguards
3. Inclusivity
4. SDGs Assessment
5. Transparency

The findings of the assessment are described in the following section.

2.3. Overview of case study

The case study is based on three documents, in the absence of a MADD. These are:

1. Milestone Progress and Financial Report - KjuonGo – A Digital Revolution for Sustainable Fuelwood in Cambodia (February 2021)
2. Milestone Report 3 (December 2021)
3. Annexes to the Contract between the Nordic Climate Facility and UNEP DTU and Partners

The documents assessed focus on planning, economic feasibility and governance plans. The annexes to the contract contain climate and sustainable development information.

The documents describe the governance modalities, part of inclusivity and an SDG listing including a description of the SDGs. A number of goals have been set for the pilot itself.

Governance The pilot has been implemented by Khmer Green Charcoal, with UNEP DTU Partnership (now UNEP CCC) as Grantee. Geres undertakes technical evaluation roles in the pilot phase. Due to the strong regulation of the forest sector in Cambodia, the project proponents have engaged the national Forest Administration in the design of the project from the outset. This includes securing quota allocation for wood production from the community forests (based on annual on-site evaluation by the Forest Administration), approvals for charcoal transportation (in an attempt to control illegal production), licensing of chainsaws (same reasoning) as well as tax exemption for the sustainable charcoal.

The active integration of the Forest Administration has led to strong support for expanding the KjuonGo concept, including the consideration of large-scale land allocation (up to 70,000 ha) for project implementation. In addition to reaching out to a larger number of community forestry and charcoal supply chain stakeholders, the scale-up ambitions for MADD development includes incorporation of waste wood from commercial forestry. The project fits within the National Strategic Development Plan of Cambodia on Green Growth Development 2013 to 2030.

The governance for the mitigation and the adaptation activities is complex and could benefit from an organogram showing institutions, their roles and the flows of information (including policy, strategies, regulations, etc.) and resources (including finance, biomass, charcoal, etc.) between the institutions to summarise and clarify the arrangements proposed.

Safeguards Central for the climate related safeguarding is the KjuonGo IT-software. From the logic that KjuonGo does not alter the demand for charcoal, every ton of sustainable charcoal used effectively replaces one ton of the unsustainable alternative. All registered supply chain participants (community forests, charcoal producers and transporters) must use the mobile KjuonGo IT-platform, registering the wood by weight/stere (1 cubic metre of wood) at every stage of production.

If one ton of wood is harvested and transported from a given community forest, only the corresponding amount of charcoal can be transported as KjuonGo charcoal to the KGC warehouse from where it is distributed. Hence, the project can only claim emissions reduction according to the amount of sustainable wood traceable throughout the value chain.

The IT platform supported by UNDP is being transferred to an open-source environment as part of the pilot and will be open for other producers of sustainable charcoal. Social, economic, environmental and climate-related safeguards will need to be assessed ex-ante, mitigation of negative impacts proposed, and indicators and monitoring proposed for ex-post activities. The SDI Good Practice provides an indicative list of safeguards, many of which are appropriate to this activity.

Table 2 includes a list of some risks that are included in the project documentation.

PROJECT RISK DESCRIPTION	IMPACT ON PROJECT	MITIGATING MEASURES AND RESPONSIBILITY
— Implementation of field activities remains highly dependent on FA's agenda and variable priorities. Impacts the timely implementation of field activities	 MEDIUM	— Contracting of consultants to ease the collaboration with FA at both national and local levels (already implemented through UDP) — Geres coordinates closely with consultants and the Forestry Administration to jointly and regularly update action plans. — One-time approvals for the entire project period is being pursued, which would ease implementation in 2021.
— Prevention of Covid-19 community outbreaks in Cambodia may lead to restrictions in gatherings. Delay of wood inventories, harvesting, training and approval of documents and their participatory evaluations	 MEDIUM	— Careful activity planning and close monitoring of the development of the local situation should allow gatherings to be maintained in small committees and with respect to sanitary precautions. — Effective and regular communication with project partners and among the team should allow meetings and activities to be performed or monitored remotely.
— The quality of the charcoal coming from the CFs and CPs could impact the sales performances.	 LIMITED	The following measures will be put in place: — CPs separate big from small pieces of charcoal in different bags. — CPs name each charcoal bag with their own id number in order to monitor potential different charring performances — Avoid transportation compromising charcoal quality by braking it into smaller pieces, especially during the loading and unloading operations. — Collaboration with the private plantation is a relevant risk differentiation factor, as the wood will not come only from CFs anymore. — KGC and Geres\ teams are responsible for monitoring the implementation of such measures.


PROJECT RISK DESCRIPTION	IMPACT ON PROJECT	MITIGATING MEASURES AND RESPONSIBILITY
— The Covid-19 pandemic continues to impact society with restrictions on gatherings, travel and tourism throughout 2021	 MEDIUM	<p>— The support of NCF is a crucial risk mitigating factor for the continuation of activities, allowing particularly KGC to devote resources to continued development despite limited sales and increased payments to CFs and CPs.</p> <p>— The current shortfall in sales has benefits in terms of building up storage buffer for seasonal fluctuations in charcoal production. KGCs current storage capacity is sufficient to accommodate this, which will put KGC in a better sales position post-Covid.</p>

Table 2 – Indicative list of identified risks and possible mitigation measures

The Covid-19 related risks have materialised but are context specific and unlikely to represent typical risks for implementation scale Art. 6 activities.

Inclusivity The proposed project has many moving parts and institutions involved in stakeholder consultations and contracting. The inclusivity is based on workshops with community forests and charcoal producers, introducing them in a non-discriminative manner to the concept, and signing up the villages with formal registration of their community forest and their annual harvest quota provided by the Forest Administration.

This is a formal process in order to ensure the environmental integrity and community ownership of the project. Only legally approved harvest quotas can enter the value chain and ultimately be sold as sustainable charcoal. The villages organise themselves in terms of community forest work and the distribution of the new cash flows coming into the community. Hence, inclusivity of individuals at village level is beyond the scope of the project activity, but the SDG principles are emphasised with the stakeholders.





Formal stakeholders include Community Forestry members, charcoal producers, Forestry Administration, KGC/KjuonGo, transporters, advertising platforms, private sector investors, private farmers and forestry companies and UNDP itself. The customers (retailers, restaurants, street vendors, households) also represent an important stakeholder group.

SDG Assessment The Annexes to the contract documents lists the following SDGs and describes their relevance to the project. Some quantifiable indicators, units and baseline are listed, although monitoring methods are not proposed for all.

The following goals are set for the pilot project, and described further in Table 3 below:

1. **SDG1** Number of people with improved livelihoods - 3000
2. **SDG7, SDG12** and **SDG13** Emissions reduction - 3,068 tCO₂e/year (monitored through the KjuonGo IT-platform). The emissions reduction are used as a proxy for both sustainable fuel and sustainable consumption
3. **SDG8** Number of decent jobs created - 150
4. **SDG13** Number of people with increased resilience to climate change - 2850
5. **SDG15** There are unquantified objectives of improved biodiversity following from recovery of degraded community forests. These indicators are scalable relative to the number of community forests and charcoal producers that join the programmatic activity through actual project implementation.

Since the inception of the pilot, the project has started to record gender-specific values for the above indicators.

SDG	GOAL	INDICATORS
	— End Poverty in all its forms everywhere	— The project improves income for community forestry and frees up resources in poor households by improving the efficiency of the charcoal supply chain.
	— Ensure access to affordable, reliable sustainable energy for all	— The project secures legal, reliable and sustainable access to an essential fuel based on a renewable and well managed wood fuel resource.
	— Promote inclusive and sustainable economic growth, employment and decent work for all	— The project improves the efficiency of charcoal production and thus eliminates highly polluting and inefficient charcoal production practices with significant health hazards.
	— Ensure sustainable and consumption practices	— The project ensures the provision of renewable fuel in a sustainable fashion based on controlled production patterns that secures expansion of forest cover.



SDG	GOAL	INDICATORS
	— Take urgent action to combat climate change and its impacts	— The project replaces current unsustainable harvest of rainforest and brings the consumption into a planned wood fuel production model which has significant GHG emissions reduction benefits through greater efficiencies in charcoal manufacture and replanting of harvested wood.
	— Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biomass loss	— In protecting the rainforest by reducing illegal harvest of wood, the project supports current biodiversity in the rainforest, while also improving the Community Forestry biosphere through improved soil and forest cover.

Table 3 – Sustainable development assessment for the Kjoungo project

Transparency Transparency is not specifically mentioned in the documentation but is underpinned by the open source Kjoungo IT-platform which discloses all details of the supply chain of sustainable charcoal from harvest to sales. When the project is formalised in the future, the climate-related documentation and reporting will be placed in the public domain for comment.

There is no information in the documentation on how SDGs will be monitored and reported transparently.

2.4. Summary of key observations and findings

While the documentation reviewed included information across many of the five areas of the SDI Good Practice Guidance, the project documentation is not yet sufficiently developed to provide comprehensive observations on the provisions in place in the project related to sustainable development, nor to draw lessons for other project developers or policy makers.

All full assessments require a comparison between a sustainable development baseline and a projection of what sustainable development impacts will need to be estimated. A baseline narrative is a good starting point that can result in identifying what and how sustainable development should be measured/monitored. The project developer has not yet progressed that far, though from the documentation reviewed, it is expected that any future MADD will reflect a project design that incorporates sustainable development provisions and considerations.

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